



# ANNUAL REPORT 2020



**BDBL**

**বাংলাদেশ ডেভেলপমেন্ট ব্যাংক লিমিটেড**  
**BANGLADESH DEVELOPMENT BANK LIMITED**

(A STATE OWNED COMMERCIAL BANK)

Website : [www.bdbl.com.bd](http://www.bdbl.com.bd)



BDBL Bhaban, Head Office, 8 RAJUK Avenue, Dhaka-1000

## About

### Bangladesh Development Bank Limited (BDBL)

## What We are

BDBL was established on November 16, 2009 with merger of former Bangladesh Shilpa Bank (BSB) and Bangladesh Shilpa Rin Sangstha (BSRS), two State-Owned Development Financing Institutions (DFIs).

Since then, the bank has been contributing significantly to the economic growth of the country in conformity with the Government's aim of achieving the target of reaching Middle Income Country by 2021 and also reaches the status of a developed country by 2041.

The Board and Management of BDBL have put their consistent and continued efforts, applied policy guidelines and maintained good governance to move forward with its vision and mission. BDBL has achieved increased growth in almost all its Key Performance Indicators (KPI). As a result, BDBL has been able to reach take-off stage which is shown with BDBL's three dimensional logo color: Blue, Green and Sky Blue along with a flying bird that symbolizes upward moving of the bank.

## Corporate Profile

(1)	Name	: Bangladesh Development Bank Limited (BDBL) (Established through amalgamation of former BSB & BSRS)
(2)	Registered Office	: BDBL Bhaban, 8 RAJUK Avenue, Dhaka-1000
(3)	Legal Status	: Public Limited Company
(4)	Date of Incorporation	: November 16, 2009
(5)	Extent of Shareholding	: 100% share owned by the Government of Bangladesh.
(6)	Authorized Capital	: Tk.1000.00 crore
(7)	Paid - Up Capital	: Tk. 400.00 crore
(8)	Face Value Per Share	: Tk. 100.00
(9)	Accounting Period	: January – December
(10)	Date of Business Commencement Certificate	: November 16, 2009
(11)	Banking License Issued by Bangladesh Bank	: November 19, 2009
(12)	Date of Vendors' Agreements Signed	: December 31, 2009 between the Government of the People's Republic of Bangladesh and Bangladesh Development Bank Limited.
(13)	Start of Journey	: January 03, 2010
(14)	Line of Business	: All Types of Banking Businesses including Capital Market Operations.
(15)	<b>Domestic Network</b>	
	• Number of Divisions in Head Office	: 11
	• Number of Departments in Head Office	: 31
	• Number of Zonal Office	: 6
	• Number of Branch Office	: 47
	• Number of Urban Branch	: 31
	• Number of Rural Branch	: 16
	• Number of AD Branch	: 5
	• Number of Human Resource	: 748
(16)	Subsidiary Companies	: (1) BDBL Securities Limited, 12 Karwan Bazar, Dhaka. (2) BDBL Investment Services Limited, 8 RAJUK Avenue, Dhaka.
(17)	Corporate Tax Rate	: 40 %
(18)	Auditors	: K.M. HASAN & CO and ACNABIN.
(19)	Income Tax Adviser	: MABS & J PARTNER. Chartered Accountants
(20)	Credit Rating Agency	: Emerging Credit Rating Limited.
(21)	Website	: <a href="http://www.bdbl.com.bd">www.bdbl.com.bd</a>
(22)	SWIFT Code	: BDDBBDDH



# Letter of Transmittal



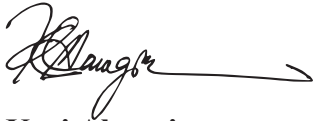
To  
All Shareholders  
Registrar of Joint Stock Companies & Firms  
Bangladesh Bank  
Bangladesh Securities and Exchange Commission

Sub : Annual Report for the year ended December 31, 2020.

Dear Sir(s),

We are pleased to enclose herewith a copy of the Annual Report–2020 together with the Audited Financial Statements of Bangladesh Development Bank Limited and its subsidiaries – BDBL Securities Limited (BSL) and BDBL Investment Services Limited (BISL) for your kind information and record.

Yours Sincerely,



**Kazi Alamgir**  
Managing Director & CEO

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# Notice of the 11<sup>th</sup> Annual General Meeting



বাংলাদেশ ডেভেলপমেন্ট ব্যাংক লিমিটেড  
**BANGLADESH DEVELOPMENT BANK LIMITED**  
 (A STATE OWNED COMMERCIAL BANK)

## বোর্ড ডিভিশন

নং-০৫.১.৩/ ৭৬০ - ৭৬

সেপ্টেম্বর ০৯, ২০২১

ভাদ্র ২৫, ১৪২৮

বিডিবিএল-এর সম্মানিত শেয়ারহোল্ডার এবং  
 পর্ষদের চেয়ারম্যান ও পরিচালকগণের প্রতি।

**বিষয়: বাংলাদেশ ডেভেলপমেন্ট ব্যাংক লিমিটেড-এর শেয়ারহোল্ডারদের ১১তম বার্ষিক সাধারণ সভা।**

মহোদয়,

আপনার সদয় অবগতির জন্য জানানো যাচ্ছে যে, বাংলাদেশ ডেভেলপমেন্ট ব্যাংক লিমিটেড-এর শেয়ারহোল্ডারদের ১১তম বার্ষিক সাধারণ সভা **আগামী ২৩ সেপ্টেম্বর, ২০২১/ ০৮ আশ্বিন, ১৪২৮ তারিখ, বৃহস্পতিবার সকাল ১১:০০ ঘটিকায়** ব্যাংকের প্রধান কার্যালয় (লেভেল ৩), ৮, রাজউক এভিনিউ, ঢাকায়/ ডিডিও কনফারেন্সের মাধ্যমে অনুষ্ঠিত হবে।

০২। সভার আলোচ্যসূচী নিম্নরূপঃ

- (০১) ২৮ অক্টোবর, ২০২০ তারিখে অনুষ্ঠিত বিডিবিএল-এর শেয়ারহোল্ডারদের ১০ম বার্ষিক সাধারণ সভার কার্যবিবরণী অবলোকন;
- (০২) ব্যাংকের ২০২০ সালের ডাইরেক্টরস রিপোর্ট উপস্থাপন ও অনুমোদন;
- (০৩) ব্যাংকের ২০২০ সালের অডিটরস রিপোর্টসহ নিরীক্ষিত বার্ষিক হিসাব উপস্থাপন, গ্রহণ ও অনুমোদন;
- (০৪) পরবর্তী সাধারণ সভা পর্যন্ত নিরীক্ষক নিয়োগ ও নিরীক্ষকদের ফি নির্ধারণ;
- (০৫) পরিশোধিত মূলধন ৬০০.০০ (ছয়শত) কোটি টাকায় উন্নীতকরণ প্রসঙ্গে;
- (০৬) বিডিবিএল-এর আর্টিকেলস অব এসোসিয়েশনের ১০৯(২), ১১০(১) ও ১১০(২) ধারা অনুযায়ী পরিচালকদের অবসর গ্রহণ ও পুনঃনিয়োগ; এবং
- (০৭) সভাপতি মহোদয়ের অনুমতিক্রমে অন্যান্য বিষয় (যদি থাকে)।

০৩। উক্ত সভায় অংশ গ্রহণের জন্য আপনাকে বিনীত অনুরোধ করাছি।

পরিচালনা পর্ষদের আদেশক্রমে,

(মোঃ জহুরুল ইসলাম)

কোম্পানী সচিব

ফোন-৯৫৫৪০৩৩

মোবাইল-০১৭২৬৬১৩৯৩০

o/c  
 স্বঃ

Head Office : 8 RAJUK Avenue, P.O. Box # 975, Dhaka-1000, Phone : 9555151-59, 9560014-15  
 Fax : +88-02-9562061, +88-02-9557622, Website : www.bdbl.com.bd

# List of Acronyms

AD	Authorized Dealer	ICAAP	Internal Capital Adequacy Assessment Process
ADB	Asian Development Bank	ICAB	Institute of Chartered Accountants of Bangladesh
ADP	Annual Development Program	ICMAB	Institute of Cost & Management Accountants of Bangladesh
ADR	Advance Deposit Ratio	ICT	Information & Communication Technology
AGM	Annual General Meeting	IMF	International Monetary Fund
ALCO	Asset Liability Committee	IT	Information Technology
ALM	Asset Liability Management	KPIs	Key Performance Indicators
AML	Anti- Money Laundering	KYC	Know Your Customer
ATM	Automated Teller Machine	LAN	Local Area Network
BACH	Bangladesh Automated Clearing House	LCR	Liquidity Coverage Ratio
BACPS	Bangladesh Automated Cheque Processing System	LIM	Loan Against Imported Merchandise
BAS	Bangladesh Accounting Standards	LRM	Liquidity Risk Management
BB	Bangladesh Bank	LTR	Loan Against Trust Receipt
BBTA	Bangladesh Bank Training Academy	MANCOM	Management Committee
BDBL	Bangladesh Development Bank Limited	MCO	Maximum Cumulative Outflow
BEFTN	Bangladesh Electronic Fund Transfer Network	MCR	Minimum Capital Requirement
BFRS	Bangladesh Financial Reporting Standards	MDGs	Millennium Development Goals
BIBM	Bangladesh Institute of Bank Management	MICR	Magnetic Ink Character Recognition
BISL	BDBL Investment Services Limited	MTF	Medium Term Funding
BO	Beneficiary Owner	MVA	Market Value Added
BRPD	Banking Regulatory and Policy Department	NAV	Net Asset Value
BSB	Bangladesh Shilpa Bank	NBFI	Non-Banking Financial Institution
BSEC	Bangladesh Securities and Exchange Commission	NFAs	No Frill Accounts
BSL	BDBL Securities Limited	NFI	Net Factor Income
BSRS	Bangladesh Shilpa Rin Sangstha	NII	Net Interest Income
CAMELS	Capital Adequacy, Asset Quality, Management, Earnings, Liquidity and Sensitivity to Market Risk	NPA	Non – Performing Assets
CAR	Capital Adequacy Ratio	NPL	Non – Performing Loan
CBS	Core Banking System	NSC	National Savings Certificate
CDR	Credit Deposit Ratio	NSFR	Net Stable Funding Ratio
CEO	Chief Executive Officer	OBS	Off – Balance Sheet
CFO	Chief Financial Officer	PAD	Payment Against Document
CFS	Consolidated Financial Statement	PCB	Private Commercial Bank
CIB	Credit Information Bureau	POL	Petroleum, Oil & Lubricants
CRG	Credit Risk Grading	POS	Point of Sales
CRM	Credit Risk Management	PPP	Public Private Partnership
CRR	Cash Reserve Requirement	PRSP	Poverty Reduction Strategy Paper
CSR	Corporate Social Responsibility	RBCA	Risk Based Capital Adequacy
CSE	Chattogram Stock Exchange	RE	Retained Earnings
CTR	Cash Transaction Report	RMC	Risk Management Committee
DOS	Department of Offsite Supervision	RMD	Risk Management Department
DSE	Dhaka Stock Exchange	RMU	Risk Management Unit
EEF	Equity Entrepreneurship Fund	ROA	Return on Asset
EFT	Electronic Fund Transfer	ROE	Return on Equity
EPS	Earnings Per Share	ROI	Return on Investment
ERM	Environmental Risk Management	RU	Recovery Unit
ERP	Enterprise Resources Planning	RWA	Risk Weighted Assets
ERQ	Exporter's Retention Quota	SAFA	South Asian Federation of Accountants
ERR	Environment Risk Rating	SCB	State – Owned Commercial Bank
ETPs	Effluent Treatment Plants	SLR	Statutory Liquidity Ratio
EVA	Economic Value Added	SMA	Special Mention Account
FBP	Foreign Bill Purchased	SME	Small and Medium Enterprises
FDI	Foreign Direct Investment	SOE	State – Owned Enterprise
FY	Financial Year (July – June)	SREP	Supervisory Review Evaluation Process
GAAP	Generally Accepted Accounting Principles	SRP	Supervisory Review Process
GDP	Gross Domestic Product	STR	Suspicious Transaction Report
GNI	Gross National Income	STRM	Short Term Road Map
GOB	Government of Bangladesh	SWIFT	Society for Worldwide Interbank Financial Telecommunication
HR	Human Resources	SWOT	Strength, Weakness, Opportunity & Threat
HRMD	Human Resources Management Department	TOR	Terms of Reference
IAS	International Accounting Standard	TP	Transaction Profile
IBP	Inland Bill Purchased	UC	Unclassified
		VAT	Value Added Tax



## *Vision, Mission, Core Values and Strategic Priorities*

### Vision

To emerge as the country's prime Financial Institution by supporting private sector industrial and other projects of great significance to the country's economic development. Also be active participant in commercial banking by introducing new lines of products and providing excellent services to the customers.



### Mission

To be competitive with other Banks and Financial Institutions in rendering services ;

To contribute to the country's socio-economic development by identifying new and profitable areas for investment ;

To mobilize deposit for productive investment ;

To expand branch network in commercially and geographically important places ;

To employ quality human resources and enhance their capability through motivation and right-type of training at home and abroad ;

To delegate maximum authority ensuring proper accountability ;

To maintain continuous improvement and up gradation in business policies and procedures ;

To adopt and adapt to new technology ;

To maximize profit by strong, efficient and prudent financial performance ; and

To introduce new product lines according to market needs.

# Core Values



## Professionalism

We are committed to provide the best of our attention and ability for discharging our task, roles and responsibilities and continually upgrading our skill and knowledge base keeping abreast with ongoing local and global developments for attaining excellence in banking businesses.



## Transparency & Accountability

We are committed to remain transparent and accountable to our stakeholders in discharging our responsibilities.



## Customer Focus

We maintain strong customer focus and build relationships based on integrity, trust, commitment, timely solution and mutual benefit to accelerate the growth.



## Corporate Social Responsibility

We promote protection of the environment for our people and are law-abiding in all that we do.

# Strategic Priorities

ECO FRIENDLY INVEST

SELECT GEOGRAPHICAL LOCATION

POTENTIAL CUSTOMER

PUBLICATION

SWOT ANALYSIS

Strategic Imperatives	Strategy
<p><b>ECO FRIENDLY INVEST</b></p>	<p>Invest in Eco-friendly industries that help mitigate environmental degradation by lending more for renewable energy, and effluent treatment plants and other projects that employ energy efficient low-emission technologies including agro-based industries, small power projects, ICT, transport and infrastructure projects.</p>
<p><b>SELECT GEOGRAPHICAL LOCATION</b></p>	<p>Select and invest in industrial projects where locational advantages like local availability of raw materials, good infrastructural facilities (road communication, transport facilities, etc.) and utilities (power, gas, water, etc.) shall be available.</p>
<p><b>POTENTIAL CUSTOMER</b></p>	<p>Identify prospective and potential entrepreneurs and investors / clients and motivate, guide and help them select profitable industrial venture for investment.</p>
<p><b>PUBLICATION</b></p>	<p>Regularly publish financial disclosures.</p>
<p><b>SWOT ANALYSIS</b></p>	<p>Undertake from time to time SWOT (Strengths, Weaknesses, Opportunity and Threats) analysis for reviewing bank and its market position.</p>

## BUSINESS CHALLENGES

- Intense competition in the domestic market
- Global economic slowdown
- Strict capital requirement under Basel – III
- Sharp fall in the interest rates on deposit
- Increasing Business Risk

## OUR PROSPECTS

- Diversification of asset portfolios through introducing new lines of products
- Expansion of branch network
- Progressive automation

## OUR STRENGTHS

- Good Corporate Governance & Practices
- Sound and strong capital & asset base
- Deep focus on quality control
- A dedicated line of human resource
- Culture of internal control and compliance

## OUR CONFIDENCE

- Well-defined strategy and targets
- A spirit of care, concern and consciousness

# Ethical Principles

A bank is a financial intermediary that accepts deposits and channels those deposits into lending activities, either directly by loaning or indirectly through capital markets. A bank links together customers that have capital deficits and customers with capital surpluses.

Banks perform 4 (Four) functions:

## 1. Intermediation

Banks serve as intermediaries between savers and investors. They mobilize savings from the members of the public in the form of deposits and make these savings available to those who are willing and able to make investment in the real sectors of the economy or to engage in trade which serves as the conduit for distribution of the produced goods and services to consumers and users of these goods and services.

## 2. Maturity Transformation

The banks accept deposits, a large part of which have to be returned immediately on demand or at short notice. But they use these deposits for giving loans and advances for investment which have longer gestation periods.

## 3. Credit Allocation

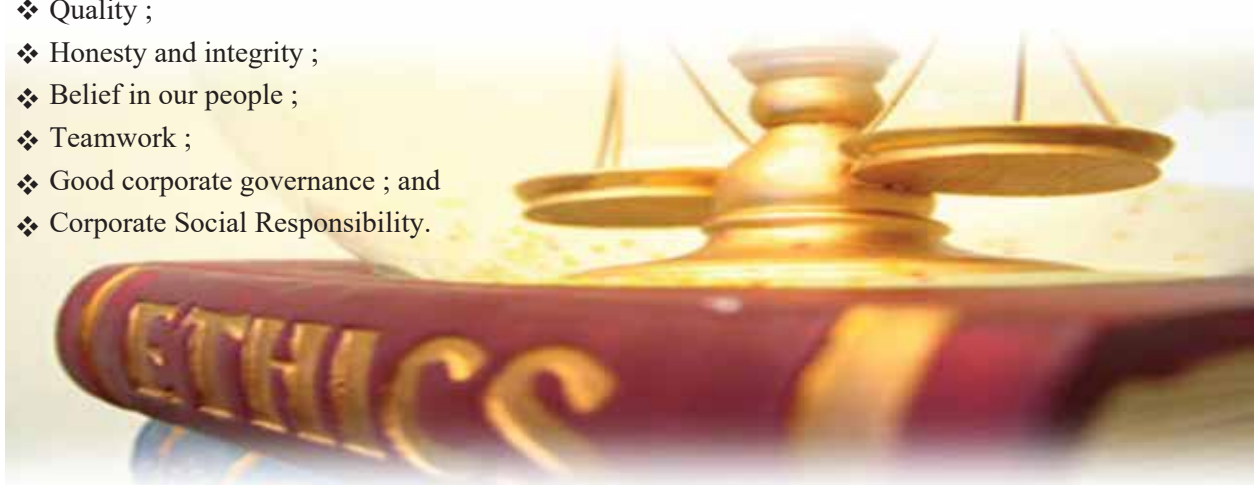
In granting loans & advances, banks determine allocation of credit by sectors, regions and groups of populations.

## 4. Facilitating Payments Flows

Between exporters and importers as well as between buyers and sellers of goods and services that is produced and consumed domestically. It is obvious that a modern and increasingly globalized economy could not operate if there were no banks to provide these services.

BDBL protects and upholds ethics, integrity and trust in every area of its customer services, management and business activities. The basic characteristics of employees' code of ethics and business conduct are as follows:

- ❖ Customer focus and fairness ;
- ❖ Quality ;
- ❖ Honesty and integrity ;
- ❖ Belief in our people ;
- ❖ Teamwork ;
- ❖ Good corporate governance ; and
- ❖ Corporate Social Responsibility.



## Statement of Forward Looking Approach

Annual Report contains basically management's views and advance thinking based on BDBL's business, future plans, economy and financial condition, circumstance including its implications and sustainability. Forward looking statements involve some inherent risks and uncertainties, which are really difficult to predict. Therefore, future forecast, actual results and trend of business stated in forward looking statements may change significantly due to the following factors:

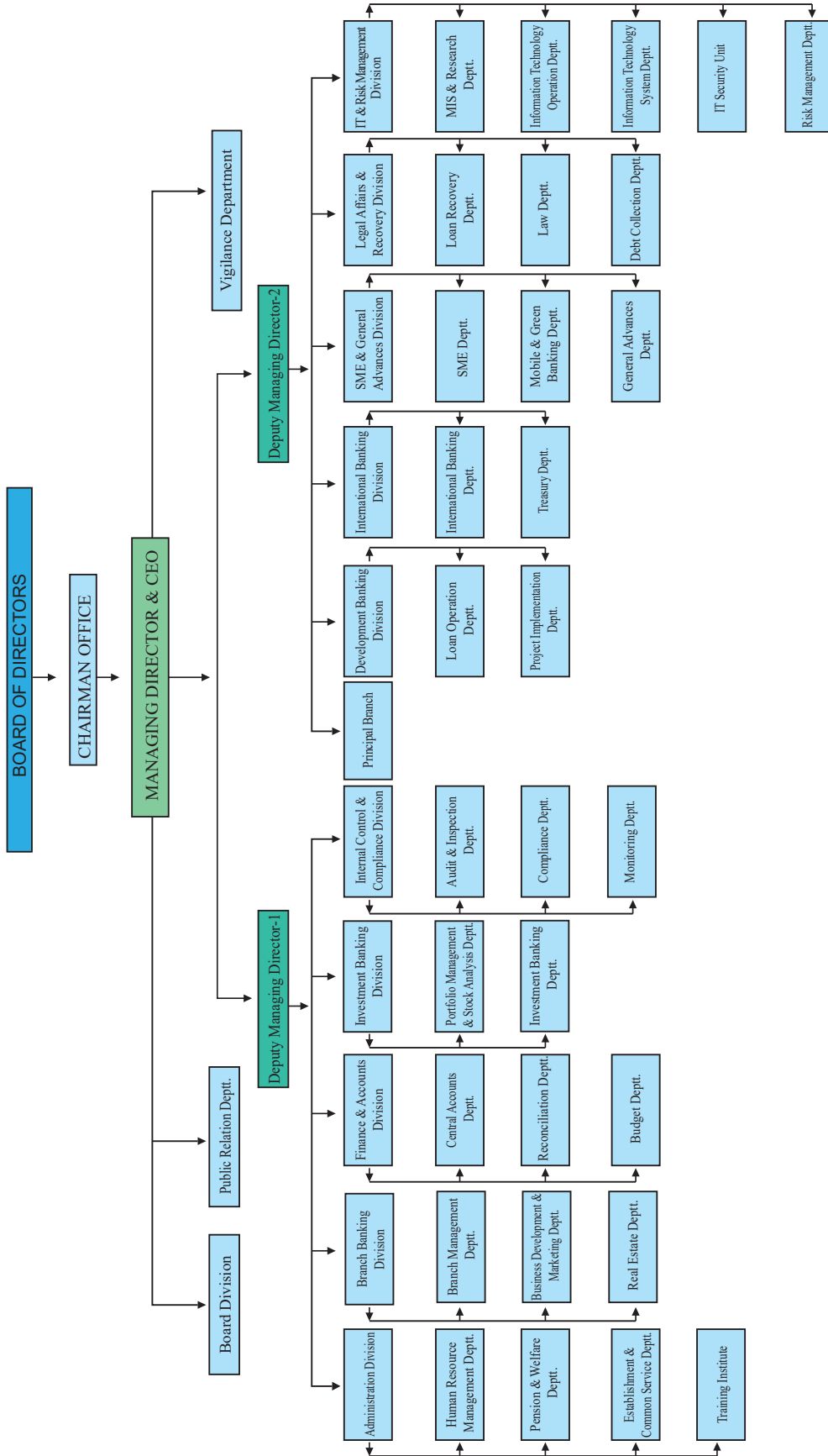
- Volatility in money market
- Instability in capital market
- Changes in regulatory guidelines
- Increase in CRR of the bank
- Volatility of interest rate
- Changes in corporate tax structure
- Changes in accounting standards
- Changes in legislation and regulation of VAT on banking services
- Changes in monetary and fiscal policies
- Changes in economic and financial conditions
- Changes in socio-economic condition arises from natural calamity and political disturbance
- Adverse impact of inflationary pressure
- Increases of business competitors
- Volatility in Foreign Exchange Market and fluctuation of exchange rate
- Increase of provision requirements causing reduction to ROA and ROE.

Besides the above factors, internal factors may also affect businesses resulting from inadequate or failure of internal processes & control, people and systems.



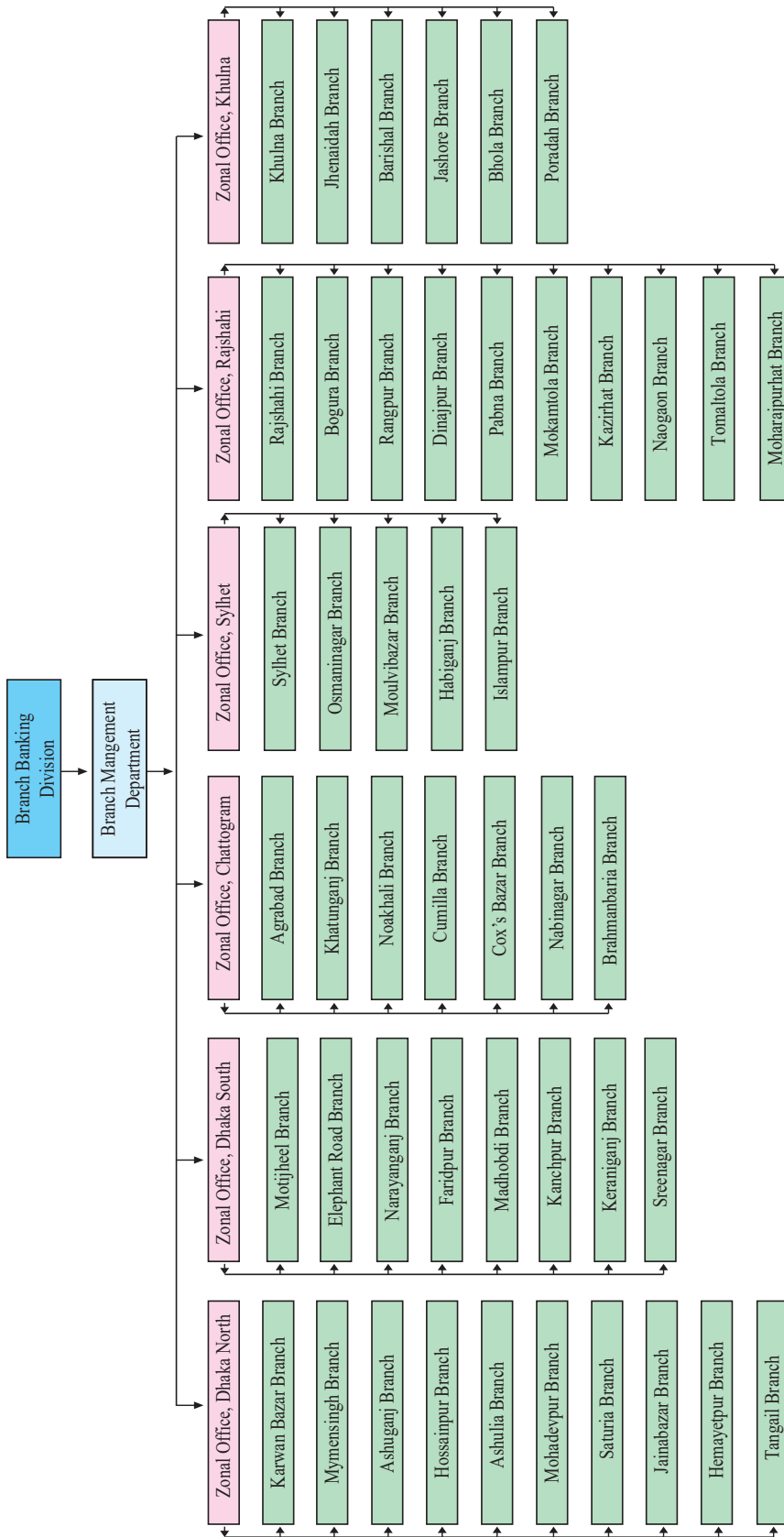
# Corporate Organogram

## BANGLADESH DEVELOPMENT BANK LIMITED



# Corporate Organogram

**BANGLADESH DEVELOPMENT BANK LIMITED**





## Board of Directors

(As on 31.12.2020)

Name	Position
Mohammad Mejbahuddin	Chairman
Md. Ekhlasur Rahman	Director
Md. Abu Hanif Khan	Director
Kazi Tariqul Islam	Director
Subhash Chandra Sarker	Director
Md. Abu Yusuf	Director
Quazi Shairul Hassan	Director
Kazi Alamgir	Managing Director & CEO

## Directors' Profile

### 01. MOHAMMAD MEJBAHUDDIN, Chairman (Retired on 19.07.2021)

#### Current Responsibility

- **Chairman**, Board of Directors, Bangladesh Development Bank Limited.

#### Past Responsibilities

- **CEO**, United Energy & Com. Ltd.
- **Secretary/Senior Secretary**, ERD, Ministry of Finance, Government of the People's Republic of Bangladesh.
- **Secretary**, Energy and Mineral Resources Division. Government of the People's Republic of Bangladesh.
- **Secretary**, Implementation Monitoring and Evaluation Division (IMED). Ministry of Planning, Government of the People's Republic of Bangladesh.

#### Education

- B.S.S (Honours), M.S.S.



### 02. MD. EKHLASUR RAHMAN, Director

#### Current Responsibilities

- **Director**, Board of Directors, Bangladesh Development Bank Limited.
- **Additional Secretary**, Finance Division, Ministry of Finance, Government of the People's Republic of Bangladesh.
- **Director**, Padma Oil Company Limited.
- **Director**, Bangladesh Cable Shilpa Ltd, Khulna.
- **Director**, Electricity Generation Co. Ltd (EGCB).
- **Director**, Bangladesh Infrastructure Finance Fund Ltd.

#### Education

- B.S.S. (Honours), M.S.S. in International Relations, University of Dhaka.
- Post Graduate Diploma in International Relations and Development, Institute of Social Studies (ISS), the Hague, the Netherlands.
- MBA, Maastricht School of Management (MSM), the Netherlands.



### 03. MD. ABU HANIF KHAN, Director

#### Current Responsibility

- **Director**, Board of Directors, Bangladesh Development Bank Limited.

#### Past Responsibilities

- **Deputy Managing Director**, Rupali Bank Limited.
- **Deputy Managing Director**, Rajshahi Krishi Unnayan Bank.
- **General Manager**, Karmasangsthan Bank.
- **General Manager**, Rajshahi Krishi Unnayan Bank.
- **Deputy General Manager**, Bangladesh Krishi Bank.

#### Education

- B. Sc. (Honours), M. Sc. in Economics.



## Directors' Profile

### 04. KAZI TARIQUL ISLAM, Director (Tenure of Directorship Expired on 29.05.2021)

#### Current Responsibility

- **Director**, Board of Directors, Bangladesh Development Bank Limited.

#### Education

- B. Sc (Honours) & M. Sc in Physics.
- Masters in Journalism.
- L L B



### 05. SUBHASH CHANDRA SARKER, Director

#### Current Responsibility

- **Director**, Board of Directors, Bangladesh Development Bank Limited.

#### Past Responsibilities

- **Additional Secretary**, Ministry of Textiles and Jute, Government of the People's Republic of Bangladesh.
- **Additional Secretary**, Health Services Division, Ministry of Health and Family Welfare, Government of the People's Republic of Bangladesh.
- **Deputy Secretary**, Joint Secretary & Additional Secretary, Ministry of Health and Family Welfare, Government of the People's Republic of Bangladesh.

#### Education

- B.S.S (Honours), M.S.S (Social Science).
- M. Sc (Econ), University of Wales Swansea, UK.



### 06. MD. ABU YUSUF, Director

#### Current Responsibility

- **Director**, Board of Directors, Bangladesh Development Bank Limited.

#### Past Responsibilities

- **Joint Secretary**, Ministry of Road Transport and Highways, Government of the People's Republic of Bangladesh.
- **Senior Assistant Secretary**, Deputy Secretary & Joint Secretary, Ministry (Joint) of Road Transport and Highways, Government of the People's Republic of Bangladesh.

#### Education

- M.S.S, LLB, BED.
- Training on Foundation, Law, Survey & Settlement, BMA & Foreign Training in Malaysia (Admin).



## Directors' Profile

### 7. QUAZI SHAIRUL HASSAN, Director

#### Current Responsibility

- **Director**, Board of Directors, Bangladesh Development Bank Limited.

#### Past Responsibilities

- **Managing Director**, Saudi-Bangladesh Industrial and Agricultural Investment Company Limited (SABINCO).
- **Senior Executive Vice President (SEVP)**, Head of Retail Banking, SME and Remittance, ONE Bank Limited (OBL)
- **Senior Vice President (SVP)**, Head of Consumer Banking, Eastern Bank Limited (EBL).
- **Manager**, Bangladesh (TRS Business) American Express Bank Limited, Dhaka, Bangladesh.

#### Education

MBA (Marketing), Institute of Business Administration (IBA), University of Dhaka.

Post Graduate Diploma in Industrial Management (PGDIM), BMDC, Dhaka.



### 8. MD. AZIZUR RAHMAN, Director (Joined on 21.06.2021)

#### Current Responsibilities

- **Director, Board of Directors**, Bangladesh Development Bank Limited.
- **Director General-II (Additional Secretary)**, Prime Minister's Office, Dhaka.

#### Past Responsibilities

- **Director General-III**, Prime Minister's Office, Dhaka.
- **Director**, Prime Minister's Office, Dhaka.
- **Counsellor**, Bangladesh Embassy, Bangkok, Thailand.
- **Director**, Prime Minister's Office, Dhaka.
- **Deputy Secretary**, Ministry of Public Administration, Dhaka.

#### Education

B.B.S (Honours), M.B.S (Management)



## Directors' Profile

### 9. KAZI ALAMGIR, Managing Director & CEO

#### Current Responsibility

- **Managing Director & CEO**, Bangladesh Development Bank Limited.

#### Past Responsibilities

- **Managing Director**, Rajshahi Krishi Unnayan Bank.
- **Deputy Managing Director**, Rajshahi Krishi Unnayan Bank.
- **Deputy Managing Director**, Karmasangsthan Bank.
- **General Manager**, Agrani Bank Limited.

#### Education

M. Sc (Soil Science), University of Dhaka.

MBA in Banking, University of Dhaka.

Post Graduate Diploma in Computer Science, Bangladesh Institute of Management (BIM).

International Technology based Certificates :-

- IT Service Management- Lead Auditor (ISO-20000)
- Information Security Management Standard (ISMS)-Lead Auditor (ISO-27001)
- IT Infrastructure Library (ITIL)
- Certified Information System Auditor (CISA)
- Certified Payment Card Industry Security Implementer (CPI SI).



# Board's Committee

(As on 31.12.2020)

## Executive Committee

1.	Mohammad Mejbahuddin, Chairman	Chairman of the Committee
2.	Md. Abu Yusuf, Director	Member
3.	Quazi Shairul Hassan, Director	Member
4.	Kazi Alamgir, Managing Director & CEO	Member

## Audit Committee

1.	Md. Ekhlashur Rahman, Director	Chairman of the Committee
2.	Md. Abu Hanif Khan, Director	Member
3.	Kazi Tariqul Islam, Director	Member
4.	Subhash Chandra Sarker, Director	Member

## Board Risk Management Committee

1.	Mohammad Mejbahuddin, Chairman	Chairman of the Committee
2.	Md. Abu Hanif Khan, Director	Member
3.	Kazi Tariqul Islam, Director	Member
4.	Md. Abu Yusuf, Director	Member
5.	Quazi Shairul Hassan, Director	Member

## Managing Director & CEO and his Management Team

### Managing Director & CEO



**Kazi Alamgir**  
Managing Director & CEO

### Deputy Managing Director



**Md. Refat Hasan**  
Deputy Managing Director

### Head of Divisions



**Dr. Syed Mohammad Moazzam Hossain**  
General Manager  
Administration Division,  
SME and General Advances Division  
&  
Development Banking Division



**Paritosh Sarker**  
General Manager  
International Banking Division,  
IT and Risk Management Division  
&  
Internal Control & Compliance Division



**Md. Shafiqul Islam**  
General Manager  
Finance & Accounts Division  
&  
Investment Banking Division



**Md. Abdul Kuddus**  
General Manager  
Branch Banking Division and  
Legal Affairs & Recovery Division



**Md. Zahurul Islam**  
Deputy General Manager &  
Company Secretary

## Head of Departments



**Md. Shafiqul Islam**  
Deputy General Manager  
BDBL Securities Limited



**S M Sirajul Islam**  
Deputy General Manager  
General Advances Department  
&  
Loan Operation Department (Add.)



**Md. Nazrul Islam**  
Deputy General Manager  
Real Estate Department



**Md. Hafizur Rahman**  
Deputy General Manager  
Audit & Inspection Department



**Afroza Nasrin Chowdhury**  
Deputy General Manager  
Branch Management Department  
&  
Project Implementation Department (Add.)



**Shamal Kumar Das**  
Deputy General Manager  
Business Development &  
Marketing Department



**Rubina Yeasmin Khan**  
Deputy General Manager  
Training Institute



**Kabir Ahmed**  
Deputy General Manager  
Human Resource Management Department  
&  
Vigilance Department (Add.)



**Kamal Uddin Ahmed Mollah**  
Deputy General Manager  
Monitoring Department &  
Budget Department (Add)





**Saifuddin Ahmad**  
Deputy General Manager  
Risk Management Department



**Abdullah Al Bashed**  
Deputy General Manager  
Establishment &  
Common Service Department



**Md. Shamsus Saber in**  
Deputy General Manager  
Loan Recovery Department



**Mussammat Ummey Honey**  
Deputy General Manager  
Reconciliation Department



**Mohammad Anisur Rahman**  
Deputy General Manager  
Law Department



**Md. Masum Syeed**  
Deputy General Manager  
BDBL Investment Services Limited



**Md. Golam Hasnayen Khan**  
Deputy General Manager  
Compliance Department  
&  
Investment Banking Department (Add.)



**Md. Reazul Islam**  
Deputy General Manager  
IT Operation Department  
&  
IT System Department



**A.K.M. Sharif Hossain**  
Deputy General Manager  
Central Accounts Department



**Md. Jasim Uddin Khan**  
Deputy General Manager  
Public Relations Department



**Md. Rakeeb Hossain**  
Assistant General Manager  
MIS & Research Department



**Md. Mahbub Morshed Khan**  
Assistant General Manager  
International Banking Department



**A.B.M. Mobinul Islam**  
Assistant General Manager  
Treasury Department



**Md. Imamur Rashid**  
Assistant General Manager  
Debt Collection Department



**Farzana Kabir Urmī**  
Assistant General Manager  
SME Department

### Head of Zonal Offices



**ABM Zahirul Hoque**  
Deputy General Manager  
Zonal Office, Dhaka North



**Mohiuddin Ahamed**  
Deputy General Manager  
Zonal Office, Chattogram



**S M Wahiduzzaman**  
Deputy General Manager  
Zonal Office, Rajshahi



**Ranjan Kumar Roy**  
Deputy General Manager  
Zonal Office, Dhaka South



**Md. Golam Faruk Patwary**  
Assistant General Manager  
Zonal Office, Khulna



**Liton Chandra Mazumder**  
Assistant General Manager  
Zonal Office, Sylhet

### Head of Branch Offices



**Patit Chandra Barik**  
General Manager  
Principal Branch, Dhaka



**Shaikh Sharafat Islam**  
Assistant General Manager  
Barisal Branch, Barisal



**Mohammad Mobasher Hossen**  
Assistant General Manager  
Elephant Road Branch, Dhaka



**Kazi Muhammad Najmul Hasan Khan**  
Assistant General Manager  
Sreenagar Branch, Munshiganj



**Md. Iqbal Hossain**  
Assistant General Manager  
Ashulia Branch, Dhaka



**Biplob Chandra Ghosh**  
Assistant General Manager  
Karwan Bazar Branch, Dhaka



**Delwer Hossain**  
Assistant General Manager  
Narayangonj Branch, Narayangonj



**Shankar Kumar Bhoumik**  
Assistant General Manager  
Pabna Branch, Pabna



**Md. Asaduzzaman**  
Assistant General Manager  
Hossainpur Branch, Kishoreganj



**Mohd. Mafijul Islam**  
Assistant General Manager  
Madhobdi Branch, Narshingdi



**Md. Faidur Rahman**  
Assistant General Manager  
Mohadebpur Branch, Manikganj



**Mohammad Mannan Hossain**  
Assistant General Manager  
Keraniganj Branch, Dhaka



**Tanveer Ahmed Siddquee**  
Assistant General Manager  
Sylhet Branch, Sylhet



**Mohammad Moniruzzaman**  
Assistant General Manager  
Mymensingh Branch, Mymensingh



**Mohammad Golam Morshed**  
Assistant General Manager  
Motijheel Branch, Dhaka



**Mohammad Manir Husain**  
Assistant General Manager  
Agrabad Branch, Chattogram



**Md. Younus Ali**  
Assistant General Manager  
Ashuganj Branch, Ashuganj



**Md. Jahangir Kabir**  
Assistant General Manager  
Hemayetpur Branch, Dhaka



**Md. Yousuf Ali**  
Senior Principal Officer  
Rangpur Branch, Rangpur



**Md. Imam Hossain**  
Senior Principal Officer  
Rajshahi Branch, Rajshahi



**Argun Biswas**  
Senior Principal Officer  
Jhainaidaha Branch, Jhainaidaha



**Md. Abdul Monnaf**  
Senior Principal Officer  
Dinajpur Branch, Dinajpur



**Md. Rajib Hossain**  
Senior Principal Officer  
Khulna Branch, Khulna



**Harashit Kumar Mondal**  
Senior Principal Officer  
Jashore Branch, Jashore



**Rashel Ahmed**  
Senior Principal Officer  
Bhola Branch, Bhola



**S. M. Gias Uddin**  
Senior Principal Officer  
Tomaltola Branch, Natore



**Md. Abu Abdulla Al Musha**  
Senior Principal Officer  
Jainabazar Branch, Gazipur



**Ripon Kumar Kundu**  
Senior Principal Officer  
Naogaon Branch, Naogaon



**Nasir Ahmed**  
Senior Principal Officer  
Nabinagar Branch, Brahmanbaria



**Saibal Barua**  
Senior Principal Officer  
Khatunganj Branch, Chattogram



**Khokan Kanti Das**  
Senior Principal Officer  
Cumilla Branch, Cumilla



**Md. Mizanur Rahman Khan**  
Senior Principal Officer  
Islampur Branch, Sylhet



**Sanjoy Kumar Biswas**  
Senior Principal Officer  
Satoria Branch, Manikganj



**Md. Mahbubur Rahman**  
Senior Principal Officer  
Brahmanbaria Branch, Brahmanbaria



**Zohirul Islam Bhuiya**  
Senior Principal Officer  
Osmaninagar Branch, Sylhet



**Md. Abdur Razzak**  
Senior Principal Officer  
Bogura Branch, Bogura



**Md. Mahfuzur Rahman**  
Senior Principal Officer  
Poradah Branch, Kushtia



**Md. Nuruzzaman**  
Senior Principal Officer  
Kazirhat Branch, Nilphamari



**Md. Zillur Rahman**  
Senior Principal Officer  
Mokamtola Branch, Bogura



**Muhammad Rokibuzzaman**  
Senior Principal Officer  
Faridpur Branch, Faridpur



**Amzad Mahmud**  
Senior Principal Officer  
Cox's Bazar Branch, Cox's Bazar



**Partha Sarathi Das**  
Senior Principal Officer  
Noakhali Branch, Noakhali



**Sunirmal Chanda**  
Senior Principal Officer  
Tangail Branch, Tangail.



**Md. Al-Amin**  
Senior Principal Officer  
Habiganj Branch, Habiganj



**Md. Rakibul Alam**  
Senior Principal Officer  
Moharajpurhat Branch, Chapainawabganj



**Md. Ashraf-Ul-Alam**  
Senior Principal Officer  
Moulvibazar Branch, Moulvibazar



**Suman Chakraborty**  
Principal Officer  
Kanchpur Branch, Narayanganj

## Chairman's Foreword

### Dear Shareholders

Assalamu Alaikum,

It is my great pleasure to welcome you all to the 11th Annual General Meeting of Bangladesh Development Bank Limited. On behalf of the Board of Directors and from myself, I would like to express my sincere thanks and gratitude to all of you for your active support and cooperation towards BDBL.

Though BDBL has crossed only 11 years since its amalgamation, it has had the rich historical experience of supporting industrial growth and development in Bangladesh through supply of technical and financial resources. The erstwhile Bangladesh Shilpa Bank (BSB) and Bangladesh Shilpa Rin Sanghtha (BSRS) were created in 1972 by the government of the Father of the Nation Bangabondhu Shiekh Mujibur Rahman to lay the foundation for a happy and prosperous Bangladesh. These two banks were pioneers in bankrolling nascent industrialization efforts in independent Bangladesh. A large section of the established industrial conglomerates in Bangladesh received technical and financial support from both BSB and BSRS that paved the path for future growth. I would like to recognize the efforts and contributions of former employees and Board of Directors of these two institutions.

Though BDBL has not grown till now in size and heft like some of the NCBs in Bangladesh, but it is contributing to national growth in its own modest ways. The capital base of the bank is quite deep and it suffers not from any provision shortfalls. It is also making some modest profits for the last few years in a row after paying tax. However, the bank is riddled with an unacceptably load of non-performing loans (NPLs) and is stuck in high cost deposit that are preventing its growth and expansion. It is also a great pleasure to inform that BDBL has consistently been giving dividend to the Government of Bangladesh up to 2017 since its inception. Before presenting the report of the bank for the year 2020, a brief review of the global economic situation along with the performance of the Bangladesh Economy in 2020 are briefly enumerated here under :-

### GLOBAL ECONOMIC GROWTH

Global economic growth was 2.8% in 2019 and -3.3% in 2020. Growth is, however, anticipated more positive to 6% in 2021. Advanced economies are projected to declined to 1.6 % in 2019 from 2.3% in 2018 and more negative to -4.7% in 2020 and increase to 3.6% in 2021. Emerging markets and developing economies was 3.6% in 2019 and projected to decrease to -3.2 % in 2020 & grow to 6.7% in 2021.

### BANGLADESH ECONOMY:

With multifaceted challenges from internal and external fronts, Bangladesh economy managed to maintain GDP growth rate in FY 2019-20 at 5.2%. The industry sector contributed 35.4 %, The Agriculture sector contributed 13.3 % and the Service sector contributed 51.3 % to the GDP in FY 2019-20.

Inflationary downward pressures on the purchasing power of the consumers continued to soften due to fall in food inflation although the non-food inflation was high. As a result, annual average Consumer Price Index (CPI) inflation increased to 6.0% in FY2019-20 from 5.5% in FY2018-19.

Due to COVID-19, Export earnings decreased to 16.9% in FY2019-20 from FY2018-19. Import decreased by 8.6% in FY 2019-20 compared with the 1.8% growth in FY 2018-19. Import payments increased to 7.8 % in FY 2019-20 from 19.4% in FY 2018-19.

Bangladesh Bank preserved cautious but growth-supportive, inclusive and investment-friendly monetary policy stances in FY 2019-20 with a view to achieving price and macro-finance stability along with sustainable economic growth. Accordingly monetary and credit programs and policies were pursued.

The weighted averages of interest rate on bank advances decreased to 7.95% in FY 2019-20 from 9.58% in FY 2018-19 and deposits decreased to 5.06 % in FY 2019-20 from 5.43% in FY 2018-19.

Government has focused on formulating economic policy-strategies & action plans such as the Government Election Manifesto 2018, Perspective Plan 2021-2041, Eighth Five Year Plan 2021-2025, Bangladesh Delta Plan 2100 and Sustainable Development Goals 2030 (SDGs)

Bangladesh is now the 37th largest economy in the world in terms of nominal GDP while the country's position is 31th in terms of purchasing power parity. The country has achieved near self-sufficiency in food production. Per capita income is \$ 2122 in FY 2020-21. Bangladesh is one of the world's fastest growing economy.

## **BANKING BUSINESS ENVIRONMENT**

The overall business environment in the banking sector in 2020 was significantly more challenging than expected. Besides, the COVID-19 pandemic situation, countrywide lockdown, temporary relaxation in the loan classification policy, sluggish trend in the country's capital market, cautious monetary policy and Expenditure-Income Ratio (EI) caused significant reduction in the profitability of banks. The most important threat to the banking sector was the accumulation of huge amount of Non Performing Loans (NPL). The ratio of gross NPLs by type of banks such as SCBs, SBs, PCBs, and FCBs were 22.7, 15.9, 5.9 and 5.5% respectively in FY 2019-20. Total NPL ratio was 9.2 % in FY 2019-20 which was 9.3% in FY 2018-19, showing an decreasing trend.

## **BDBL's PERFORMANCE**

Like the previous years, BDBL has posted profit. The bank took a strategy of quality growth by following regulatory and policy prescription compliance in all spheres of operations.

As a continued policy, the bank remained focused in all key areas covering capital adequacy, maintenance of required provision, sound management, good earnings and strong liquidity. As a result, the operating profit stood at Tk. 11.06 crore for the year 2020. Net Profit after Provision and Tax stood at Tk. 4.49 crore in 2020. Consequently, the Return On Asset (ROA) and Return On Equity (ROE) decreased to 0.08% and 0.24% respectively than the Return On Asset (ROA) and Return On Equity (ROE) of 0.11% and 0.34% in 2019. At the same time, Earnings Per Share (EPS) stood at Tk. 1.12 in 2020 which was Tk. 1.64 in 2019.

Deposits of the bank slightly decreased to Tk. 2421.89 crore during 2020 from Tk. 2764.59 crore in 2019. Loans and advances showed increasing growth by 6.53% to Tk. 2128.97 crore during the year 2020.

As I mentioned earlier, Non-Performing Loans, a huge burden for BDBL, stands as a barrier and threat for income generation and creates stumbling block to its profitability. However, the bank have taken a number of pro-active steps to recover the classified loans so that the Non Performing Loans decline to an acceptable level within the shortest possible time. The top management and also the Board remain fully engaged with the overall effort to bring down the NPLs of the bank to 20 % or less in the shortest possible time.

In the year 2020, Capital to Risk Weighted Asset Ratio of the bank was 22.88% (core capital to Risk Weighted Assets 22.61% and supplementary capital to Risk Weighted Assets 0.27%) on solo basis, which was above the stipulated rate of 12.5%.



The bank operates under the overall supervision and guidance of the management and policy supports from the Board of Directors. The Board throughout the year remained vigilant about compliance of the existing rules and regulations. It also spent much of its time in delivering and updating policy directives to the management for improving the performance of the bank including service delivery. All these measures together enhanced the competitiveness of the bank during the year under review.

The bank always believes that human resource is one of the important assets for achieving goals of the bank. So, the bank invests substantially in human resource development. The bank hires, develops and retains the human resource base with the right level of attitude, skills and talent to meet current and future demand. The employees of the bank are given on-the-job training and sent to different training programs/seminars and workshop. The Training Institute of the bank arranges various courses on current issues of banking including workshops and seminars.

For improving the strength in latest technology driven activities, the IT Division of the bank has been working hard with a team of highly skilled officers. The IT team developed various in-house software which made the operating system faster and customer-friendly.

As a part of inclusive banking, BDBL's strategy is to reach the doorsteps of the customers/entrepreneurs to provide full range of banking services based on technology at a reasonable cost.

BDBL is well positioned to meet the challenges of 2020 and expects to achieve sustainable growth with improved asset quality that will maximize profit of the bank. The bank will focus on its small, medium and large customer base to generate more business from existing and new customers. It will also continue to harness the potential of Retail Banking, Remittance and Foreign Trade Financing including other businesses. In its pursuit of growth, the bank will always adhere to good corporate governance and practices and sound risk management policies and credit evaluation procedure. The bank also follows core principles of sustainability and flexibility to cope with internal and external shocks.

I would like to express my gratitude to the Government of the People's Republic of Bangladesh, Bangladesh Bank, Bangladesh Securities & Exchange Commission, Office of the Registrar of the Joint Stock Companies and Firms and the stock exchanges for their continued support and guidance. I would also like to express my thanks to all valued clients, patrons, wellwishers and all employees for their continued support and cooperation without which the bank would not be able to achieve its present position.

I am thankful to our statutory auditors, K.M. HASAN & CO and ACNABIN. My appreciation also goes to my fellow members in the Board of Directors of the bank for their generous assistance, guidance and thoughtful leadership for continuous growth of the bank.

May Allah (SWT) lead us to more positive outlook in coming years.

On behalf of the Chairman, Board of Directors



**Md. Ekhlasur Rahman**  
Director

## *From the Desk of Managing Director & CEO*

It is my immense pleasure to welcome you all to the 11th Annual General Meeting of BDBL and to present the performance of the BDBL for 2020. I am also delighted to express my best regards and hearty felicitation to the respected shareholders, honorable Chairman and Directors of BDBL. Since its inception, BDBL has been endeavoring hard to achieve its desired goals with the continued support and co-operation of the visionary Board of Directors. As a result, the growth of BDBL through performing different business activities has been showing upward trend from year to year.

Before going to present operational and financial performance of the bank, it is pertinent to highlight on our domestic economic situation and state of banking industry during FY 2019-20.

### **DOMESTIC ECONOMIC REVIEW**

GDP growth to hit 5.2% in FY 2019-20. Bangladesh Bank's monetary and financial policies embraced, alongside price and macro-financial stability objectives, inclusivity and environmental sustainability dimensions in pursuit of employment creation focused inclusive growth support, in line with the government's SDG-focused sustainable development agenda.

### **BANKING INDUSTRY REVIEW**

The Banking industry of the country in FY 2019-20 was passing through several backdrops, like COVID-19 pandemic, lost huge export earning, long countrywide lockdown, re-fixation of the regulatory liquidity ratios to ensure additional liquidity, sufficient prudential guidelines to maintain proper office environment in the banks, compensation package for the employee, easing of foreign trade and foreign currency transaction regulations, modeling implementation of Govt. stimulus package for different segments, special fund for capital market, Central Bank's new rules for temporary relaxation of loan classification, to contain Advance Deposit Ratio (ADR), All these had led to profit growth of banks in 2020.

### **PERFORMANCE REVIEW OF BDBL**

The management of BDBL focused more on consolidating its strength in 2020 by way of capacity building, strong capital base and efficient liquidity management. Accordingly, in the area of capacity building, the bank adopted a number of administrative policies to make it more dynamic and delivery oriented. For this, it opened up new branches for expanding banking activities, liability marketing and branding. Strong Capital Base was also maintained to contain Advance Deposit Ratio (ADR) within the desired level.

The year 2020 was however good for BDBL. The Key Performance Indicators (KPIs) of banking operations are testimony to the achievement and growth of the bank. The bank earned Net Interest Income (NII) of Tk.34.01 crore against the target of Tk.13.56 crore, indicating 250.81% achievement of the target. The total operating income of the bank decreased by 12.34% to Tk.130.05 crore in 2020 over the previous year.

As a result, the Net profit before Provision and Tax (NIBPT) stood at Tk.11.06 crore in 2020 against the target of Tk.8.98 crore, showing increased by almost 23.16% of the target. Net Profit after Provision and Tax stood at Tk.4.49 crore in 2020. Cost to Income Ratio increased to 96.17% in 2020 which was 86.28% in 2019. Earning Per Share (EPS) of BDBL was decreased to Tk.1.12 in 2020 which was Tk.1.64 in 2019.

## BUSINESS GROWTH IN 2020

Increased number of deposit accounts, intensified target and campaign were speed up in 2020. The campaign was strongly supported by opening of new branches, announcing deposit month, introducing online banking and upgrading IT infrastructure and increasing promotional activities including improved delivery capabilities to meet the growing needs of the customers.

At present, many banks of Bangladesh are operating in the money market with stiff competition for deposit hunting. The deposit of BDBL is Tk.2421.89 crore in 2020.

Loans and advances stood at Tk.2128.97 crore at the end of 2020 from Tk. 1998.39 crore in 2019, showing an increasing growth of about 6.53% over the previous year.

The bank continued to grow and diversify its portfolio in 2020 to have a diversified client base to cover more and more sectors to reduce client specific and industry specific concentration and also to reduce overall portfolio risk.

## NON-PERFORMING LOANS

Non-Performing loans of the bank decreased to Tk.596.26 crore in 2020 from Tk.766.25 crore in 2019 due to new loan in portfolio, higher than targeted recovery from regular loan and compliance of the regulatory requirements. The efforts to reduce non-performing loans ratio to total loans (excluding staff loan) did not yield desired result as was targeted in 2020. However, full provision was made against these classified loans. The bank took several measures to reduce the classified loan in future.

## RISK MANAGEMENT

As a Financial Intermediary, BDBL also faces challenges from different types of risks that may have adverse impacts on the business and profitability. Risk management in bank's operation includes identification, measurement, assessment, monitoring and control of various risks with an aim to minimize adverse impact of risks taking on the financial outcome of the bank. The Risk Management Unit of the bank prepares monthly Risk Report on the financial health of the bank, ICAAP and Stress Test results on the financial position of the bank. This is presented to the Supervisory Review Process Team and high powered Risk Management Committee.

## STRONG CAPITAL ADEQUACY

BDBL always puts much emphasis on strengthening and enhancing its risk management culture and internal control processes rather than increasing capital to cover up weak Risk Weighted Assets (RWA). As a result, the bank's Capital to Risk weighted Asset Ratio (CRAR) remains consistently at a higher level than required by the Basel-III. The Capital to Risk weighted Asset Ratio (CRAR) maintained at 22.88% (core capital 22.61% + supplementary capital 0.27%) in 2020 which was 22.18% (core capital 21.92% + supplementary capital 0.26%) in 2019.

## BDBL'S CREDIT RATINGS

Credit rating is one of the important factors for deciding and establishing business relations including international trade. BDBL's Credit Rating has been done by Emerging Credit Rating Limited on the basis of Bank's Audited Financial Statements of 2019 as well as other qualitative and quantitative information like very good liquidity profile, strong capital base, good corporate governance, highly qualified management team, efficient fund management capacity and efficient human resource. As a separate entity, BDBL was awarded with A- for long term and ST-3 for short term with stable outlook.

## OTHER ACTIVITIES

BDBL is consistently improving its IT backbone to expand its products and services. It has always been striving to cater to the banking needs of a wider customer base and enhance the mission of promoting financial inclusiveness.

It is true that the global financial industries contributed substantially to the ongoing crisis by their mindless pursuit of profit, causing negative impacts on the People and Planet. Our bank is more sensitive to the needs of the community and environment and not concentrates solely on profit maximization. Considering the needs, the bank formulated Green Banking Policy according to the guidelines given by the Central Bank in order to implement the same for betterment of the Society and Planet.

## BUSINESS OUTLOOK FOR 2021

It is apprehended that the year 2021 would be more challenging year for the economy as well as for Banking Sector. The major challenges of the banking industry in 2021 would be optimum utilization of fund through achieving desired investment growth, preventing the deterioration of asset quality and maintenance of Capital Adequacy Ratio. We are quite optimistic that we would be able to achieve our goals in 2021 by strategic planning and implementation of the same through a dedicated line of human resource.

However, from the lessons of 2020, we will make every effort to focus the following in 2021:

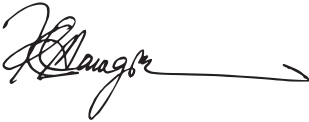
- Explore potential depositors and take steps to make them our customers to increase investable fund and contain cost of fund by no cost and low cost deposit mix.
- Enhance image of the bank by taking customer focused, need-based and solution-driven activities.
- Enhance automation process & system in the bank.
- Ensure better customer services according to the needs of the customers at reasonable cost.
- Achieve business growth through enhancing non-funded activities and loans and advances with special thrust on SMEs, cluster-based finance, green projects, entrepreneurs finance including others aiming to speed up sustainable business growth.
- Drive Export-Import business in full swing.
- Determine realistic strategy to turn loss incurring branches into profit earning branches for healthy profit growth of the bank.
- Reduce NPL according to Short Term Road Map (STRM).
- Accelerate recovery process in commensurate with the annual target.
- Devise new strategy and processes to realize written-off loans.
- Stay vigilant about financial scams, irregularities and other operational failure.
- Maintain adequate liquidity to ensure smooth transactions.
- Maintain ethical standard in every step of the way through compliance of all directives from the ministry and the regulatory authority.
- Upgrade cyber security system to control the cyber crimes.
- Open more new branches & sub-branch in rural and urban areas of potentialities for making banking services available to the un-banked people of the society.

- Improve performance and productivity of the employees through pursuing greater cost efficiency and capacity building.
- Activate guidance, supervision and monitoring of the branch level activities by senior management which will play a lead role in achieving the strategic objectives of the bank.
- Work out SWOT analysis regularly for reviewing the bank and its market position.
- Introduce ATM card, internet banking & mobile apps.

We are optimistic in achieving our goals through well-defined strategy and targets thereby to provide long term sustainable improvement in our all indicators for our stakeholders with a dedicated line of human resources who act with special care, concern and consciousness.

Finally, I express sincere and special thanks to my colleagues of all levels for their efforts and dedication in achieving the desired results. I would like to express my sincere thanks and gratitude to the Financial Institution Division, Ministry of Finance for their directives and continual monitoring. I would also like to express my gratitude to the Board of Directors of BDBL for their consistent guidance, support and cooperation.

We are also indebted to the Government of Bangladesh, Bangladesh Bank, Bangladesh Securities & Exchange Commission, Office of the Registrar of Joint Stock Companies & Firms, DSE & CSE for their continued support and cooperation.

A handwritten signature in black ink, appearing to read 'Kazi Alamgir', with a long horizontal line extending to the right.

**Kazi Alamgir**  
Managing Director & CEO

# Management Discussion and Analysis



## BUSINESS ENVIRONMENT

During 2020, the business environment of Bangladesh showed macro-economic stability and high growth by overcoming all type of barriers. Bangladesh economy maintained 5.2% growth in GDP during FY 2019-20 with the support of high growth in industry and service sectors.

## BANKING SECTOR OF BANGLADESH

The performance of banking sector during this time was influenced by some factors like excess liquidity, very high NPL rate in public sector banks, slower demand for credit etc.

The banking sector of Bangladesh is consists of four categories of scheduled banks. These are State-owned Commercial Banks (SCBs), State-owned Development Financial Institutions (DFIs), Private Commercial Banks (PCBs) and Foreign Commercial Banks (FCBs). The number of banks was 60 as on June, 2020. These banks had a total number of 10588 branches as on June 2020. Total Deposits of the banks as on June, 2019 rose to BDT 12145.2 billion from BDT 10798.7 billion as on June, 2018.

## LENDING AND DEPOSIT RATES

The weighted average interest rates on deposits started increased to 5.43% in FY 2018-2019 but further marginally decreased to 5.06 percent in FY 2019-2020. Similarly, the weighted average interest rates on lending started increased to 9.58% in FY 2018-2019 but finally decreased to 7.95% in FY 2019-2020. Though policy rates remained unchanged, lending rates declined due to lower cost of funds for banks, lower demand for credit as well as increasing competition from overseas lenders whose lending rates are in single digit. The spreads between lending rates and deposit rates also narrowed to 2.89% in FY 2019-2020 from 4.15 percent in FY 2018-2019.

## CAPITAL ADEQUACY REQUIREMENT

The Basel Committee on Banking Supervision (BCBS) introduced Basel-III capital regulations as global regulatory standards to improve the banking sector's ability to absorb shocks arising from financial and economic stress with the aim of reducing the risk of spillover from the financial sector to the real economy. It is to mention that Basel-III is largely enshrined in the capital buffers. Both the buffers i.e. the capital conservation buffer and the countercyclical buffer are intended to protect the banking sector from periods of excess credit growth.

In line with the Basel framework, Bangladesh Bank issued transitional arrangements for Basel-III implementation by banks in phases starting from 2015 which would be fully implemented as on January 01, 2015. Under these arrangements, BDBL has implemented Basel-III regulations.

## EMERGENCE OF BANGLADESH DEVELOPMENT BANK LIMITED

With the decision of the Government, Bangladesh Development Bank Ltd. (BDBL) was incorporated on 16 November, 2009 as a Public Company Limited by shares under the Companies Act, 1994 by merger of former Bangladesh Shilpa Bank (BSB) and Bangladesh Shilpa Rin Sangstha (BSRS), two Development Financial Institutions (DFIs) in the public sector.

Bangladesh Shilpa Bank (BSB) was established in October 31, 1972 for accelerating the industrial pace of the country through providing loan and equity to the industrial projects as per Bangladesh Shilpa Bank Order, 1972 (President's Order No. 129 of 1972).

With the same objective, Bangladesh Shilpa Rin Sangstha (BSRS) was also established in October 31, 1972 as per Bangladesh Shilpa Rin Sangstha Order, 1972 (President's Order No. 128 of 1972).

In order to carry on business of BDBL, Bangladesh Bank issued banking license on November 19, 2009.

Two Vendors' Agreements were signed between the Government of the People's Republic of Bangladesh and the BDBL on December 31, 2009 to acquire and take-over all of their (BSB & BSRS) assets, benefits, rights, powers, authorities, privileges, liabilities, borrowings and obligations and to carry on with the same business.

As a Public Limited Company, BDBL formally embarked its journey on January 03, 2010. It extends financial assistance for setting up industries and provides all kinds of commercial banking services to its customers through its branch network in Bangladesh.

BDBL also established two subsidiary companies namely, BDBL Securities Limited and BDBL Investment Services Limited. These act as stock dealer and stock broker and operate Brokerage Houses one at 12, Karwan Bazar, Dhaka and the other at 8 RAJUK Avenue, Motijheel, Dhaka to provide services to the Investors.

## PRODUCTS AND SERVICES OF BDBL

The bank is always committed to serve the clients with the best values and innovative products and services to enrich its portfolio.

### DEPOSIT SCHEMES OF BDBL

- ❖ Current Deposit
- ❖ Savings Deposit
- ❖ Short Term Deposit
- ❖ Fixed Deposit
- ❖ Deposit Pension Scheme
- ❖ BDBL Provide 10 Tk A/C

#### Other Special Savings Deposit :

- (i) Shikkha Sanchay Scheme (SSS)
- (ii) Chikitsha Sanchay Scheme (CSS)
- (iii) Marriage Savings Scheme (MSS)
- (iv) Monthly Income Scheme (MIS)
- (v) Monthly Deposit Scheme (MDS)
- (vi) BDBL Wage\_Earner's Deposit Scheme (BWEDS)
- (vii) BDBL Troimasik Income Scheme (BTIS)

- (viii) BDBL Lacpoti Deposit Scheme (BLDS)
- (ix) BDBL Palli Sanchay Scheme (BPSS)
- (x) Hajj Amanat Scheme (HAS)
- (xi) BDBL Double Benefit Scheme (BDDBS)
- (xii) BDBL Super Savings Scheme (BSS)
- (xiii) BDBL Students Saving Account
- (xiv) Green Savings Deposit Scheme

## LOAN PRODUCTS OF BDBL

### Development Financing :

- ❖ Industrial loan with emphasis in syndicated arrangement (Power & Energy, Telecommunication, Fiber Optic Cable, etc.).
- ❖ Public - Private Partnership (PPP) project (Port Development, Transport & Communication like Road, Water & Air Ways etc.).
- ❖ Agro-based ventures depending on indigenous raw materials (like Jute Twine/Yarn and other industries).
- ❖ Green Banking (Environment & Eco- Friendly industries like automatic brick kiln, renewable energy, effluent treatment plant, etc.).
- ❖ Lease Financing.
- ❖ Pay Order Limit under e-GP Loan Products
- ❖ Real Estate Business (including housing loan).
- ❖ **LOAN TO SMALL & MEDIUM ENTERPRISES (SME).**

### Four products of SMEs :

- (1) "Ashar Alo" (for women entrepreneurs);
- (2) "Koler Chaka Takar Jhaka" (industrial loan);
- (3) "Khamar Bari" (loans for processing of agricultural products); and
- (4) "Proshar" (Business loan).

### Short Term Loans :

- ❖ Cash Credit (Hypothecation)
- ❖ Cash Credit (Pledge)
- ❖ Secured Advances (General)
- ❖ Secured Advances (Financial Obligation)
- ❖ Over Draft (OD)
- ❖ **Retail Banking :**
  - (i) Consumers' Credit
  - (ii) Personal Loan

## FOREIGN TRADE FINANCING & FOREIGN EXCHANGE BUSINESS:

### Export Finance:

- ❖ Export Cash Credit (ECC)
- ❖ Packing Credit (PC)
- ❖ Back to Back L/C
- ❖ Advising of Export L/C
- ❖ Export bill collection
- ❖ Letter of Credit Confirmation
- ❖ Advance against Bills for Collection



### Import Finance:

- ❖ Purchase of local & foreign documentary bills
- ❖ Local L/C
- ❖ Import L/C (foreign) – Cash, Sight & Deferred
- ❖ Post Import Financing (LIM, LTR, etc.)
- ❖ Payment Against Documents (PAD)
- ❖ Foreign currency buy & sale.
- ❖ Issuance counter guarantee
- ❖ Remittance Service through Xpress Money Service Ltd.

### OTHER BANKING SERVICES :

- ❖ Demand Draft Issue
- ❖ Payment Order Issue
- ❖ Selling of Prize Bond
- ❖ Selling of Savings Certificates
- ❖ Automated Treasury Challan, etc.

### REVIEW OF BDBL'S BUSINESS PERFORMANCE

In the banking sector, BDBL is one of the leading State-owned Commercial Bank in terms of asset quality, profitably, product diversification, capital adequacy, service portfolio etc. With continuous challenges in overall banking sector, BDBL pursued a strategic approach of cost rationalization, service delivery excellence and innovative activities. This has resulted in positive growth in many of its indicators.

The prime achievements of BDBL in key areas during 2020 were:

- In 2020 Net Profit after Provision and Tax was Tk.4.49 crore;
- 47 branches were computerized;
- In 2020, the Capital Adequacy Ratio (CAR) maintained at 22.88% (Core Capital 22.61% + supplementary Capital 0.27% ) which is 83.04% higher than the required rate of 12.50%;
- In 2020, Earning Per Share (EPS) was Tk. 1.12 which was Tk. 1.64 in 2019;
- In 2020, the rate of classified loan was 28.01 %;
- Extended online banking network to all branches;
- Ensured corporate governance and sustainable banking activities;

### ACHIEVEMENTS IN 2020

The achievement of BDBL during the year 2020 are given below:-

#### a) Profit before Tax

The bank registered Profit before Tax at Tk.11.06 crore in 2020 against Tk.18.46 crore in 2019.

#### b) Net Profit after Provision and Tax

The Net Profit after Provision and Tax is Tk. 4.49 crore in 2020 which was Tk.6.56 crore in 2019. The Net Profit after Provision and Tax of the bank contributed to Tier -I capital as well as total capital adequacy ratio and strengthened the capital base and business opportunities of the bank.

#### c) Deposit Volume and Growth

In the midst of challenging scenario in the money market, BDBL's deposit mobilization declined to Tk. 2421.89 crore in 2020 which was Tk. 2764.28 crore in 2019.

#### d) Investment Income

BDBL's investment income consists of interest/discount earned on treasury bills/bonds, gains on Government security trading, dividend received on shares, interest on reverse repo and capital gains from sale of securities of listed companies. Investment income of the bank in 2020 increased by 67.15% to Tk. 51.40 crore over the previous year.

### e) Growth of Interest Income

Due to tough economic situation, interest income of BDBL was 192.83 crore in 2020. Interest Income also decrease by 17.89% compared to the previous year.

### f) Classified Loan Recovery

BDBL management is very much concern and proactive about recovery and reduction of Classified Loans (CL) since its inception. So, keeping eye on the recovery of the broad spectrum of default loans, bank designed various action plans and also took all out efforts to implement the same for reducing classified loans and increased cash recovery as well.

### g) Strengthening Capital Base

By maintaining growth of profit, BDBL always ensures internal generation of capital to meet the business growth. As a result, capital adequacy of the bank as per Basel -III on consolidated basis remained strong at 23.65% as against minimum statutory requirement of 12.50%.

## BUSINESS ACTIVITIES OF BDBL

### SME Banking

For enhancing domestic investment to meet rising demand for employment generation, women's empowerment and regional development, the role of SME is indispensable. In line with the Government and Bangladesh Bank's policy guidelines, promoting a dynamic SME sector is a priority for the bank to reduce poverty and stimulate economic growth.

For achieving these objectives as well as for financial inclusion of unbanked people, the SME department of the bank was entrusted with the following tasks:-

- To emphasize loan financing activities for priority sectors of SMEs in line with the policy guidelines of the Government and Bangladesh Bank.
- To guide, monitor and supervise SME related activities.
- To follow up and monitor timely implementation of projects under SME.
- To ensure regular recovery of SME loan so that loans do not turn into classified loan.

The bank has signed the following 6 (six) refinancing agreements with Bangladesh Bank:-

- Refinancing scheme under ADB fund.
- Refinancing scheme for Agro-products processing industries.
- Bangladesh Bank Fund (Women Entrepreneurs)
- Refinancing scheme for renewable energy and environment-friendly projects
- Refinancing scheme for new Entrepreneurs in cottage, micro and small enterprise sector
- Refinancing scheme for 10 taka account holder

The bank took several steps for enhancing and accelerating SME loan portfolio, some of which were:

- Fixation of delegation of power categorically for sanctioning of SME loan by the Zonal, Branch Head and officers concerned in Head Office;
- Fixation of target for General and Women Entrepreneurs (10 percent for cluster projects, 25 percent for Green banking and 65 percent for other projects);

- For the convenience of selecting SME Projects, a list based on area, sectors and clusters was prepared and sent to all branches;
- Nomination of one Focal Officer in each branch as well as in SME department at Head Office;
- Set up of SME cell, a help desk / Women Entrepreneur Dedicated Desk at all branch offices to advise and assist SME entrepreneurs particularly, women entrepreneurs for advisory services including all related assistance;
- Set up of Women Entrepreneur Development Unit at all branch and zonal offices as per instruction of Bangladesh Bank;
- Compilation of NGO-Linkage Wholesale Credit Policy;
- Preparation of SME Manual relating to rules, regulations and other related up-to-date information;
- Introduction of 4 new SME products namely “AsharAlo” (for women entrepreneurs), “Koler Chaka Takar Jhaka” ( industrial loan ), “Khamar Bari” (loans for processing of agricultural products ) and “Proshar” ( Business loan ) ;
- Creation of Database & Market Segmentation Reporting as per Software given by Bangladesh Bank;
- Creation of database of Women Entrepreneurs Reporting as per software given by Bangladesh Bank;
- Arrangement of Area-Based meeting with the entrepreneurs on a regular basis;
- Preparation of a comprehensive report on Flower Cultivation for financial inclusion of flowers cultivators according to instruction of Bangladesh Bank;
- Arrangement of different training programs by the Bank on SME related issues for enhancing knowledge and awareness of the employees on SME financing; and
- Participation in different SME fairs and seminars.

### SME Portfolio Position

The portfolio position of SME loan as on 31.12.2019 and 31.12.2020 are shown below: (Tk. in crore)

SME sector	2019	2020	Growth (%)
Service	34.63	35.24	1.76
Trade	139.66	177.80	27.31
Manufacturing	105.78	119.45	12.92
<b>Total</b>	<b>280.07</b>	<b>332.49*</b>	<b>18.72</b>
% of women entrepreneurs in total loans	21.84	19.71	(9.75)

\*SME Term Loan Tk. 248.23 crore and SME (CC) Loan Tk. 84.26 crore.

## Treasury Function

Treasury operation concerned on funding operation and foreign exchange dealings. Treasury of BDBL provides diversified products and services and has three desks concentrated on funding operation, maintaining liquidity & managing market risk and foreign exchange dealings.

### (a) Money Market Desk

The money market desk regularly participates in the inter-bank market of the country and exercises all types of existing money market products like call money, term placement, repo & reverse repo with the Bangladesh Bank and inter-bank mostly on overnight basis.

### (b) Foreign Exchange Desk

One of the parts of treasury is Foreign Exchange Dealing. BDBL is a very young member of Foreign Exchange Dealing market in the country. The bank has started to set up a dealing room for Foreign Exchange Dealing purpose. Meanwhile, the bank has prepared a guideline for managing Foreign Exchange risk. Hope it would be functional very shortly. At present BDBL is purchasing and selling Foreign Exchange on need basis to fulfill the commitments of its customers, e.g. settlement of L/C liabilities and purchasing inland and foreign bills of our customers. Hence risk arising from Foreign Exchange is minimum.

### (c) Asset Liability Management Desk

Treasury is the driving force of the Asset Liability Committee (ALCO). It executes the strategies of the ALCO for effective management and monitoring of various balance sheet gaps and risk limits set by the regulator. It takes various decisions regarding interest rate structure of deposits, loan pricing, credit-deposit ratio, contingency funding plan, stress testing, Liquidity Coverage Ratio (LCR), transfer pricing mechanism for internal funding and investments in Government securities including corporate bonds by evaluating the market trend and scenario.

### (d) Regulatory Compliance

Treasury complies with regulatory requirement to maintain CRR and SLR. The department also maintains exchange position (overbought/oversold position) of the bank in line with Bangladesh Bank approved open position limit set for BDBL.

## Information and Communication Technology

BDBL has always upgraded itself with the latest technology and time-to-time the bank has adopted different advantages of the technology which has enriched its IT infrastructure and IT based service facilities to the customer. Technological development of the bank tremendously increased its customer service as well as trustworthiness of the stakeholders towards the bank. The bank is dedicated towards its customer satisfaction with the help of the technological advantages. The IT division is well equipped not only with technology but also with a dedicated professional workforce which has been built up for support as well as development of new application. For developing IT backbone, the bank has invested throughout the year in an efficient manner considering return on investment. BDBL will establish Disaster Recovery Site at Software Technology Park in jashore. That is why BDBL will invest 25 crore taka. Already BDBL paid 1% Seed Money in this regard.

## **Bangladesh Automated Cheque Processing System (BACPS) and Bangladesh Electronic Funds Transfer Network (BEFTN)**

As per the plan of Bangladesh Bank for automation of payment system of the country, Bangladesh Automated Clearing House (BACH) has been introduced in the bank since its inception. The two components of BACH namely Bangladesh Automated Cheque Processing System (BACPS) and Bangladesh Electronic Fund Transfer Network (BEFTN) are functioning in the bank. A total of 47 branches are operating BACPS successfully. BACH & BEFTN software has been interfaced with CBS. For this purpose, hardware, MICR cheque scanner, network connectivity has been installed at all branches.

### **Inauguration of New Branches**

Opening of a new branch involves a series of actions. The key areas are carrying out detailed feasibility study of business through Business Development & Marketing Department, obtaining the Bangladesh Bank's permission, site/ premises selection satisfying bank's distinctive requirement, testing structural feasibility of premises, hiring of suitable premises, interior and exterior design by divisional engineers/ architectural firm, supply of all kinds of electro-mechanical and electronic equipment and furniture/ fixture etc. In 2020, BDBL opened 1 new branch such as Moharajpurhat Branch in Chapainawabganj district of the country.

### **Capital Management**

Capital Management of the bank is based on the objective to maintain an adequate capital base to support the projected business and regulatory requirement. This is done by drawing an annual planned business growth vis-a-vis capital requirement. BDBL recognizes the impact of shareholders' return on the level of equity and seeks to maintain a prudent balance between Tier-I and Tier-II capital. Total capital fund of the bank stood at Tk. 1057.27 crore during 2020. Tier-I capital stood at Tk. 1044.60 crore during the year. Total capital fund is equivalent to 22.88% of total Risk Weighted Assets.

### **Human Resource**

Like other resources, human resource is one of the important resources of the bank to carry on its activities. Human Resource Management Department entrusted with the task of managing its workforces in an effective and efficient manner. The department encompasses recruitment, assessment, overseeing, transfer posting and ensuring compliance with employment and service rules creating business values to strategic management with all the policy support from the Board and the management. The Administration Division is giving more importance on employees to equip them as human capital.

Knowledge and skill development is a continuous process, which is enriched by proper training. In order to enhance operational skill and efficiency of the officers, the bank established a Training Institute of its own. BDBL sent a large number of officers to participate in different training programs, workshops and seminars arranged by BIBM and Bangladesh Bank Training Academy (BBTA) including other institutions.

Besides, in house need-based training courses were also arranged with resource persons drawn from inside as well as from outside to keep the officers abreast of the latest development in the banking and financial sector.

### **Monitoring Performance through Key Performance**

The bank tracks the performance against a number of bench marks known as Key Performance Indicators

(KPIs) the KPIs fall under two categories- Financial and Non-financial. The KPIs are used to track performance against the planned targets, comparison of previous years' results and industry bench mark.

### Financial Key Performance Indicators

There are some key performance indicators those are:

- Deposit performance is assessed in terms of cost of deposit, mix of deposit;
- Credit functioning is mentioned in terms of yield on advance and impairment charges;
- Credit –Deposit Ratio is observed and measured regularly;
- Asset-liability mix is monitored to expected profitability efficiency as well as to achieve diversification;
- Off-balance sheet exposure i.e. letter of credit, guarantee etc. are monitored as these are important source of fee based income;
- NPL ratio gives the idea of the asset quality of the bank and helps in managing asset portfolio;
- Net Profit before Tax measures the operating efficiency of the management and is important for determining the productivity of the employees;
- Return on Average Equity measures the return on the average capital invested in the business;
- The Earnings per Share ratio shows the level of earnings generated per ordinary shares.

### Non-Financial Key Performance Indicators

- The most important indicator is customer satisfaction. It is the key to the development of business;
- The expansion of branch and increase of customers in branches indicates customer satisfaction.

### Green Banking

Green banking is like a normal bank, which considers all the social and environment /ecological factors with an aim to protect the environment and conserve natural resources. It is also called as an ethical bank or a sustainable bank with an additional agenda toward taking care of the Earth's environment/habitants/resources. Basically green banking avoids as much paper work as possible and relies on online/ electronic transactions. As a part of financial intermediary as well as environmentally conscious bank, BDBL has been playing an important role in mitigating environmental hazards through green banking. The bank approved a considerable fund in the annual budget for green banking and disbursed a handsome amount in 2020.

### Risk Management

Risk Management has become one of the most sensitive and crucial factors in the banking business all over the world. In the course of banking operations, banks are invariably faced with different types of risks that may have a potentially adverse effect on their business. Smooth banking operation required several strategic steps for risk identification and its mitigation. The vital and first step of risk mitigation is the identification, analysis and measurement of risks. For these purposes 'Monthly Risk Management Report (MRMR)' and 'Half-Yearly Comprehensive Risk Management Report (CRMR)' are prepared covering all potential key risks to bank's assets, liabilities, liquidity & earnings. The Risk Management Committee discusses on the report in its monthly meeting, identify the risks and gives direction to mitigate them. Risk Management Department (RMD) of BDBL prepares quarterly 'Stress Testing Report' to assess Capital to Risk Weighted Asset Ratio (CRAR) of the bank considering specific shock factors and shock levels. RMD also reviews position of credit rating, abnormal change in AD Ratio, recovery position, self-assessment of internal control and other risk factors associated with banking activities. To mitigate those risk factors, appropriate steps are being taken under the supervision of the top management of the bank continuously. The overall focus of Risk Management of BDBL in 2020 was on maintaining the risk profile in line with its strategy, strengthening its capital base and supporting the strategic goals.

BDBL has separate mitigation methodology for each core risk which is given below:










Risk Types	Definition of Risks	Governing Documentation	Summary of Mitigation Activities
Credit Risk	Risk arising from contractual failure of the borrower with the Bank. The failure may result from unwillingness or inability of the counter party in discharging financial obligation.	1. Credit Risk Management Manual & Checklist 2. Internal Credit Risk Rating (ICRR) Guideline 3. Risk Appetite Statement	<ul style="list-style-type: none"> <li>Overall planning of credit operations.</li> <li>Credit analysis and approval.</li> <li>Credit supervision and monitoring.</li> <li>Internal Credit Risk Rating.</li> <li>Accurate collateral value identification.</li> </ul>
Asset-Liability Management Risk	Risk arising from imbalance of assets and liabilities in times of volatile interest rates and more generally a continuously changing economic environment.	1. Asset Liability Risk Management Manual & Checklist 2. Liquidity Contingency Plan	<ul style="list-style-type: none"> <li>Overall planning for funding and treasury operation.</li> <li>Maintaining standard liquidity profiles.</li> <li>Duration Analysis.</li> <li>Forecasting money market and capital market trend.</li> <li>Limits to control the maximum net cash outflow.</li> </ul>
Foreign Exchange Risk	Possibility of losses due to change in exchange rates according to market forces.	1. Foreign Exchange Risk Management Policy	<ul style="list-style-type: none"> <li>Monitoring Foreign Exchange Transactions.</li> <li>Set limit for open position.</li> <li>Monitor market movements.</li> </ul>
Money Laundering and Terrorist Financing Risk	Risk of unusual/suspicious transaction through banking channel.	1. Money Laundering & Terrorist Financing Risk Management Manual	<ul style="list-style-type: none"> <li>Implementation of uniform Know Your Customer (KYC) and Transaction Profile (TP).</li> <li>Monitoring unusual/suspicious transactions.</li> <li>Cash transaction report to Bangladesh Bank.</li> <li>Arrange training sessions/workshops for developing awareness and skill.</li> </ul>
Internal Control and Compliance Risk	Risk arising from errors and fraud due to regulatory failure of Internal Control and Compliance.	1. Internal Control & Compliance Risk Management Manual and Checklist	<ul style="list-style-type: none"> <li>Ensuring compliance of regulatory requirements.</li> <li>Maintaining efficiency and effectiveness of overall operating activities.</li> </ul>
ICT Security Risk	Risk of hardware and software failure, human error, spam, viruses and malicious attacks as well as natural disasters such as fires, cyclones or floods.	1. ICT Security Policy	<ul style="list-style-type: none"> <li>Building standard and compliant Data Centre (DC).</li> <li>Set up Near/Far Disaster Recovery Site (DRS).</li> <li>Sufficient physical as well as logical access control systems.</li> <li>Keeping sensitive information in the restricted area of networking environment.</li> </ul>
Environmental and Social Risk	Risk arising from environmental and social concerns that might affect performance of the bank.	1. Environmental and Social Risk Management Policy	<ul style="list-style-type: none"> <li>Ensuring that projects are developed in a socially responsible manner.</li> <li>Enhancement of green finance.</li> </ul>

## Future outlook

The global financial meltdown caused a spillover effect in the economy around the world. The efficacy of policy tools and their applications in managing systematic crises were challenged. These almost inevitably compelled the policy makers and financial sectors supervisors to revisit their policy choices. The COVID-19 pandemic is inflicting high and rising human costs not only Bangladesh but also worldwide, and the necessary protection measures are severely impacting economic activity. As a result of the pandemic, the Bangladesh economy effects.

BDBL is well positioned to meet the challenges of 2021 and will continue to strive to innovate and capture opportunity for growth and value creation.

Against the backdrop for achieving the short and long term goals, BDBL will concentrate its focus on the following:

-  Continue to launch new deposit and improve deposit mix, loan products and innovating banking services.
-  Build relationship with customers and client with innovative and customized solutions and services.
-  Enhance customers' delight by ensuring customers' safety, adapting with dreams and changing demands of the customers.
-  Maintain asset quality and recover the dues in time.
-  Pursue a strategy of flexibility for absorbing shocks and adapting to new realities & challenges occurring in the market from internal and external causes.
-  Carry on expansion of branch network in rural and urban areas.
-  Ensure sustainable banking through green banking, corporate social responsibility and financial inclusion.
-  Rationalize cost and enhance service excellence to a new level by successfully implementing 0-5 day delivery policy.
-  Continue to invest in people and technology to improve productivity and customers' satisfaction.



# Stakeholders' Information

## FINANCIAL HIGHLIGHTS

Particulars	2020	2019	Change %
Deposit	2421.89	2764.59	(12.40)
Loans & Advances	2128.97	1998.39	6.53
Operating Profit	11.06	43.51	(74.58)
Profit after Tax	4.49	6.56	(31.55)
Earning Per Share (EPS) in Tk.	1.12	1.64	(31.71)
Capital Adequacy Ratio (CAR)	22.88	22.18	3.16
Number of Branches	47	46	2.17
Number of Employees	748	753	(0.66)
Import	157.33	117.64	33.74
Export	209.28	167.89	24.65

## STAKEHOLDERS OF BDBL

The prime motto of BDBL is sustainable banking, which creates long-term resilient and sustainable economic, social and environmental values having a green, responsible and inclusive strategy through transparent and efficient utilization of resources. As a result, sustainability reporting helps the bank in devising a means to communicate and engage with its stakeholders. Our key stakeholders are: investors, customers, employees, suppliers, communities and the environment as a whole. So, we put importance on stakeholders' financial needs and objectives while designing a product or a service. At the same time, we ensure that these products and services should create positive outcomes for the society and the environment. We want to be a responsible business partner of our stakeholders by attaching highest priority to ethical conduct and integrity and by protecting their interest. Major groups of stakeholders of BDBL including their inclusiveness and engagement are mentioned as follows:

### Stakeholders' Inclusiveness and Engagement

Government and other Regulators	Customers	Shareholders	Employees	Suppliers and Service Providers	Community
<ul style="list-style-type: none"> <li>Ministry of Finance</li> <li>Bangladesh Bank</li> <li>National Board of Revenue</li> <li>BSEC</li> <li>ICAB, ICMAB</li> <li>Comptroller of Auditor General of Bangladesh</li> <li>External Auditors</li> <li>All Business Chambers</li> </ul>	<ul style="list-style-type: none"> <li>Retail Customers</li> <li>Rural Credit Customers</li> <li>SME and Corporate Client</li> <li>Remittance Customers</li> <li>Importer &amp; Exporter</li> </ul>	<ul style="list-style-type: none"> <li>Government of the People's Republic of Bangladesh</li> </ul>	<ul style="list-style-type: none"> <li>Permanent Staff</li> <li>Contractual Staff</li> <li>Management Trainees &amp; Interns</li> <li>Outsourced Staff</li> </ul>	<ul style="list-style-type: none"> <li>Correspondent Banks</li> <li>Foreign Remittance Agent</li> <li>Landlord of Leased Premises</li> <li>Suppliers of Fixed Assets</li> <li>Maintenance and Security Service Provider</li> </ul>	<ul style="list-style-type: none"> <li>Professionals and Self-Employers</li> <li>Civil Society</li> <li>Student</li> <li>Different Communities</li> </ul>

## 5 (Five) Years Performance of BDBL: At a Glance



(Tk. in crore)

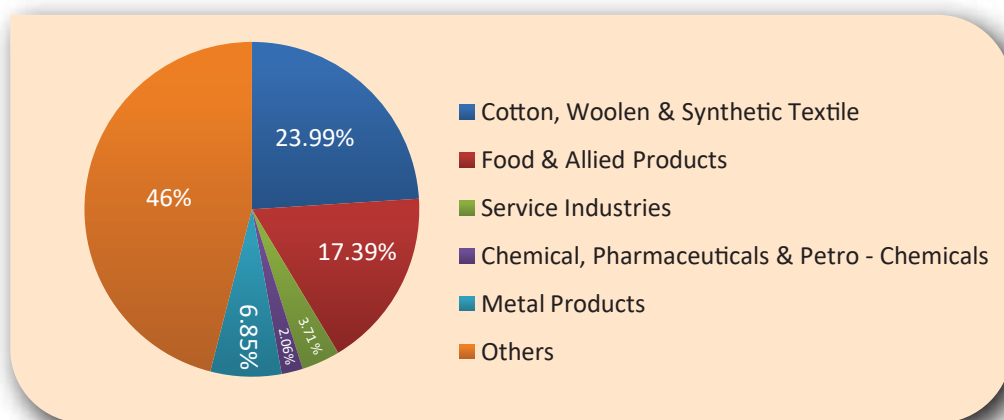
Sl. No.	Particulars	2020	2019	2018	2017	2016
<b>A.</b>	<b>Balance Sheet Matrix</b>					
1.	Authorized Capital	1000.00	1000.00	1000.00	1000.00	1000.00
2.	Paid up Capital	400.00	400.00	400.00	400.00	400.00
3.	Reserve Fund & Other Reserve	1457.50	1464.64	1470.54	1418.39	1384.40
4.	Retained Earnings	44.77	42.54	39.69	36.79	34.58
5.	Total Equity	1902.27	1907.18	1910.23	1855.18	1818.98
6.	Capital Required (As per Basel III)	577.56	563.35	501.01	463.35	466.65
7.	Capital Maintained (As per Basel III)	1057.27	999.55	1137.20	1197.77	1201.85
8.	Capital Surplus (As per Basel III)	479.71	436.20	636.19	734.42	735.20
9.	Capital Adequacy Ratio (Basel III)	22.88%	22.18%	26.95%	26.61%	25.76%
10.	Deposits (including Bills Payable)	2421.89	2764.59	2831.23	2858.03	2637.49
11.	Investments	840.45	972.06	981.41	999.68	1122.83
12.	Loans & Advances	2128.97	1998.39	1930.72	1794.60	1807.84
13.	Fixed Assets	775.48	781.54	794.04	807.98	819.07
14.	Advances to Deposit Ratio (ADR)	87.91%	72.29%	68.19%	62.79%	68.54%
<b>15.</b>	<b>Total Assets</b>	<b>5530.16</b>	<b>5839.57</b>	<b>5919.09</b>	<b>5805.80</b>	<b>5454.14</b>
<b>B.</b>	<b>Capital Matrix</b>					
<b>16.</b>	<b>Total Risk Weighted Assets (Basel III)</b>	<b>4620.50</b>	<b>4506.82</b>	<b>4219.02</b>	<b>4501.66</b>	<b>4666.50</b>
<b>17.</b>	<b>Core Capital (Tier- I)</b>	<b>1044.60</b>	<b>987.98</b>	<b>1058.92</b>	<b>1054.53</b>	<b>980.33</b>
<b>18.</b>	<b>Supplementary Capital (Tier- II)</b>	<b>12.67</b>	<b>11.57</b>	<b>78.28</b>	<b>143.24</b>	<b>221.52</b>
<b>19.</b>	<b>Total Eligible Capital (Tier I, II &amp; III)</b>	<b>1057.27</b>	<b>999.55</b>	<b>1137.20</b>	<b>1197.77</b>	<b>1201.85</b>
20.	Paid up Capital & Statutory Reserve	661.46	659.24	655.54	633.54	617.44
<b>C.</b>	<b>Asset Quality</b>					
21.	Classified Loans & Advances (excluding Staff Loan)	596.26	766.25	889.56	835.03	731.83
22.	% of Classified Loans & Advances (excluding Staff Loan)	28.01%	38.34%	46.07%	46.53%	49.58%
23.	Required Provision against Classified Loans & Advances	389.75	389.64	380.28	364.25	326.20
24.	Provision Maintained	389.75	389.75	380.46	374.25	329.99
25.	Surplus of Loan Provision	0	0.11	0.18	10.00	3.79
26.	Amount of Written of Loan	1544.78	1757.36	1778.94	1800.67	1820.97

Sl. No.	Particulars	2020	2019	2018	2017	2016
<b>D.</b>	<b>Income &amp; Expenditure Statement Matrix</b>					
27.	Interest Income	192.83	234.84	273.89	192.69	200.76
28.	Interest Paid on Deposit & Borrowings	158.83	168.90	158.30	140.45	170.27
29.	Net Interest Income	34.01	65.93	115.59	52.24	30.49
30.	Income from Investment & Capital Market Operation	51.40	30.75	84.40	150.38	90.81
31.	Non-Funded Income	44.64	51.68	48.85	31.54	69.16
32.	Total Operating Income	130.05	148.36	248.84	234.17	190.46
33.	Administrative & Operating Expenditure	118.99	104.85	131.57	118.61	125.41
34.	Net Profit before Tax	11.06	18.46	109.18	80.46	50.05
35.	Provision for Income Tax	6.57	11.91	34.29	24.14	11.82
36.	Net Profit after tax	4.49	6.56	74.89	56.32	38.23
<b>E.</b>	<b>Foreign Exchange Business</b>					
37.	Import L/C (Sight)					30.13
38.	Import L/C (Deferred)	157.33	117.64	143.64	60.23	17.81
39.	Export	209.28	167.89	147.28	60.96	91.24
<b>F.</b>	<b>Shareholders' Information</b>					
40.	Dividend Paid to the Govt.	-	-	-	10.00	10.00
41.	Net Assets Value Per Share (Taka)	475.57	476.80	477.56	463.80	454.75
42.	Earning Per Share (Taka)	1.12	1.64	18.72	14.08	9.56
<b>G.</b>	<b>Ratios</b>					
43.	Net Operating Income to Assets	2.35%	2.54%	2.25%	1.99%	1.19%
44.	Cost of Fund	8.13%	7.85%	8.25%	7.93%	9.23%
45.	Cost to Income Ratio	96.17%	86.28%	79.61%	84.97%	89.40%
46.	Return On Assets (ROA)	0.08%	0.11%	1.27%	0.97%	0.70%
47.	Return On Investment (ROI)	6.12%	3.16%	8.60%	15.04%	8.09%
48.	Return On Equity (ROE)	0.24%	0.34%	3.98%	3.04%	2.10%
<b>H.</b>	<b>Other Information</b>					
49.	Number of Shareholders	100% Govt. owned	100% Govt. owned	100% Govt. owned	100% Govt. owned	100% Govt. owned
50.	Number of Zonal Offices	6	4	4	4	4
51.	Number of Branch Offices	47	46	44	43	42
52.	Number of Employees (Regular)	748	753	772	733	774

## Sector-Wise Loan Portfolio Position As on 31 December, 2020

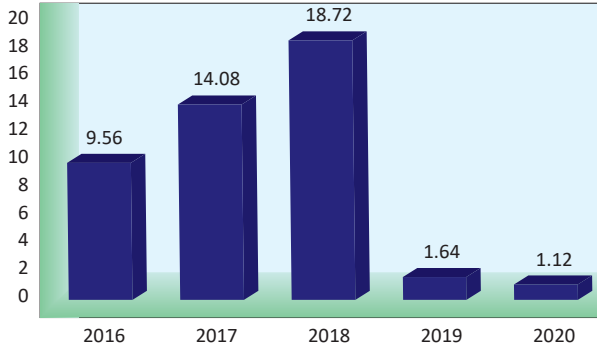
SL. No.	Particulars	No. of Projects	Outstanding			
			Not Due	Overdue	Total	% of Total
01.	Food & Allied Products	1401	230.73	139.39	370.12	17.39
02.	Jute & Allied Fibre Products	6	7.41	10.21	17.62	0.83
03.	Cotton, Woolen & Synthetic Textile	848	424.64	86.13	510.77	23.99
04.	Paper, Paper Products & Printing	52	5.32	5.67	10.99	0.52
05.	Tannery & Its Products	37	2.87	1.17	4.04	0.19
06.	Non-metalic Mineral Products	59	19.41	8.43	27.84	1.31
07.	Forest, Wood Products & Saw Mills	152	13.56	6.28	19.84	0.93
08.	Rubber & Rubber Products	12	1.04	0.78	1.82	0.09
09.	Metal Products	75	134.36	11.44	145.8	6.85
10.	Electrical Machinery & Goods	48	8.96	4.36	13.32	0.63
11.	Machinery & Spare Parts	49	4.31	1.11	5.42	0.25
12.	Water Transport	20	1.84	1.42	3.26	0.15
13.	Road Transport	11	2.09	4.01	6.10	0.29
14.	Chemicals & Pharmaceuticals	58	25.671	5.20	30.87	1.45
15.	Petro-Chemicals	18	12.38	0.62	13	0.61
16.	Service Industries	763	62.66	16.37	79.03	3.71
17.	Miscellaneous	9139	736.15	132.97	869.12	40.82
<b>Total:</b>		<b>12748</b>	<b>1693.40</b>	<b>435.56</b>	<b>2128.96</b>	<b>100.00</b>

### Loan Portfolio in 2020 (In %)

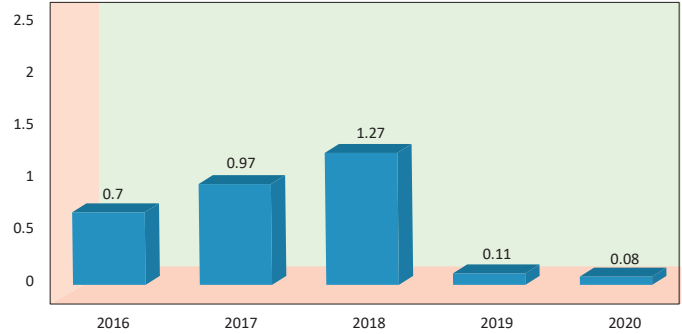


## GRAPHICAL PRESENTATION OF KEY PERFORMANCE INDICATORS

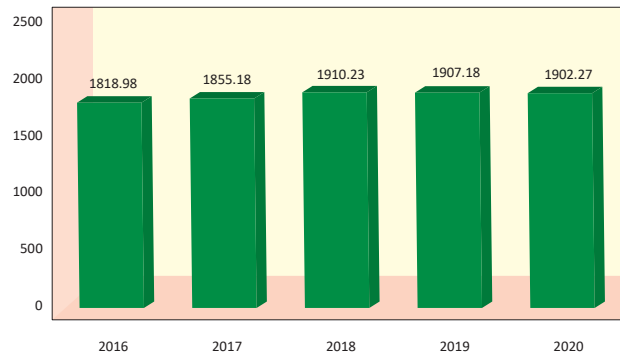
**Earning Per Share (in Taka)**



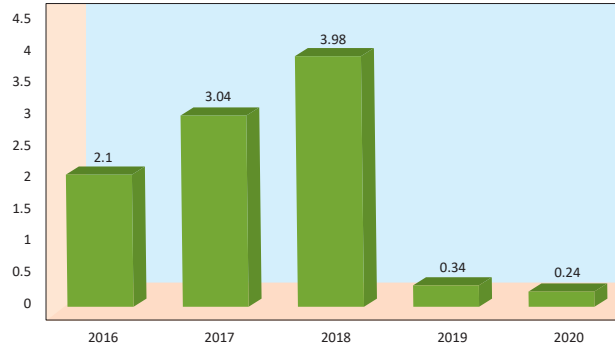
**Return on Assets (In%)**



**Shareholders Equity (Tk. In Crore)**

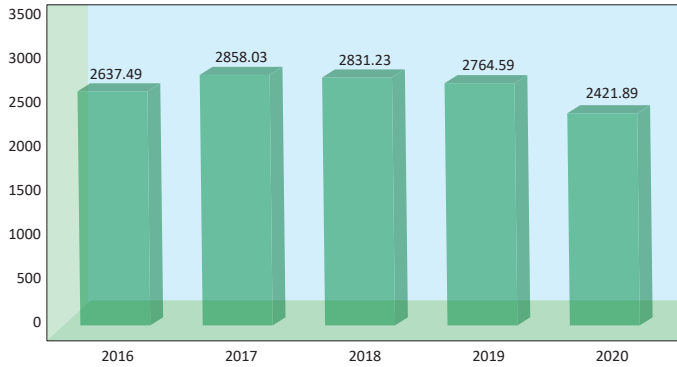


**Return on Equity (In %)**

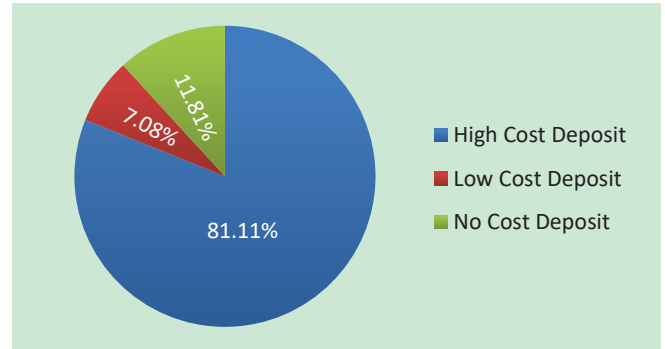


## GRAPHICAL PRESENTATION OF OPERATIONAL AND FINANCIAL PERFORMANCE

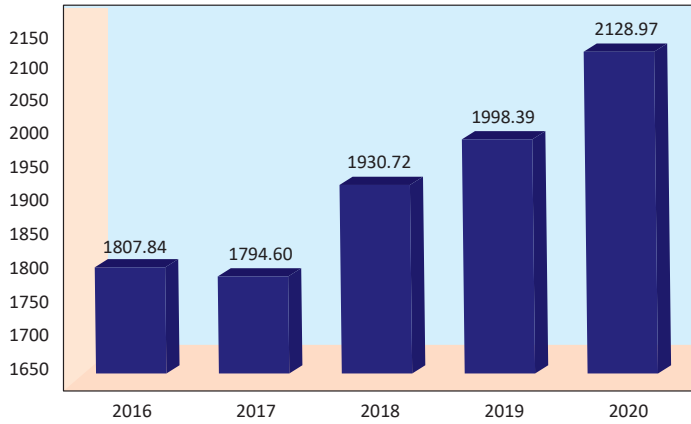
**Deposit (Tk. In Crore)**



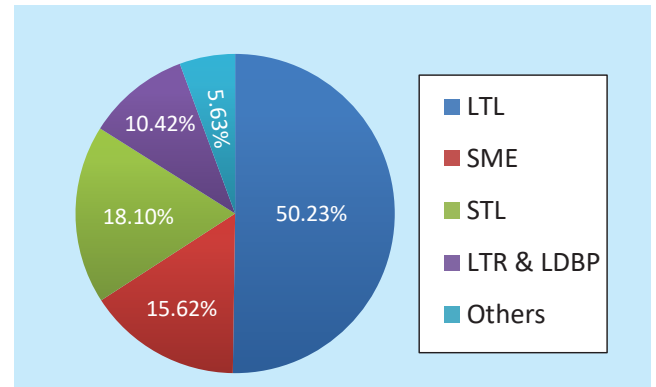
**Deposit Mix in 2020 (In%)**



**Loans and Advances (Tk. In crore)**

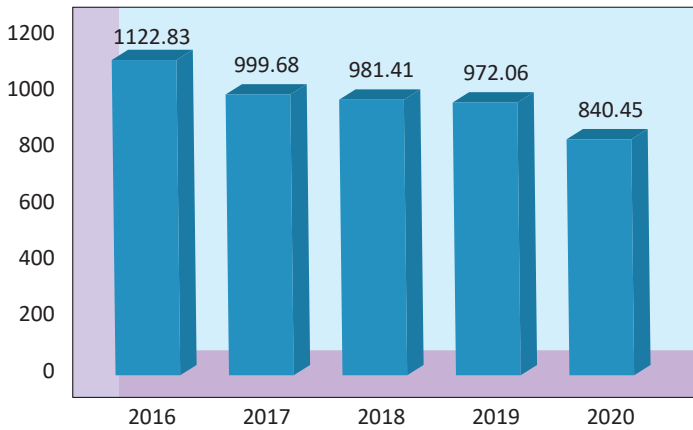


**Loans and Advances Mix in 2020 (In%)**

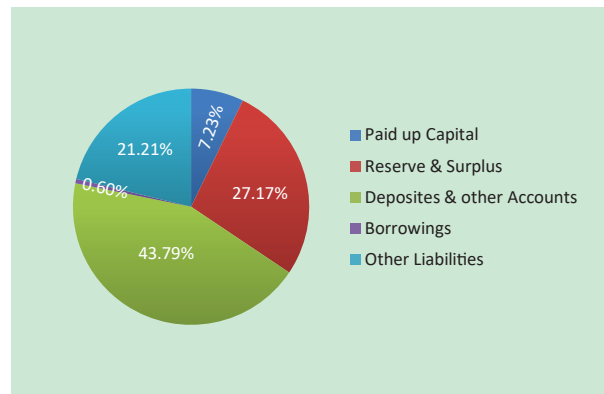


## GRAPHICAL PRESENTATION OF OPERATIONAL AND FINANCIAL PERFORMANCE

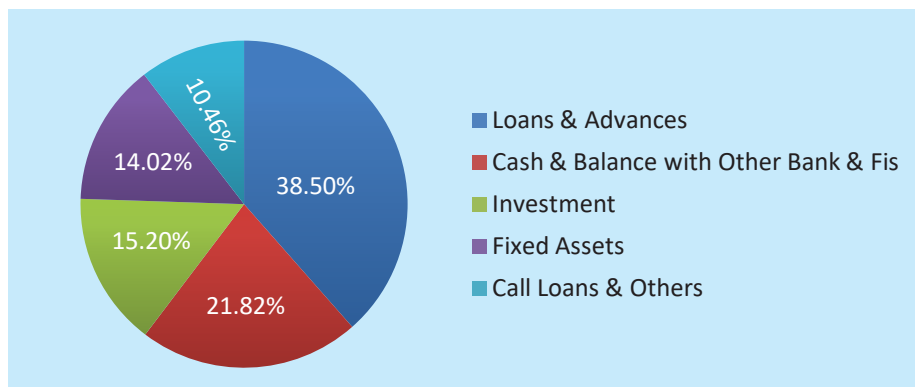
**Investment (Tk. In crore)**



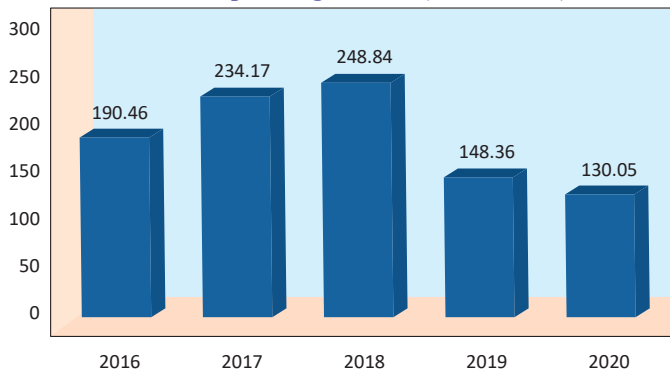
**Sources of Fund in 2020 (in %)**



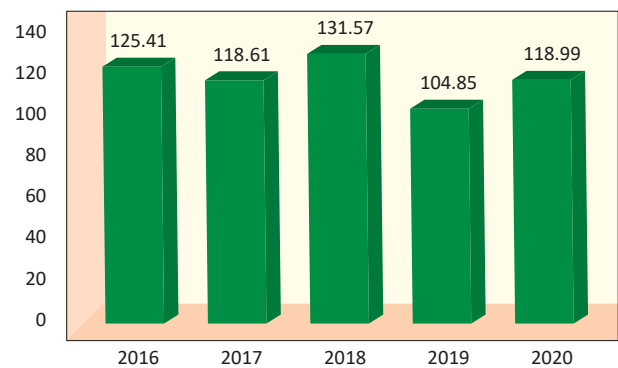
**Application of Fund in 2020 (in %)**



**Total Operating Income (Tk. in crore)**

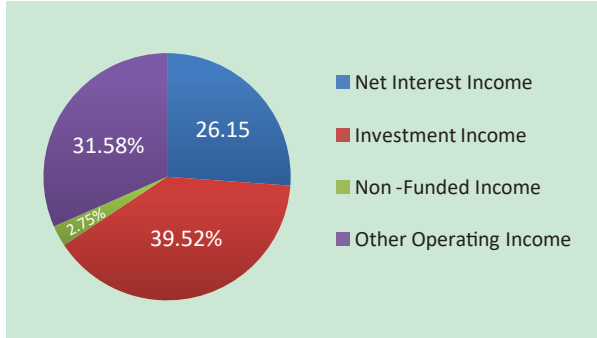


**Total Operating Expenditure (Tk.in crore)**

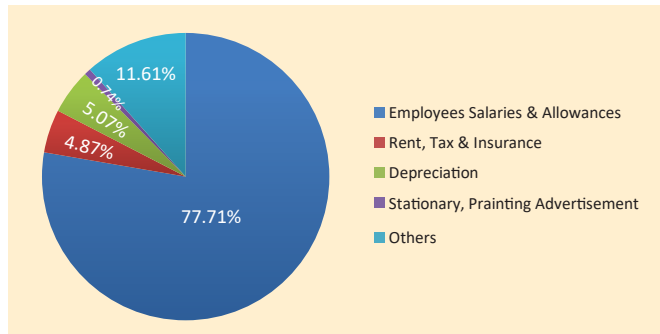


## GRAPHICAL PRESENTATION OF OPERATIONAL AND FINANCIAL PERFORMANCE

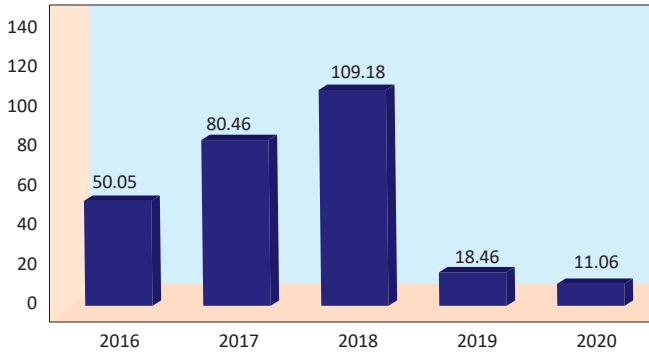
**Composition of Operating Income in 2020 (In%)**



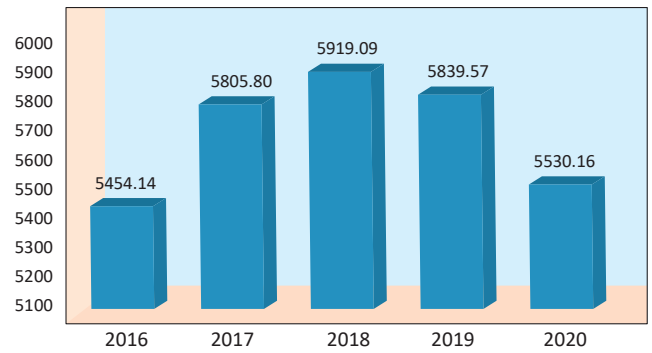
**Composition of Operating Expenditure in 2020 (In %)**



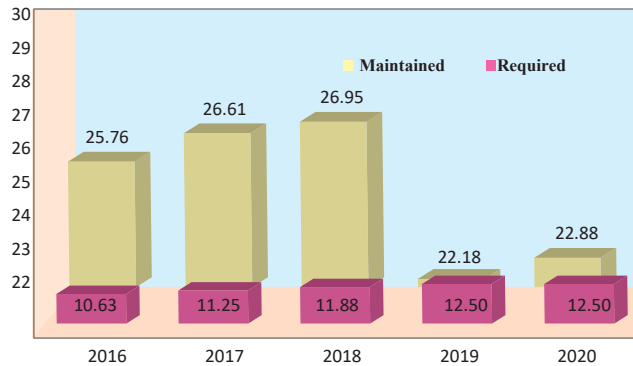
**Trend of Operating Profit (Tk. In crore)**



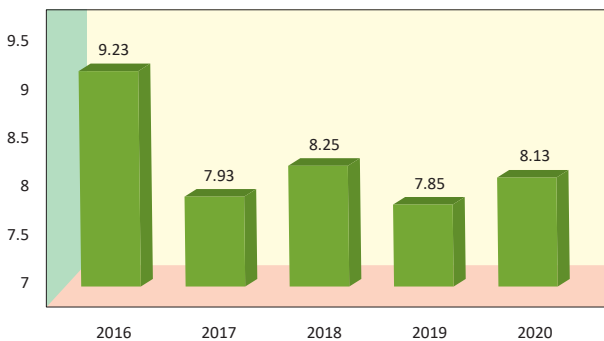
**Total Assets (Tk. In crore)**



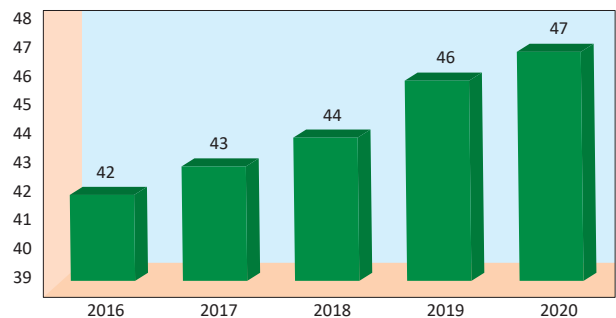
**Capital to Risk Weighted Asset Ratio (CAR In %)**



**Cost of Fund (In %)**



**Branch Network**





## Shareholding Structure



As on 31<sup>st</sup> December, 2020

Shareholders of BDBL		No. of Shares	Amount (Taka)
The Government of the People's Republic of Bangladesh represented by : Senior Secretary, Finance Division, Ministry of Finance, Government of the People's Republic of Bangladesh.		3,99,99,993	3,99,99,99,300.00
<b>Directors nominated by the Govt.</b>			
1.	Mohammad Mejbahuddin Chairman	1 (One)	100.00
2.	Md. Ekhlalur Rahman Director	1 (One)	100.00
3.	Md. Abu Hanif Khan Director	1 (One)	100.00
4.	Kazi Tariqul Islam Director	1 (One)	100.00
5.	Subhash Chandra Sarker Director	1 (One)	100.00
6.	Md Abu Yusuf Director	1 (One)	100.00
7.	Quazi Shairul Hassan Director	1 (One)	100.00
<b>Total :</b>		<b>4,00,00,000</b>	<b>4,00,00,00,000.00</b>

## VALUE ADDED STATEMENT

Value addition means the wealth created by the bank through its different banking operations. The Value Added Statement shows the total wealth created, how it was distributed to meet certain obligations and rewarded those responsible for its creation, and the portion retained for the continued operation and expansion of the bank. The Value Added Statement of BDBL showed how the value is created and distributed to different stakeholders of the bank.

### Economic Value Added Statement

Economic Value Added (EVA) is a performance tool developed to measure the true economic profit produced by a company. It is also frequently refers to as “economic profit”, and provides a measurement of a bank’s economic success (or failure) over a period of time. Such a metric is useful for shareholders’ who wish to determine how well the bank has produced value for its investors and it can be compared against the bank’s peers for a quick analysis of how well the bank is operating.

### Market Value Added Statement

Market Value Added (MVA) is simply the difference between the current total market value of a company and the capital contributed by investors. As a wealth metric it measures the level of value, the bank has accumulated over time. The formula used to find market value added is:

### Market Value Added = Market Value – Capital Invested

Since BDBL is not enlisted in share market, so it is not possible to calculate MVA in a regular method. The liquidity policy of the Bank has always been to carry a positive mismatch in the interest earning assets and interest bearing liabilities in the 1-30 days category.

## PAYMENT OF DIVIDEND

The Dividend Policy of the Bank aims to provide a notable amount of dividend to shareholders including retaining sufficient profit to strengthen funds, maintain positive growth and fulfill capital requirements. As a result of this prudent Dividend policy, the Bank has developed shareholders’ fund at a satisfactory level. BDBL paid dividend to the government up to 2017.

## ECONOMIC IMPACT REPORT

Production, distribution and consumption of goods and services are integral elements of an economic system. By analyzing economic impact, it is tried to find out how a company adds value to the society. Economic impact can be classified into two broad areas: (I) Direct and (II) Indirect. Direct impacts are the immediate economic effects of a company’s financial transactions while the indirect impacts are the economic effects that are created through a company’s operation or production of goods and services.

Bank’s direct contributions to the economy of its nation would include creation of employment opportunities, collection of taxes on behalf of the Government, creation of savings habit among the members of the community; while improvement of socio-economic and environmental performance through lending is the indirect contribution.

BDBL creates value through providing financial services in line with its mission: “To contribute to the economic development of the country.” The Bank is always mindful to add value on a sustainable basis to all stakeholders through fair and ethical means.

## MAINTAINING CAPITAL ADEQUACY

To cope with the international best practices and to make the Bank’s capital more risk sensitive, Bangladesh Bank issued Basel-II guidelines for all scheduled banks on “Risk Based Capital Adequacy (RBCA)” to report their capital requirement which came fully into effect from 2015.

As on December 31, 2020, the Bank’s Capital Adequacy Ratio (Basel-II) stood at 22.88% as against 12.5% of total Risk Weighted Assets, which indicates Bank’s strong capital base.

Comparative picture of Risk Weighted Assets, Minimum Capital Requirement (MCR) and the Capital Adequacy Ratio (CAR) and capital surplus of BDBL for 2019 and 2020 were mentioned below:

Particulars	(Tk. in crore)	
	2019	2020
Total Risk Weighted Assets	4506.82	4620.50
Core Capital (Tier I)	987.98	1044.60
Supplementary Capital (Tier II)	11.57	12.67
Total Capital	999.55	1057.27
Required Capital	450.68	462.05
Required Capital with Conservation Buffer	563.35	577.56
Tier I Capital Adequacy Ratio	21.92%	22.61 %
Tier II Capital Adequacy Ratio	0.26%	0.27 %
Capital To Risk Weighted Assets Ratio (CRAR)	22.18%	22.88 %
Capital Surplus	436.20	479.71

# Report on Corporate Governance



Corporate Governance (CG) is the set of laws, regulations, processes and policies through which a corporation is directed, administered and controlled. The corporate governance structure specifies the rights and responsibilities among the major stakeholders involved and achievement of the goals for which the corporation is governed. The principal stakeholders are the shareholders, Board, management and employees. Other stakeholders include customers, creditors, suppliers, regulators and the community at large. Fairness, commitment to the organization, mutual respect, performance orientation, transparency, accountability and responsibility are the accepted elements of good corporate governance. A good corporate governance aims at ensuring the conformity to all these elements in order to making a congenial environment to excel in.

Since its inception, the bank has actively and fully adhered to the principles of sound corporate governance in complying with legal and regulatory requirements as mentioned in Bangladesh Bank and Bangladesh Securities and Exchange Commission's notification. In BDBL, corporate governance means increasing the stakeholders' value by being efficient, transparent, professional and accountable to the organization, society and the environment. The Board of Directors plays a key role in corporate governance. It is their responsibility to endorse the organization's strategy, develop directional policies, appoint, supervise and remunerate senior executives and to ensure accountability of the organization to its owners and regulatory authorities.

## LEGAL AND REGULATORY COMPLIANCE

BDBL has been carrying out its activities in accordance with the Legal and Regulatory requirement of Bangladesh Bank and Bangladesh Securities and Exchange Commission (BSEC). BDBL operates within the legal framework of the Companies Act, 1994 and as Banking Company complies with the provisions of the Bank Company Act, 1991 (Amended in 2013), Income Tax Ordinance, 1984, Negotiable Instrument Act, 1881, Anti-Money Laundering Act, 2008 and other related laws, regulations and reporting requirements.

**BDBL's corporate governance structure encompasses the following elements:**

### STRUCTURE OF THE BOARD

According to clause 95 of the Article of Association of BDBL, the number of directors shall not be less than seven and not more than thirteen, excluding the Managing Director. The Board of Directors of BDBL is currently consisted of 7 (Seven) Directors including its Managing Director. The Board of Directors is accountable to owners/stockholders for the overall direction and control of the bank. The major responsibilities of the Board are to approve all policies and strategies. The Board reviews the policies and manuals of the various segments of business with a view to establishing effective risk management in credit and other key areas of operations. The management of the bank operates within the policies and guidelines approved by the Board. The Board spends most of its time in formulating different policies and strategies in directing the BDBL towards a forward-looking bank. With this end, there held Board 19 meetings during January-December, 2020.

## MANAGEMENT

The Managing Director & CEO and the Board of Directors are jointly responsible for the management of the bank. The Managing Director & CEO is responsible for the day-to-day operations and in this respect observes the policy and directions of the Board of Directors. The Managing Director & CEO implements this policy and directions through its line management.

## BOARD COMMITTEES AND THEIR RESPONSIBILITIES

To ensure good governance i.e. corporate governance in bank management, Bangladesh Bank issued a circular (BRPD Circular No. 06, dated February 04, 2010) where it restricted banks to form three committees or sub-committees of the Board.

To ensure proper accountability and transparency through "due diligence", BDBL has three Board committees namely Audit Committee, Executive Committee and Risk Management Committee mainly to oversee and direct the operations, performance and strategic direction of the bank.

### AUDIT COMMITTEE

As per Bangladesh Bank's BRPD Circular No. 11, dated October 27, 2013, Audit Committee (AC) of BDBL Board was last re-constituted in the Board Meeting held on December 18, 2016, to provide independent oversight of the company's financial reporting, non-financial corporate disclosures, internal control systems and compliance to governing laws, rules and regulations etc. Basically, the Audit Committee plays the role of watchdog on behalf of the Board.

At present AC comprise of the following Directors :

(As on 31.12.2020)

1.	Md. Ekhlashur Rahman, Director	Chairman of the Committee
2.	Md. Abu Hanif Khan, Director	Member
3.	Kazi Tariqul Islam, Director	Member
4.	Subhash Chandra Sarker, Director	Member

The Audit Committee of BDBL held 8 (Eight) meetings in the year 2020 and had detailed discussions and review session with the Head of Internal Audit, Head of Internal Control and Compliance, External Auditors etc. regarding their findings, observations and suggestions with corrective measures on the related areas and on other issues of bank affairs that need improvement. The AC instructed the management to follow those suggestions and monitored accordingly from time to time.

### EXECUTIVE COMMITTEE

In compliance with BRPD Circular No. 11, dated October 27, 2013, the Board of Directors of BDBL re-constituted the Executive Committee (EC) in the Board Meeting held on December 24, 2014, At present EC comprise of the following Directors :

(As on 31.12.2020)

1.	Mohammad Mejbahuddin, Chairman	Chairman of the Committee
2.	Md Abu Yusuf, Director	Member
3.	Quazi Shairul Hassan, Director	Member
4.	Kazi Alamgir, Managing Director & CEO	Member

This EC is entrusted with the following broader responsibilities and functions :

- Establish and periodically review the bank's overall credit and lending policies and procedures.
- Develop and implement uniform and minimum acceptable credit standards for the bank
- Approve all revision, restructure and amendments made to the credit proposals initially approved by this Committee.

In 2020, 3 (Three) meetings of EC were held.

### BOARD RISK MANAGEMENT COMMITTEE

Board Risk Management Committee (BRMC) reviews the identification of the credit risk, foreign exchange risk, internal control & compliance risk, money laundering risk, information & technology risk, operational risk, interest risk, liquidity risk, green banking policy and other risk related activities. The bank established a Board Risk Management Committee (BRMC) with the following Directors:

(As on 31.12.2020)

1.	Mohammad Mejbahuddin, Chairman	Chairman of the Committee
2.	Md. Abu Hanif Khan, Director	Member
3.	Kazi Tariqul Islam, Director	Member
4.	Md. Abu Yusuf, Director	Member
5.	Quazi Shairul Hassan, Director	Member

The RMC is entrusted with the following responsibilities and functions:

- Identification and controlling strategies of risks;
- Preparation of organizational framework;
- Reviewing and resolving of Risk Management Policy;
- Information / document preservation & reporting;
- Follow-up the implementation of Risk Management Policy as a whole; and
- Miscellaneous.

In 2020, 3 (Three) meetings of RMC were held.

**The board has formed the following committees with the executives and officers of the Bank :**

### ASSET LIABILITY COMMITTEE (ALCO)

The Asset Liability Committee (ALCO) of the bank was constituted with the following officials, where the Managing Director & CEO is the President of the Committee :-

1.	Managing Director & CEO	President
2.	Deputy Managing Director-1	Member
3.	Deputy Managing Director-2	Member
4.	General Manager of Finance & Accounts Division	Member
5.	General Manager of Legal Affairs & Recovery Division	Member
6.	General Manager of Branch Banking Division	Member
7.	General Manager of SME & General Advances Division	Member
8.	General Manager of Development Banking Division	Member
9.	General Manager of International Banking Division	Member
10.	Head of Risk Management Department	Member
11.	Head of Treasury Department	Member Secretary

The key role and responsibilities of ALCO are as follows:

- Review of actions taken in previous ALCO.
- Directing general policies on risk exposures.
- Setting target of deposit and advances.
- Setting interest rate mismatch / gap limit.
- Analyzing liquidity position.
- Establishing monitoring system for exposure, control and limit management.
- Evaluating market risk and outlook.

The meetings of the Asset Liability Management Committee hold in every month to review the overall position of the balance sheet and achievement of targets.

### APPRECIATION LETTER RECOMMEND COMMITTEE:

The bank has formed an appreciation letter recommend committee to review, evaluate and recommend appreciation letter for the accomplished officials. The members of the committee are as follows:-

1.	Deputy Managing Director -1	President
2.	Deputy Managing Director -2	Member
3.	General Managers of Administration Division, SME & General Advance Division (GAD), Development Banking Division, International Banking Division, Information Technology & Risk Management Division, Internal Control & Compliance Division, Finance & Accounts Division, Investment Banking Division, Branch Banking Division, Legal Affairs and Recovery Division.	Member
4.	Department Head, Human Resource Management Department	Member Secretary

### SUPERVISORY REVIEW PROCESS (SRP) TEAM

SRP Team has been formed by the Board of Directors at its 243rd meeting held on 26.12.2019. The members of the Team are as follows:-

1.	Managing Director & CEO	Chairman
2.	Deputy Managing Director	Member
3.	Chief Risk Officer (CRO)	Member
4.	Chief Financial Officer (CFO)	Member
5.	Head of Risk Management Department	Member Secretary
6.	Head of MIS & Research Department	Member

### EXECUTIVE RISK MANAGEMENT COMMITTEE

An Executive Risk Management Committee was formed with the following officials of the bank to strongly observe the risk level, monitor compliance of the risk management guidelines by the Divisions, Departments and Branches and do stress testing regularly and thereby take necessary steps to check and control the risk relating to banking activities :-

## Executive Risk Management Committee

01.	General Manager, IT and Risk Management Division	President
02.	General Manager, SME and General Advances Division	Member
03.	General Manager, Internal Control and Compliance Division	Member
04.	Department Head, Business Development and Marketing Department	Member
05.	Department Head, Central Accounts Department	Member
06.	Department Head, Branch Management Department	Member
07.	Department Head, Loan Recovery Department	Member
08.	Department Head, Risk Management Department	Member Secretary
09.	Department Head, IT System Department	Member
10.	Department Head, International Banking Department	Member

An Executive Risk Management Committee will take advance preparation to address any kind of financial stress and inform the Chief Executive Officer. **Mr. Paritosh Sarker, General Manager is Chief Risk Officer (CRO).**

### SUSTAINABLE FINANCE UNIT

With the view of performing green banking activities effectively and efficiently, the bank has formed a Sustainable Finance Unit. The members of the Unit are as follows :-

1.	Department Head, General Advances Department	Unit Head
2.	Assistant General Manager, Sustainable Finance Unit	Focal Point Officer
3.	Senior most SPO/PO/SO of Sustainable Finance Unit	Fallback Person

### SUSTAINABLE FINANCE COMMITTEE

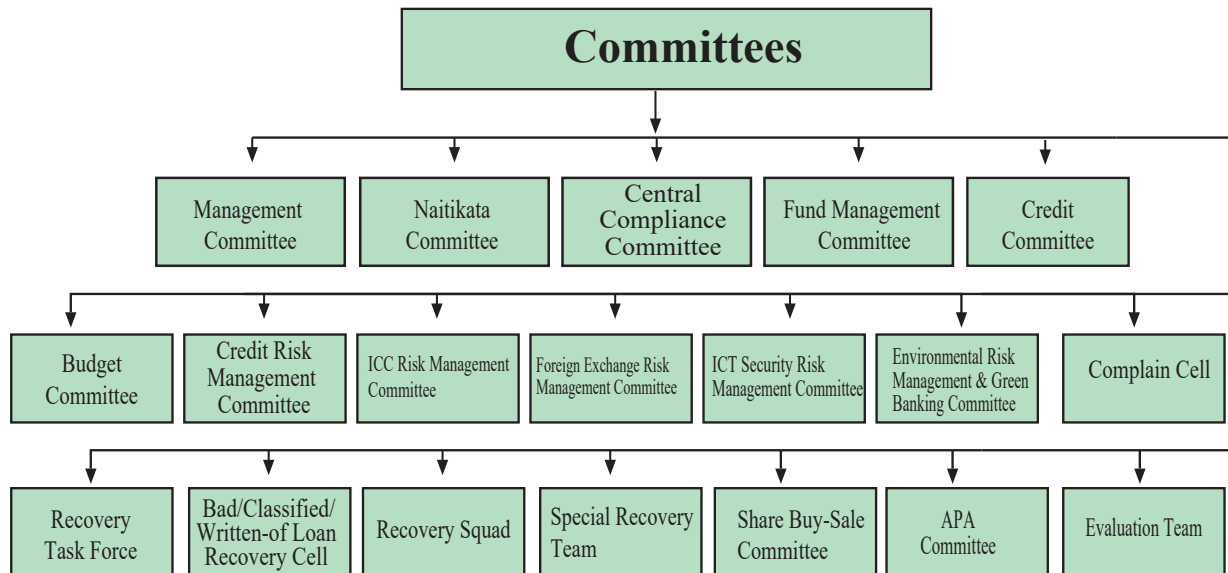
The bank has formed a sustainable finance committee to review, evaluate and approve the banking activities effectively and efficiently, the bank has formed a Sustainable Finance committee. The members of the committee are as follows :-

1.	Deputy Managing Director -1	President
2.	General Manager, SME & General Advances Division	Member
3.	General Manager, International Banking Division	Member
4.	General Manager, Internal Control and Compliance Division	Member
5.	Department Head, Human Resource Management Department	Member
6.	Department Head, Branch Management Department	Member
7.	Department Head, Loan Recovery Department	Member
8.	Department Head, Central Accounts Department	Member
9.	Department Head, General Advances Department	Member
10.	Department Head, IT System Department	Member
11.	Department Head, Compliance Department	Member
12.	Department Head, Risk Management Department	Member
13.	Department Head, Business Development & Marketing Department	Member
14.	Department Head, Establishment & Common Services Department	Member
15.	Assistant General Manager, Sustainable Finance Unit	Member Secretary



## MANAGEMENT COMMITTEES

Managing Director & CEO is the Chief Executive Officer (CEO) of the bank. In an effective corporate governance structure Bank Management work under the leadership of MD & CEO to carry out daily operations to the best interest of the shareholders. Besides, conventional segregation of functional departments, BDBL has some designated committees entrusted with specific objectives. The composition of all these committees is shown below:



## MANAGEMENT COMMITTEE (MANCOM)

To bring dynamism as well as to assist the Managing Director & CEO in handling the daily operational activities to the best interest of the stakeholders, a Management Committee (MANCOM) was formed with the following officials, where the Deputy Managing Director (DMD)-1 acts as the President.

1.	Deputy Managing Director-1	President
2.	Deputy Managing Director-2	Member
3.	All General Managers of All Divisions	Member
4.	All Department Head of Head Office	Member
5.	Board Secretary, Board Division	Member
6.	Department Head, Compliance Department	Member Secretary

The Management Committee (MANCOM) assists the Managing Director & CEO in the following Areas :

- Set or review vision, mission and strategies of the bank as a whole for effective discharging of management responsibilities.
- Analyze business and financial performance of the bank.
- Review and discuss policies and procedures of the bank and make compile/amendment/extension if necessary before taking to the Board (if needed).
- Market analysis and internal service quality.
- Review of control and compliance.
- Management and development of human resources.
- Exploring ways to strengthen and vitalize support functions (Operations, HRD, ITD, CRM etc.)

The meetings of the MANCOM hold in every month to review and address the relevant issues timely.

## NAITIKATA COMMITTEE

Government of Bangladesh formulated its National Integrity Strategy (NIS) as a comprehensive good governance strategy to prevent corruption and improve national integrity in all sphere of life. In this respect Naitikata Committee of BDBL has been formed with the following members:

1.	Managing Director & CEO	President
2.	Deputy Managing Director (Senior most)	Member
3.	General Manager (Senior most)	Member
4.	General Manager (Administration)	Member and Focal Point
5.	Department Head (HRMD)	Member Secretary

## CENTRAL COMPLIANCE COMMITTEE (CCC)

Money laundering poses a significant risk to the financial sector globally and to society as a whole. The bank is firmly committed to participating in international efforts to combat money laundering, fraud or other financial crimes including the financing of terrorists or terrorist operations. Accordingly, the bank prepared an Anti-Money Laundering Manual which included written policy and procedure and formed a Central Compliance committee (CCC) with the following officials :-

1.	Deputy Managing Director-1, Administration Division	Head of CCC & CAMLCO
2.	General Manager, Branch Banking Division	Member
3.	Head of Branch Management Department	Deputy CAMLCO
4.	Head of General Advances Department	Member
5.	Head of Risk Management Department	Member
6.	Head of Human Resource Management Department	Member
7.	Head of International Banking Department	Member
8.	Head of IT System Department	Member

The committee acts in keeping consistency with the Anti-Money laundering Manual and guidelines given by the Central Bank from time to time to protect fraud / forgery and financing of terrorist activities.

## FUND MANAGEMENT COMMITTEE (FMCO)

The Fund Management Committee (FMCO) of the bank was constituted with the following officials :-

1.	Deputy Managing Director-1	President
2.	Deputy Managing Director-2	Member
3.	General Manager of Finance & Accounts Division	Member
4.	General Manager of Legal Affairs & Recovery Division	Member
5.	General Manager of Development Banking Division	Member
6.	General Manager of International Banking Division	Member
7.	Head of Central Accounts Department	Member
8.	Head of Treasury Department	Member Secretary

The key role and responsibilities of FMCO are as follows:

- Inquiry and identification of sources of funds.
- Collection of funds including summons.
- Expenditure of funds and proper utilization of surplus funds term deposits of the bank.
- Analyzing liquidity position.
- Evaluating market risk and outlook.

## CREDIT COMMITTEE (CC)

With a view to bringing dynamism in the activities of the bank and assisting the Managing Director & CEO to perform credit related activities efficiently and effectively, a Credit Committee (CC) was formed in Head Office, Zonal and Branch Offices in the following ways:

### Head Office Credit Committee:

1.	Deputy Managing Director-1	President
2.	Deputy Managing Director-2	Member
3.	General Manager, Investment Banking Division	Member
4.	General Manager, SME & General Advances Division	Member
5.	General Manager, Development Banking Division	Member
6.	General Manager, Branch Banking Division	Member
7.	General Manager, Legal Affairs and Recovery Division	Member
8.	General Manager, Finance & Accounts Division	Member
9.	General Manager, International Banking Division	Member
10.	General Manager, IT & Risk Management Division	Member
11.	Head of Loan Operation Department	Member Secretary

### Zonal Offices Credit Committee

1.	Head of Zonal Office	President
2.	Branch Manager under Zonal Office	Member
3.	Second Senior Officer of Zonal Office	Member
4.	Concerned Officer of Loans & Advances in Zonal Office	Member Secretary

### Branch Credit Committee

1.	Head of Branch	President
2.	Second Officer of Branch	Member
3.	Concerned Officer of Loans & Advances in Branch	Member Secretary

Credit proposals that merit considerations in the opinion of the Credit Committee are presented before the Managing Director & CEO of the bank for approval. The credit proposals that are beyond the delegated business power of the Managing Director & CEO are placed before the Executive Committee / Board of Directors for consideration / approval. The meetings of the Committee hold regularly to approve and review loan proposals.

## BUDGET COMMITTEE

The Budget Committee of the bank was constituted with the following officials :-

1.	Deputy Managing Director-1	President
2.	Deputy Managing Director-2	Member
3.	All General Managers of All Divisions/Consultant	Member
4.	General Manager, Principal Branch	Member
5.	Head of Budget Department	Member Secretary

## CREDIT RISK MANAGEMENT COMMITTEE

Bangladesh Bank has given clear guidelines for mitigating different risks. Accordingly a Credit Risk Management Committee has been formed with the following officials :-

1.	General Manager, SME & General Advances Division	President
2.	Department Head of SME Department	Member
3.	Department Head of General Advances Department	Member
4.	Department Head of Risk Management Department	Member
5.	Department Head of Loan Operation Department	Member
6.	Concerned SPO/PO of Loan Operation Department	Member Secretary

### INTERNAL CONTROL & COMPLIANCE RISK MANAGEMENT COMMITTEE

Bangladesh Bank has given clear guidelines for mitigating different risks. Accordingly an Internal Control & Compliance Risk Management Committee has been formed with the following officials :-

1.	General Manager, Internal Control & Compliance Division	President
2.	Department Head of Human Resource Management Department	Member
3.	Department Head of Branch Management Department	Member
4.	Department Head of Audit & Inspection Department	Member
5.	Department Head of Compliance Department	Member
6.	Department Head of Risk Management Department	Member
7.	Concerned SPO/PO of Compliance Department	Member Secretary

### FOREIGN EXCHANGE RISK MANAGEMENT COMMITTEE

Bangladesh Bank has given clear guidelines for mitigating risks relating to foreign exchange business. Accordingly, a risk manual for foreign exchange business has been prepared for strategic management of risks. Besides, a Foreign Exchange Risk Management Committee has been formed with the following officials :-

1.	General Manager, International Banking Division	President
2.	Department Head of Risk Management Department	Member
3.	Department Head of International Banking Department	Member
4.	Department Head of Treasury Department	Member
5.	Concerned SPO/PO of International Banking Department	Member Secretary

### ICT SECURITY RISK MANAGEMENT COMMITTEE

Bangladesh Bank has given clear guidelines for mitigating risks relating to information & communication technology. Accordingly, a manual for ICT Security Risk Management has been prepared for strategic management of risks. Besides, an ICT Security Risk Management Committee has been formed with the following officials :-

1.	General Manager, IT & Risk Management Division	President
2.	Department Head of Compliance Department	Member
3.	Department Head of IT Operation Department	Member
4.	Department Head of Risk Management Department	Member
5.	Department Head of IT System Department	Member
6.	Concerned SPO/PO of IT System Department	Member Secretary

### ENVIRONMENTAL RISK MANAGEMENT AND GREEN BANKING COMMITTEE

Bangladesh Bank has given clear guidelines for mitigating different risks. Accordingly an Environmental Risk Management and Green Banking Committee has been formed with the following officials :-

1.	General Manager, SME & General Advances Division	President
2.	Department Head of General Advances Department	Member
3.	Department Head of SME Department	Member
4.	Department Head of Risk Management Department	Member
5.	Department Head of Loan Operation Department	Member
6.	Assistant General Manager, Sustainable Finance Unit	Member
7.	Concerned SPO/PO of Sustainable Finance Unit	Member Secretary

## COMPLAIN CELL

In order to bring discipline and to create a congenial environment in the banking activities, a complain cell was set up with the efficient and experienced officials of the bank to review the complains against the officers and staff of the bank. The Managing Director & CEO regularly monitors the activities of the Complain Cell. The Complain Cell was formed with the following officials of the bank:

1.	Deputy General Manager / Department Head of Compliance Department.	President
2.	Assistant General Manager/ Senior Principal Officer of Compliance Department.	Member
3.	Principal Officer / Senior Officer of Compliance Department.	Member Secretary

## RECOVERY TASK FORCE (RTF)

A Recovery Task Force was formed consisting of principle executives and other concerned officers for reviewing and expediting loan recovery activities. The members of the Committee were as follows :-

1.	Deputy Managing Director-1	President
2.	Deputy Managing Director-2	Vice President
3.	General Manager, Branch Banking & Investment Banking Division	Member
4.	General Manager, SME and General Advances Division	Member
5.	General Manager, International Banking and Internal Control & Compliance Division.	Member
6.	General Manager, Finance & Accounts Division	Member
7.	General Manager, Administration Division	Member
8.	General Manager, Development Banking Division	Member
9.	General Manager, Legal Affairs and Recovery Division	Member
10.	General Manager, IT & Risk Management Division	Member
11.	Branch Manager & General Manager, Principal Branch	Member
12.	Department Head of Branch Management Department	Member
13.	Department Head of General Advances Department	Member
14.	Department Head of SME Department	Member
15.	Department Head of Debt Collection Department	Member
16.	Department Head of Law Department	Member
17.	Department Head of Project Implementation Department	Member
18.	Department Head of Risk Management Department	Member
19.	Zonal Manager, Dhaka Zonal Offices	Member
20.	Manager, Karwanbazar Branch	Member
21.	Manager, Motijheel Branch	Member
22.	Department Head, Loan Recovery Department	Member Secretary

## BAD/CLASSIFIED/WRITTEN-OFF LOAN RECOVERY CELL

The members of the Cell were as follows :-

1.	General Manager, Legal Affairs and Recovery Division	Cell Chief
2.	Department Head of Branch Management Department	Member
3.	Department Head of SME Department	Member
4.	Department Head of Loan Operation Department	Member
5.	Department Head of MIS & Research Department	Member
6.	Department Head of Compliance Department	Member
7.	Department Head of General Advances Department	Member
8.	Department Head of Project Implementation Department	Member
9.	Department Head of Debt Collection Department	Member
10.	Department Head of Law Department	Member
11.	Branch Manager & General Manager, Principal Branch	Member
12.	Manager, Karwanbazar Branch	Member
13.	Manager, Motijheel Branch	Member
14.	Manager, Elephant Road Branch	Member
15.	Department Head, Loan Recovery Department	Member Secretary

## RECOVERY SQUAD

The members of the Squad were as follows :-

1.	Managing Director & CEO	President
2.	Deputy Managing Director	Vice President
3.	General Manager, Legal Affairs and Recovery Division	Member
4.	Department Head of Law Department	Member
5.	Department Head of Debt Collection Department	Member
6.	Related Branch Manager	Member
7.	Deputy General Manager, Loan Recovery Department	Member Secretary

## SPECIAL RECOVERY TEAM

The members of the Team were as follows :-

1.	Deputy Managing Director-2	President
2.	General Manager, Administration Division	Member
3.	General Manager, International Banking Division	Member
4.	General Manager, Branch Banking Division	Member
5.	Manager, Principal Branch	Member
6.	General Manager, Legal Affairs and Recovery Division	Member
7.	Head of General Advances Department	Member
8.	Head of Loan Recovery Department	Member
9.	Senior Principal Officer, Loan Recovery Department	Member Secretary

## SHARE BUY - SALE COMMITTEE (SBSC)

A committee in the name of Share Buy and Sale Committee (SBSC) were formed for buying and selling share / debentures on behalf of the clients as well as for doing the same for BDBL's own portfolio with the recommendations / instructions of the Committee. The members of the Committee were as follows :-

1.	Deputy Managing Director	President
2.	General Manager (Senior Most)	Member
3.	General Manager of Finance and Accounts Division	Member
4.	General Manager of Investment Banking Division	Member
5.	Head of Investment Banking Department	Member
6.	Chief Executive Officer of BDBL Securities Limited	Member
7.	Chief Executive Officer of BDBL Investment Services Limited	Member
8.	Assistant General Manager /Senior Most 2 <sup>nd</sup> Officer of Investment Banking Department	Member Secretary

## ANNUAL PERFORMANCE AGREEMENT (APA) COMMITTEE

Financial Institution Division of Ministry of Finance has given clear guidelines for Annual Performance Agreement (APA) Committee. Annual Performance Agreement Committee has been formed with the following officials :-

1.	Deputy Managing Director-1	Leader APA Team
2.	General Manager, IT & Risk Management Division.	Member
3.	Department Head of Central Accounts Department	Member
4.	Department Head of SME Department	Member
5.	Department Head of Budget Department	Member
6.	Department Head of MIS & Research Department	Member
7.	Md Shagadur Rahman, Senior Principal Officer, MIS & Research Department	Member Secretary

## EVALUATION TEAM

Evaluation Team is formed under Internal Control and Compliance Division to evaluate loan proposal of BDT 5.00 crore and above. Evaluation Team has been formed with the following officials:-

1.	Shamal Kumar Das, Deputy General Manager, BDMD	Team Leader
2.	Md. Anisur Rahman, Deputy General Manager, Law Department	Member
3.	Nazrul Islam Talukdar, Senior Principal Officer, Audit & inspection Department	Member
4.	Md. Shagadur Rahman, Senior Principal Officer, MIS & Research Department	Member Secretary
5.	Koushik Prosad Ghosh, Senior Principal Officer, Compliance Department	Member
6.	Md. Ariful Haque, Senior Principal Officer, Risk Management Department	Member

## DELEGATION OF POWER

The Board delegated appropriate finance and business power to the Management for quick disposal of credit proposals and other financial matters. Board also delegated authority to Executive Committee (EC) of the Board to approve proposals within certain limit.

## AUDIT BY CENTRAL BANK

Bangladesh Bank (Central Bank) conducts comprehensive inspection of the bank. The Central Bank also exchanges views with the BDBL's External Auditors regarding the various process of audit. The reports are reviewed by the Audit Committee and the Board. The bank gives top priority to the inspection reports and corrective measures are taken for the lapses mentioned in the reports.

## AUDIT BY THE EXTERNAL AUDITORS

External Auditors also play the supreme role in auditing and cover about 80 percent of the risk weighted assets. They also discuss with the Management and Audit Committee of the Board on various issues including internal control and compliance. Suggestions of the auditors are given due consideration and are implemented by the Management. The reports of the auditors are also discussed in the board.

## AUDIT AND INSPECTION

To reduce operational risks of the bank, BDBL conducts regular audit and inspection on the business affairs of the bank based on different manuals, instructions, rules and procedures given by Bangladesh Bank and other Regulatory Authority from time to time. Audit also verifies the implementation status of various instructions given by the Board of Directors, Executive Committee and Audit committee of the Board.

## INTERNAL CONTROL AND COMPLIANCE

Internal Control contains self-monitoring mechanisms and actions are taken to correct errors and deficiencies as they are identified. To assess the position of internal control and anti-money laundering compliance in various branches of BDBL, Internal Control and Compliance Division carried out onsite inspection of various branches during 2020.

## BB Guidelines for Corporate Governance : Our Compliance Status

To ensure good governance i.e. corporate governance in bank management, Bangladesh Bank (BB) issued three circulars in 2013 covering three broad areas as follows:

1. BRPD Circular No. 11 dated 27 October, 2013 : Formation and Responsibilities of Board of Directors (BOD).
2. BRPD Circular Letter No. 18 dated 27 October, 2013 : Appointment and Responsibilities of Chief Executive Officer (CEO).
3. BRPD Circular Letter No. 19 dated 27 October, 2013 : Contractual Appointment of Advisor and Consultant.

The summary of the BB guidelines and BDBL's compliance thereto are presented below :

### 1. Formation and Responsibilities of Board Of Directors (BOD).

Sl. No.	Particulars	Compliance Status
1.	<b>Formation of BOD:</b> Prior approval from BB to be taken before appointment of new Directors, as well as dismissal, termination or removal of any Director from the post. Qualification and competency of Directors, maximum number of Directors of the Board, appointment of Independent Directors, appointment of maximum 02 (two) members from a family as Director.	Complied
1.1	<b>Appointment of New Directors:</b> Every bank company, other than specialized banks, at the time of taking prior approval from BB while appointing Directors should furnish the following information along with the application:	N/A
	a. Personal information of the nominated person	-
	b. Declaration of nominated person	-
	c. Declaration for confidentiality by the nominated person	-
	d. In case of Independent Director, the approval letter from BSEC	-
	e. CIB report of the nominated person	-
	f. Updated list of Directors	-
1.2	<b>Vacancy of office of a Director</b>	
(a)	The office of a Director shall be vacated as per the provision of section 108 (1) of Companies Act, 1994. Besides, provision of section 17 of Bank Company Act, 1991, providing false declaration at the time of appointment or observing shortfall of qualification as a Director.	N/A
(b)	In the office of a Director is vacated as per section 17 of Bank Company Act, 1991, she/he will not be eligible to become Director of that bank company or any other bank company or Financial Institutions within one year from the date of repayment of the total dues to the bank. The dues can be adjusted with the shares held by the Director in that bank company and he cannot transfer his shares of that bank company until he repays his all the liabilities of that bank company or Financial Institutions.	N/A



Sl. No.	Particulars	Compliance Status
(c)	BB can remove Directors or Chairman of a bank company other than the State-owned banks for doing any activity that is detrimental to the interest of the banks depositors or against the public interest under Section 46 and can also dissolve the Board of a bank company under Section 47 of Bank Company Act, 1991 (Amended in 2013).	No Such Incident
1.3	<b>Removal of Directors from office:</b> With the prior approval of Bangladesh Bank, any Director of a bank company other than Specialized banks can be removed from his office for the reasons specified in its Articles of Association. The reason and grounds of the dismissal/removal and the copy of such decision taken by BOD and a list of Directors shall be submitted to Bangladesh Bank. Such removal shall be effective from the date of BB's approval.	N/A
1.4	<b>Appointment of Alternate Director:</b> An alternate Director can be appointed to act for a Director during his absence for a continuous period of not less than three months from Bangladesh by fulfilling the following instructions:	All Board Members are nominated by the Government. They are treated as independent director.
(a)	Bank has to collect and properly maintain the documentary evidences relating to departure and arrival of the original Director while traveling abroad. If there is any exception, the CEO should immediately inform it to BB.	N/A
(b)	The copy of the decision of the BOD regarding appointment of alternate Director, with original Director's probable returning date from abroad should be sent to BB within 7 days of taking the decision and the Director's arrival date must be intimated to BB immediately after his/her return.	N/A
(c)	Any loan defaulter or any person who is not eligible to become a Director as per any relevant guiding rules and regulations will not be appointed as an alternate Director.	N/A
(d)	As an alternate Director is appointed temporarily; therefore, he/she will not be included in any kind of committee constituted by the BOD.	N/A
(e)	The alternate Director or his/her affiliated organization will not get any kind of loan facilities from the bank. In case of previous loan, enhancement of limit or extension of time period or any kind of exemption or interest waiver will not be allowed. Moreover, all restrictions applicable to Directors according to rules and regulations will also be applicable to the alternate Director.	N/A
2.	<b>Director from Depositors:</b> As per Bank Company Act, 1991 (amended in 2013) appointment of Directors from depositors is no longer required. But, in compliance with the provision of section 15 (9) of Bank Company Act, 1991 (amended in 2013), bank company may consider the tenure of existing Directors from depositors or may appoint them as the Independent Director of the company.	N/A
3.	<b>Information regarding Directors:</b> Banks are advised to take the following steps regarding Directors information:	
(a)	Every bank should keep an updated list of bank Directors.	Complied
(b)	Banks should send a Directors' list to other banks or Financial Institutions immediately after the appointment or release of Directors.	Complied
(c)	Banks should display a list of Directors on the website and update it on a regular basis.	Complied
4.	<b>Responsibilities of the Board of Directors (BOD)</b>	
4.1	<b>Responsibilities and Authorities of the BOD:</b>	

Sl. No.	Particulars	Compliance Status
(a)	<p>Work planning and strategic management</p> <p>(i) The BOD shall determine the objectives and goals and to this end shall chalk out strategies and work plans on annual basis. It shall analyze/monitor at the quarterly rests the development of implementation of work plans.</p>	Complied
	<p>(ii) The BOD shall have its analytical review presented in the Annual Report as regard to success/failure in achieving the business and other targets as set out in its annual work plan and shall apprise the shareholders of its opinions/recommendations on future plans and strategies. It shall set the Key Performance Indicators (KPIs) for the CEO and executives immediate two tiers below the CEO and have it evaluated at times.</p>	Complied
(b)	<p><b>Loan and Risk Management:</b></p>	
	<p>(i) The policies, procedures, strategies, etc. in respect of appraisal of loan/investment proposal, sanction, disbursement, recovery, re-scheduling and write-off thereof shall be made with the BOD's approval under the purview of the existing laws, rules and regulations. The BOD shall specifically distribute the power of sanction of loan/investment and such distribution should desirably be made among the CEO and his subordinate executives as much as possible. No Director, however, shall interfere, directly or indirectly, into the process of loan approval.</p>	Complied
	<p>(ii) The Board shall frame policies for Risk Management and get them complied with and shall monitor the compliance at quarterly rests and review the concerned report of the risk management team and shall compile in the minutes of the board meeting. The BOD shall monitor the compliance of the guidelines of BB regarding key risk management.</p>	Complied
(c)	<p><b>Internal Control management:</b></p> <p>The Board shall be vigilant on the internal control system of the bank in order to attain and maintain satisfactory health or grade of its loan/investment portfolio. The Board will establish such an internal control system so that the internal audit process can be conducted independently from the management. It shall review at quarterly rests the reports submitted by its audit committee regarding the compliance of recommendations made in internal and external audit reports and the BB inspection reports.</p>	Complied
(d)	<p><b>Human Resources (HR) Management and Development:</b></p> <p>(i) Policies relating to recruitment, promotion, transfer, disciplinary and punitive measures, human resources development etc. and service rules shall be framed and approved by the BOD. The Chairman or the Directors shall in no way involve themselves and interfere into or influence over any administrative affairs including recruitment, promotion, transfer and disciplinary measures as executed under the set service rules. No member of the BOD shall included in the selection committees for recruitment and promotion to different levels. Recruitment, promotion, transfer and punishment of the executives immediate two tiers below the CEO shall, however, rest upon the BOD. Such recruitment and promotion shall have to be carried out complying with the service rules i.e. policies for recruitment and promotion.</p>	Complied  BDBL Board approves HR Policy from time -to-time and related works done accordingly

Sl. No.	Particulars	Compliance Status
	(i) The BOD shall place special attention to the development of skills set of bank's staff in different fields of its business activities including prudent appraisal of loan/investment proposals, and to the adoption of modern electronic and information technologies, and the introduction of effective Management Information System (MIS). The BOD shall get these programs incorporated in its annual work plan.	Complied
	(ii) The BOD will compose Code of Ethics for every tier of employees and they will follow it properly. The BOD will promote healthy code of conducts for developing a compliance culture.	Complied
(e)	<b>Financial Management :</b> (i) The annual budget and the statutory financial statements will be prepared with the approval of the BOD. It will at quarterly rests review/monitor the positions in respect of bank's income, expenditure, liquidity, non-performing assets, capital base and adequacy, maintenance of loan loss provision and steps taken for recovery of defaulted loans including legal measures.	Complied
	(ii) The BOD will frame the policies and procedures for bank's purchase and procurement activities and shall accordingly approve the distribution of power for making such expenditures. The maximum possible delegation of such power shall rest on the CEO and his subordinates. The decision on matters relating to infrastructure development and purchase of land, building, vehicles etc. for the purpose of bank's business shall, however, be taken with the approval of BOD.	Complied
	(iii) The BOD will review whether the Asset-Liability Committee (ALCO) has been formed and it is working according to BB guidelines.	Complied
(f)	<b>Appointment of Chief Executive Officer (CEO):</b> In order to strengthen the financial base of the bank and obtain confidence of the depositors, one of the major responsibilities of the BOD is to appoint an honest, efficient, experienced and suitable CEO or Managing Director. The BOD will appoint a competent CEO for the bank with the approval of BB.	Complied
(g)	<b>Other Responsibilities of the BOD:</b> In accordance to BB Guidelines issued from time to time.	Always Complied
4.2	<b>Meetings of the Board of Directors:</b> Board of Directors may meet once or more than once in a month upon necessity and shall meet at least once in every three months. Excessive meetings are discouraged.	Complied
4.3	<b>Responsibilities of the Chairman of the BOD:</b>	
(a)	As the Chairman of the BOD or Chairman of any committee formed by the BOD or any Director does not personally possess the jurisdiction to apply policy making or executive authority, he/she shall not participate in or interfere into the administrative or operational and routine affairs of the bank.	Complied
(b)	The Chairman may conduct on-site inspection of any bank branch or financing activities under the purview of the oversight responsibilities of the BOD. He may call for any information relating to bank's operation or ask for investigation into any such affairs; he may submit such information or investigation report to the meeting of the BOD or the Executive Committee and if deemed necessary, with the approval of the BOD, he shall effect necessary action thereon in accordance with the set rules through the CEO. However, any complaint against the CEO shall have to be apprised to BB through the BOD along with the statement of the CEO.	Complied

Sl. No.	Particulars	Compliance Status
(c)	The Chairman may be offered an office room, a personal secretary/assistant, a peon/MLSS, a telephone at the office, a mobile phone usable inside the country and a vehicle in the business interest of the bank subject to the approval of the BOD.	Complied
5.	<b>Formation of Supportive Committees of the Board:</b> The BOD of every bank company can form only three supporting committees of the BOD i.e. Executive Committee (EC), Audit Committee (AC) and Risk Management Committee (RMC).	Complied
5.1	<p><b>Executive Committee (EC):</b> EC is to be formed for taking decision on urgent and day-to-day or routine activities between the intervals of two BOD meetings. The EC will perform according to the terms of reference set by the BOD.</p> <p>The EC will be formed with maximum of 07 (seven) members for a period of 03(three) years. The Chairman of the BOD can also be the member of the EC. The company secretary of the bank shall act as the secretary of the EC. EC members, besides being honest and sincere, should have reasonable knowledge on banking business, its operations and risk management and be capable of making valuable and effective contributions in the functioning of the committee. The committee shall discharge responsibilities and take decision on the matters as instructed by the BOD except discharging of those responsibilities and taking decisions that are specifically assigned to the full BOD by the Bank Company Act, 1991(Amended in 2013) or other related laws and regulations. The decisions taken by the committee shall be ratified in the next BOD meeting. Upon necessity the committee can call meeting at any time. The committee may invite CEO, Chief Risk Officer or any Executive to attend the committee meeting.</p>	Complied
5.2	<b>Audit Committee (AC):</b> The AC should have maximum five members and two of them shall be Independent Directors. It should be constituted of such members who are not members of the EC of the BOD. The members of the committee may be nominated for three years and the company secretary of the bank shall act as the secretary of the committee.	Complied
5.3	<p><b>Risk Management Committee (RMC):</b> The RMC is to be formed to mitigate impending risks which could be arisen during implementation of BOD approved policies, procedures and strategies. This committee is entrusted to examine and review whether management is properly working on identifying and mitigation of credit risk, foreign exchange risk, internal control and compliance risk, money laundering risk, information and communication technology risk, operation risk, interest rate risk and liquidity risk and keeping adequate capital and provision against the risks identified.</p> <p>The RMC is to be formed with maximum five members who will be appointed for 03 (three) years. Each member should be capable of making valuable and effective contributions in the functioning of the committee. The company secretary of the bank shall act as the secretary of the committee. RMC shall review the risk management policy and guidelines of the bank at least once in a year, make necessary modifications as per requirement and submit the same to the BOD for approval. Besides, lending limits and other limits should be reviewed at least once in a year and should be amended, if necessary.</p>	Complied
6.	<b>Training of the Directors:</b> The Directors of the Board will acquire appropriate knowledge of the banking laws and other relevant laws, rules and regulations to effectively discharge the responsibilities as a Director of the bank.	Complied
7.	<b>Intimation of the Circular to the Board and related persons by CEO:</b> The CEO will inform about this Circular to the Directors and other related persons.	Complied

## 2. Appointment and Responsibilities of Chief Executive Officer

Sl. No.	Particulars	Compliance Status
<b>A.</b>	<b>Rules and regulations for appointment of the CEO</b>	
1.	<p><b>Moral Integrity:</b> In case of appointment to the post of CEO, satisfaction in respect of the concerned person should be ensured to the effects that:</p> <ul style="list-style-type: none"> <li>a) He has not been convicted by any Criminal Court of Law.</li> <li>b) He has not been punished for violating any rules, regulations or procedures/norms set by any regulatory authority.</li> <li>c) He has not associated with any such company/organization; registration or license of which has been cancelled.</li> </ul>	Complied
2.	<p><b>Experience and Suitability:</b></p> <ul style="list-style-type: none"> <li>a) For appointment as a CEO, the concerned person must have experience in banking profession for at least 15 (fifteen) years as an active officer and at least 02 (two) years experience in a post immediate below the CEO of a bank.</li> <li>b) He must have a Master's degree at minimum from any recognized university. Higher academic education in the field of Economics, Banking and Finance or Business Administration will be treated as additional qualification for the concerned person.</li> <li>c) In respect of service, the concerned person should have excellent track record of performance.</li> <li>d) Satisfaction should be ensured that the concerned person was not dismissed from service when he was Chairman/Director/Official of any company.</li> <li>e) Any Director of any bank or Financial Institution or any person who has business interest in the concerned bank will not be eligible for appointment to the post of the CEO.</li> </ul>	Complied
3.	<p><b>Transparency and Financial Integrity:</b> Before making appointment as a CEO, satisfaction should be ensured to the effects that:</p> <ul style="list-style-type: none"> <li>a) The concerned person was not involved in any illegal activity while performing duties in his own or banking profession.</li> <li>b) He has not deferred payment to creditors or has not compromised with his creditors to be relieved from debts or he is not a loan defaulter.</li> <li>c) He is not a tax defaulter.</li> <li>d) He has never been adjudicated a bankrupt by the Court.</li> </ul>	Complied
4.	<p><b>Age Limit:</b> No person crossing the age of 65 years shall hold the post of CEO of a bank.</p>	Complied
5.	<p><b>Tenure:</b> The tenure of the CEO shall not be more than 03 (three) years, which is renewable. If the candidate has less than 3 years left to attain 65 years, he/she can be appointed for that shorter period.</p>	Complied
6.	<p><b>Guidelines in fixing the salary and allowances:</b> Banks are required to follow the guidelines stated below while determining the salary and allowances of the CEO and submitting such proposal to BB:</p> <ul style="list-style-type: none"> <li>a) In fixing the salary and allowances of the CEO, financial condition, scope of operation, business-volume and earning capacity of the bank; qualifications, achievement of the candidate in the past, age and experience and the remuneration paid to the persons occupying same position in the peer banks shall have to be taken into consideration.</li> </ul>	Complied

Sl. No.	Particulars	Compliance Status
	<p>b) Total salary shall be comprised of direct salary covering “Basic Salary” and “House Rent” and allowances as “Others”. The allowances (e.g. provident fund, utility bill, leave-fare assistance) in “Others” head should be specified in amount/ceiling. Besides, other facilities (e.g. car, fuel, driver etc.), as far as possible, shall have to be converted in the monetary value and thus determining monthly total salary, it shall have to be mentioned in the proposal submitted to BB. In the proposal, basic Salary, House Rent, Festival Allowance, other allowances and other facilities shall have to be specified in Taka amount.</p> <p>c) Without improving the bank’s major financial indicator like - CAMELS, annual salary increment will not be payable.</p> <p>d) Terms of salary-allowances and other facilities as specified in the terms and conditions of appointment cannot be changed during the tenure. In case of renewal, proposal may be made for re-fixation of the salary considering the work performance of the current CEO.</p> <p>e) The CEO so appointed shall not get any other direct or indirect facilities (e.g. dividend, commission, club expense, etc.) other than the salary-allowances and other facilities as enumerated in clause (b) above.</p> <p>f) The bank shall not pay any income tax for the CEO, i.e. the CEO so appointed shall have to pay it.</p>	Complied
7.	<p><b>Incentive Bonus:</b> The CEO will get incentive bonus subject to paying incentive bonus to all executives/officers/workers of the bank and the said bonus amount will not exceed BDT1,000,000 in a year.</p>	Complied
8.	<p><b>Honorarium for attending the Board Meeting:</b> Being a salaried Executive, CEO will not get any honorarium for attending the Board meeting or Board formed committee meeting.</p>	Complied
9.	<p><b>Evaluation Report:</b> For reappointment of the CEO, the Chairman of the bank shall have to submit a Board approved evaluation report to BB.</p>	Complied
10.	<p><b>Prior Approval from Bangladesh Bank:</b> Prior Approval from Bangladesh Bank is mandatory before appointing CEO as per section 15(4) &amp; (5) of Bank Company Act, 1991 (amended up to 2013). For processing such approval, along with the proposal signed by the Chairman of the BOD, the selected person’s complete resume, offer letter, (mentioning the direct &amp; indirect remuneration and facilities) and copy of Board’s approval must be submitted to BB. The selected person must also submit declarations as per Annexure A &amp; Annexure B to BB.</p>	Complied
11.	<p><b>Decision of Bangladesh Bank is final:</b> The decision of BB for appointment of the CEO will be treated as final and the CEO such appointed cannot be terminated, released or removed from his/her office without prior approval from BB.</p>	Complied
B.	<p><b>Responsibilities and Authorities of the CEO:</b> The CEO of the bank, whatever name called, shall discharge the responsibilities and exercise the authorities as follows:</p>	

Sl. No.	Particulars	Compliance Status
	a. In terms of the financial, business and administrative authorities vested upon him by the BOD, the CEO shall discharge his own responsibilities. He shall remain accountable for achievement of financial and other business targets by means of business plan, efficient implementation thereof and prudent administrative and financial management.	Complied
	b. The CEO shall ensure compliance of the Bank Company Act, 1991 and other relevant laws and regulations in discharging of routine functions of the bank.	Complied
	c. The CEO shall include clearly any violation from Bank Company Act, 1991 (amended in 2013) and/or other relevant laws and regulations in the “Memo” presented to the meeting of the BOD or any other committee(s) engaged by the BOD.	Complied
	d. The CEO shall report to Bangladesh Bank of issues in violation of the Bank Company Act, 1991 (amended in 2013) or of other laws/regulations.	Complied
	e. The recruitment and promotion of all staffs of the bank except those in the two tiers below him/her shall rest on the CEO. He/she shall act in such cases in accordance with the approved service rules on the basis of the human resources policy and approved delegation of employees as approved by the BOD.	Complied
	f. The authority relating to transfer of and disciplinary measures against the staff, except those at two tiers below the CEO, shall rest on him/her which he/she shall apply in accordance with the approved service rules. Besides, under the purview of the human resources policy as approved by the BOD, he/she shall nominate officers for training etc.	Complied

### 3. Contractual appointment of Advisor and Consultant

Sl. No.	Particulars	Compliance Status
<b>A.</b>	<b>Rules and regulations for appointment of an Advisor</b>	
1.	<p><b>Experience and Suitability:</b> For appointment as Advisor, the concerned person will have to fulfill the following requirements with regard to experience and qualifications:</p> <ul style="list-style-type: none"> <li>a. Experience in banking or administration for at least 15 (fifteen) years or have a long experience in social activities.</li> <li>b. Higher academic education in the field of Economics, Banking and Finance or Business Administration will be treated as additional qualification for the concerned person.</li> <li>c. Satisfaction should be ensured that the concerned person was not dismissed from his service when he was Chairman/Director/Executive of any company.</li> <li>d. The person who is working in any bank or Financial Institution or who has business interest in that bank will not be eligible for appointment to the post of Advisor.</li> <li>e. Satisfaction should be ensured that the concerned person is not a loan defaulter or tax defaulter and has never been adjudicated a bankrupt by the Court.</li> </ul>	N/A
2.	<p><b>Responsibilities of the Advisor:</b> The roles and responsibilities of the Advisor should be defined specifically. The Advisor can advise the Board of Directors or CEO only on those matters specified in the appointment letter. The routine and general activities of the bank will not be included in his terms of reference. He will not be entitled to exercise any power or involved himself in the decision making process of financial, administrative, operations or other activities of the bank.</p>	N/A

Sl. No.	Particulars	Compliance Status
3.	<b>Prior approval from Bangladesh Bank:</b> Prior approval from BB is mandatory before appointing an Advisor. For such appointment, the justifications of the post of Advisor, responsibilities or terms of reference, complete resume of the concerned person, terms of appointment (mentioning remuneration and facilities) and copy of BOD's approval shall be submitted to BB. The nominated person has to make a declaration as per Annexure A. This declaration shall also be submitted to BB.	N/A
4.	<b>Remuneration and other facilities of Advisor:</b> The post of Advisor is not a fixed and substantive post in the bank's organization structure. Advisor will not be entitled to salaries and allowances as regular employee except gross amount of remuneration, transport and telephone facilities. Remunerations inconsistent with the terms of reference of the Advisor will not be considered as acceptable to BB.	N/A
5.	<b>Tenure of Advisor:</b> The tenure of the Advisor shall be maximum 01 (one) year, which is renewable. An evaluation report (by the Chairman that is approved by the BOD) of previous tenure should be submitted to BB with the re-appointment proposal.	N/A
6.	<b>Appointment of Ex-executive:</b> For ensuring good governance, any former Director, CEO or any other Executive of the bank will not be eligible to become an Advisor in the same bank immediately after their retirement or resignation. However, after one year from such retirement or resignation, he/she will be eligible for appointment as Advisor.	N/A
<b>B.</b>	<b>Rules and Regulations for Appointment of a Consultant</b>	
1.	<b>Terms of reference of Consultant:</b> Consultant can be appointed for specialized tasks like tax, law and legal procedures, engineering and technical works, information technology, etc. Consultants' appointment should be avoided as much as possible for those works that could be done by regular employees of the bank.	Complied
2.	<b>Responsibilities of a Consultant:</b> The responsibilities or terms of reference of a Consultant should be specified. He/she should not be involved in any activities beyond his/her terms of references and he/she cannot exercise any kind of power in bank operation or cannot participate in the decision making process.	Complied
3.	<b>Appointment of a Consultant:</b> A Consultant can be appointed with the approval of BOD. After such appointment the bank shall send the Consultant's complete resume, terms of reference and details of remuneration to BB immediately.	Complied
4.	<b>Tenure of a Consultant:</b> The tenure of a Consultant should be consistent with the terms of reference, but would not exceed 02 (two) years. Generally the consultant will not be eligible for re-appointment. But to complete the unfinished tasks, his contract may be extended for maximum period of 01 (one) year with the approval of BB. The Chairman of the bank upon approval of the BOD shall have to submit the extension proposal to BB with the evaluation report of his previous tenure.	Complied
5.	<b>Remuneration/honorarium of a Consultant:</b> The Consultant's remuneration should be in the form of monthly or single lump-sum payment, and he is not entitled to any other facilities.	Complied
6.	<b>Appointment of Ex-executive:</b> For ensuring good governance, any former Director, CEO or any other Executive of the bank will not be eligible for appointment as a Consultant in the same bank immediately after their retirement or resignation. However, after one year from such retirement or resignation, he/she will be eligible for appointment as a Consultant.	Complied



## Compliance Status of Bangladesh Securities and Exchange Commission Guidelines for Corporate Governance.

Status of compliance with the conditions imposed by the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June, 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969 :

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
<b>1.0</b>	<b>Board of Directors</b>			
1.1	The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty).	✓		Stated in Annual Report
<b>1.2</b>	<b>Independent Director</b>			
1.2 (a)	At least one-fifth (1/5) of the total number of directors in the company's Board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	N/A		
1.2 (b)	Independent director" means a director:			
1.2 (b) (i)	who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	N/A		
1.2 (b) (ii)	who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members;	N/A		
1.2 (b) (iii)	who has not been an executive of the company in immediately preceding 2 (two) financial years;	N/A		
1.2 (b) (iv)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	N/A		
1.2 (b) (v)	who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	N/A		
1.2 (b) (vi)	who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	N/A		
1.2 (b) (vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	N/A		
1.2 (b) (viii)	who is not independent director in more than 5 (five) listed companies;	N/A		
1.2 (b) (ix)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI); and	N/A		
1.2 (b) (x)	who has not been convicted for a criminal offence involving moral turpitude;	N/A		
1.2 (c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);	N/A		Approved the Government Order
1.2 (d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and	N/A		-
1.2 (e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only: Provided that a former independent director may be considered for reappointment for another tenure after a time gap of one tenure, i.e., three years from his or her completion of consecutive two tenures [i.e. six years]: Provided further that the independent director shall not be subject to retirement by rotation as per the, ()(Companies Act, 1994). <b>Explanation:</b> For the purpose of counting tenure or term of independent director, any partial term of tenure shall be deemed to be a full tenure.	N/A		-
<b>1.3</b>	<b>Qualification of Independent Director:</b>			
1.3 (a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	N/A		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1.3 (b) (i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or	N/A		
1.3 (b) (ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk. 100.00 million or of a listed company; or <b>Explanation:</b> Top level executive includes Managing Director (MD) or Chief Executive Officer (CEO), Additional or Deputy Managing Director (AMD or DMD), Chief Operating Officer (COO), Chief Financial Officer (CFO), Company Secretary (CS), Head of Internal Audit and Compliance (HIAC), Head of Administration and Human Resources or equivalent positions and same level or ranked or salaried officials of the company.	N/A		
1.3 (b) (iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or Law; or	N/A		
1.3 (b) (iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or	N/A		
1.3 (b) (v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	N/A		
1.3 (c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	N/A		
1.3 (d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.	N/A		
<b>1.4</b>	<b>Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer.</b>			
<b>1.4 (a)</b>	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	✓		-
<b>1.4 (b)</b>	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	✓		
<b>1.4 (c)</b>	The Chairperson of the Board shall be elected from among the non-executive directors of the company;			Chairman of the Board nominated by Govt.
<b>1.4 (d)</b>	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	✓		
<b>1.4 (e)</b>	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓		
<b>1.5</b>	<b>Directors' Report to Shareholders</b>			
1.5 (i)	An industry outlook and possible future developments in the industry;	✓		Stated in Annual Report
1.5 (ii)	The segment-wise or product-wise performance;			
1.5 (iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	✓		
1.5 (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	✓		
1.5 (v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);	✓		No such gain or loss
1.5 (vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	N/A		-
1.5 (vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;	N/A		
1.5 (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc;	N/A		
1.5 (ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1.5 (x)	A statement of remuneration paid to the directors including independent directors;	N/A		
1.5 (xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	✓		
1.5 (xii)	A statement that proper books of account of the issuer company have been maintained;	✓		
1.5 (xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	✓		
1.5 (xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	✓		
1.5 (xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	✓		
1.5 (xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	N/A		
1.5 (xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	N/A		
1.5 (xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	✓		
1.5 (xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	✓		
1.5 (xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	N/A		
1.5 (xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	N/A		
1.5 (xxii)	The total number of Board meetings held during the year and attendance by each director;	✓		
1.5 (xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	✓		
1.5 (xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	✓		
1.5 (xxiii)(c)	Executives (top five salaried employees of the company other than stated in 1.5 (xxi) b);	✓		
1.5 (xxiii) (d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details); <b>Explanation:</b> For the purpose of this clause, the expression "executive" means top 5 (five) salaried employees of the company, other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit and Compliance.	N/A		
1.5 (xxiv)	<b>In case of appointment/re-appointment of a Director the Company shall disclose the following information to the Shareholders:</b>			
1.5 (xxiv) (a)	A brief resume of the Director;	✓		
1.5 (xxiv) (b)	Nature of his/her expertise in specific functional areas;	✓		
1.5 (xxiv) (c)	Names of companies in which the person also holds the directorship and the membership of committees of the Board.	✓		
1.5 (xxv) (a)	Accounting policies and estimation for preparation of financial statements;	✓		
1.5 (xxv) (b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	✓		
1.5 (xxv) (c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	✓		
1.5 (xxv) (d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	✓		
1.5 (xxv) (e)	Briefly explain the financial and economic scenario of the country and the globe;	✓		
1.5 (xxv) (f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	✓		
1.5 (xxv) (g)	Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1.5 (xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per <b>Annexure</b> ; and			
1.5 (xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per <b>Annexure-B</b> and <b>Annexure-C</b> .			
1.6	<b>Meetings of the Board of Directors:</b> The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	✓		
1.7	<b>Code of Conduct for the Chairperson, other Board members and Chief Executive Officer:</b>			
1.7 (a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	N/A		
1.7 (b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.	N/A		
2.0	<b>Governance of Board of Directors of Subsidiary Company:</b>			
2.(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;	✓		-
2.(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;	N/A		-
2.(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;	✓		
2.(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	✓		
2.(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	✓		
3.	<b>Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS).</b>			
3 (1)	<b>Appointment</b>			
3 (1) (a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	✓		-
3 (1) (b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	✓		
3 (1) (c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	✓		
3 (1) (d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	✓		
3 (1) (e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	✓		
3 (2)	<b>Requirement to attend Board of Directors' Meetings:</b> The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board: Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.	✓		
3 (3)	<b>Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)</b>			
3 (3) (a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:	✓		
3(3) (a) (i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	✓		
3(3) (a) (ii)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	✓		
3(3) (b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
3(3) (c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	✓		
<b>4</b>	<b>Board of Directors' Committee:</b> For ensuring good governance in the company, the Board shall have at least following sub-committees:			
4(i)	Audit Committee; and	✓		-
4(ii)	Nomination and Remuneration Committee.	✓		
<b>5</b>	<b>Audit Committee:</b>			
<b>5.1)</b>	<b>Responsibility to the Board of Directors:</b>			
5.1) (a)	The company shall have an Audit Committee as a sub-committee of the Board;	✓		
5.1) (b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;			
5.1) (c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing;	✓		
<b>5.2)</b>	<b>Constitution of the Audit Committee:</b>			
5.2) (a)	The Audit Committee shall be composed of at least 3 (three) members;	✓		
5.2) (b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;			
5.2) (c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience; <b>Explanation:</b> The term "financially literate" means the ability to read and understand the financial statements like statement of financial position, statement of comprehensive income, statement of changes in equity and cash flows statement and a person will be considered to have accounting or related financial management expertise if he or she possesses professional qualification or Accounting or Finance graduate with at least 10 (ten) years of corporate management or professional experiences.	✓		
5.2) (d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	✓		
5.2) (e)	The company secretary shall act as the secretary of the Committee;	✓		
5.2) (f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	N/A		
<b>5.3)</b>	<b>Chairperson of the Audit Committee:</b>			
5.3) (a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	✓		-
5.3) (b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.			
5.3) (c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM); Provided that in absence of Chairperson of the Audit Committee, any other member from the Audit Committee shall be selected to be present in the annual general meeting (AGM) and reason for absence of the Chairperson of the Audit Committee shall be recorded in the minutes of the AGM.	✓		
<b>5.4)</b>	<b>Meeting of the Audit Committee</b>			
5.4) (a)	The Audit Committee shall conduct at least its four meetings in a financial year, Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;	✓		
5.4) (b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	✓		
<b>5.5)</b>	<b>Role of Audit Committee (The Audit Committee shall):</b>			
5.5) (a)	Oversee the financial reporting process;	✓		
5.5) (b)	Monitor choice of accounting policies and principles;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
5.(5) (c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	✓		
5.(5) (d)	Oversee hiring and performance of external auditors;	✓		
5.(5) (e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	✓		
5.(5) (f)	Review along with the management, the annual financial statements before submission to the Board for approval;	✓		
5.(5) (g)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	✓		
5.(5) (h)	Review the adequacy of internal audit function;	✓		
5.(5) (i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;			
5.(5) (j)	Review statement of all related party transactions submitted by the management;	✓		
5.(5) (k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors;			
5.(5) (l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	✓		
5.(5) (m)	Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission: Provided that the management shall disclose to the Audit Committee about the uses or applications of the proceeds by major category (capital expenditure, sales and marketing expenses, working capital, etc.), on a quarterly basis, as a part of their quarterly declaration of financial results: Provided further that on an annual basis, the company shall prepare a statement of the proceeds utilized for the purposes other than those stated in the offer document or prospectus for publication in the Annual Report along with the comments of the Audit Committee.	N/A		
5.(6) (a)	<b>Reporting to the Board of Directors</b>			
5.(6) (a)(i)	The Audit Committee shall report on its activities to the Board.	✓		
5.(6) (ii)	<b>The Audit Committee shall immediately report to the Board on the following findings, if any:</b>			
5.(6) (ii) (a)	Report on conflicts of interests;	✓		
5.(6) (ii) (b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;	✓		
5.(6) (ii) (c)	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and	✓		
5.(6) (ii) (d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	✓		
5.(6) (b)	<b>Reporting to the Authorities:</b> If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.			
5 (7)	<b>Reporting to the Shareholders and General Investors:</b> Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	✓		
6	<b>Nomination and Remuneration Committee (NRC):</b>			
6 (1)	<b>Responsibility to the Board of Directors:</b>			
6 (1) (a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;	N/A		
6 (1) (b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	N/A		
6 (1) (c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).	N/A		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
6 (2)	<b>Constitution of the NRC:</b>			
6 (2) (a)	The Committee shall comprise of at least three members including an independent director;	N/A		
6 (2) (b)	All members of the Committee shall be non-executive directors;	N/A		
6 (2) (c)	Members of the Committee shall be nominated and appointed by the Board;	N/A		
6 (2) (d)	The Board shall have authority to remove and appoint any member of the Committee;	N/A		
6 (2) (e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	N/A		
6 (2) (f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;	N/A		
6 (2) (g)	The company secretary shall act as the secretary of the Committee;	N/A		
6 (2) (h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	N/A		
6 (2) (i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	N/A		
6 (3)	<b>Chairperson of the NRC</b>			
6 (3) (a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	N/A		
6 (3) (b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	N/A		
6 (3) (c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders: Provided that in absence of Chairperson of the NRC, any other member from the NRC shall be selected to be present in the annual general meeting (AGM) for answering the shareholder's queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM.	N/A		
6 (4)	<b>Meeting of the NRC:</b>			
6 (4) (a)	The NRC shall conduct at least one meeting in a financial year;	N/A		
6 (4) (b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	N/A		
6 (4) (c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	N/A		
6 (4) (d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	N/A		
6 (5)	<b>Role of the NRC:</b>			
6 (5) (a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	N/A		
6 (5) (b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:			
6 (5) (b) (i)	Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:			
6 (5) (b) (i) (a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	N/A		
6 (5) (b) (i) (b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	N/A		
6 (5) (b) (i) (c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	N/A		
6 (5) (b) (ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	N/A		
6 (5) (b) (iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	N/A		
6 (5) (b) (iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;	N/A		
6 (5) (b) (v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and			

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
6 (5) (b) (vi)	Developing, recommending and reviewing annually the company's human resources and training policies;			
7	<b>External or Statutory Auditors:</b>			
7 (1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:-	✓		
7 (1) (i)	Appraisal or valuation services or fairness opinions;	✓		
7 (1) (ii)	Financial information systems design and implementation;	✓		
7 (1) (iii)	Book-keeping or other services related to the accounting records or financial statements;	✓		
7 (1) (iv)	Broker-dealer services;	✓		
7 (1) (v)	Actuarial services;	✓		
7 (1) (vi)	Internal audit services or special audit services;	✓		
7 (1) (vii)	Any service that the Audit Committee determines;	✓		
7 (1) (viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	✓		
7 (1) (ix)	Any other service that creates conflict of interest.	✓		
7 (2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members.	✓		
7 (3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.			
8	<b>Maintaining a website by the Company:</b>			
8 (1)	The company shall have an official website linked with the website of the stock exchange.			
8 (2)	The company shall keep the website functional from the date of listing.	✓		
8 (3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).			
9	<b>Reporting and Compliance of Corporate Governance:</b>			
9 (1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report. <b>Explanation:</b> "Chartered Accountant" means Chartered Accountant as defined in the Bangladesh Chartered Accountants Order, 1973 (President's Order No. 2 of 1973); "Cost and Management Accountant" means Cost and Management Accountant as defined in the Cost and Management Accountants Ordinance, 1977 (Ordinance No. LIII of 1977); "Chartered Secretary" means Chartered Secretary as defined in the, ( ) (Chartered Secretaries Act, 2010).			
9 (2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.			
9 (3)	The directors of the company shall state, in accordance with the <b>Annexure-C</b> attached, in the directors' report whether the company has complied with these conditions or not.			



# Report on Human Resource



# Report on Human Resource

## HUMAN RESOURCE (HR)

It goes without saying that the most important resource of any institution, more so for a bank, is its human resource. Timely and efficient customer service is very important in present competitive banking industry. Employees of a bank play significant role in providing better customer service with personal care which eventually builds a strong and ever-lasting business relationship with the customers. Employees are one of the most valuable assets of BDBL, embodying its commitment to maximizing wealth of the bank.

As on December 31, 2020, the total human resource was 748. Among these, officers working in different disciplines including staff position are mentioned below:

SL. No	Discipline	Numbers
1.	Lawyers	5
2.	Economists	27
3.	Engineers	46
4.	MBA / Financial Analysts	109
5.	Statisticians	15
6.	IT	25
7.	Others	390
8.	Staff	131
	<b>Total</b>	<b>748</b>

It is worth mentioning here that, among total human resource of BDBL 130 were female employees as on December 31, 2020 which is about 17.38%, showing a healthy picture of woman participation in corporate culture.

The bank adopted comprehensive plans to employ, develop and retain its human resource based on the right level of skills and talent to meet current and future needs. In the year 2020, the bank appointed officers in the following posts :-

SL. No	Post	Numbers
1.	Senior Officer	12
2.	Senior Officer (IT)	05
3.	Officer	49
4 .	Officer (cash)	07
	<b>Total</b>	<b>73</b>

## PROMOTION

Promotion is the most effective way for reward and motivation as well as improvement of employee's skill and job satisfaction. In 2020, the bank gave promotion to 86 officers in different posts and grades shown below :

SL. No	Post	Numbers
1 .	General Manager	3
2 .	Deputy General Manager	12
3.	Deputy General Manager (PR)	1
4 .	Assistant General Manager	6
5 .	Senior Principal Officer	32
6 .	Principal Officer	21
7 .	Senior Officer	11
	<b>Total</b>	<b>86</b>

## DEPARTURE

48 officers and staff in different grades went to Post Retirement Leave (PRL) during the period under review.

## HEALTH FACILITY

The physical and mental well-being of the officers and staff are very important especially, the stressful effects of the performance driven culture in the Banking Sector. Effective counseling and proper treatment for employees plays pivotal role in this respect. To get the immediate treatment, the bank appointed two doctors on part time basis at two intervals in Head Office, zonal and branch offices. Besides, area-wise part time doctors were also appointed by the bank for general treatment.

## RECREATION LEAVE

As banking job is a stressful job, employees in this sector need refreshment which will increase their integrity, regularity, responsibility and ability to work successfully. In the year 2020, total 212 employees of BDBL availed recreation leave.

## EMPLOYEES' WELFARE

The Board and Management of the bank are always cordial in extending facilities relating to the needful welfare of the employees. Some of the areas of welfare were as follows :-

- Advance facilities for house building ;
- Executive car loan, motorcycle loan and computer loan facilities ;
- Transport facilities ;
- Financial assistance for complicated and expensive treatment ;
- Scholarship and educational stipend for the meritorious children of the employees ;
- A lump sum grant / monthly grant to the families of late and retired employees ; and
- Financial aid to the distressed families for purchasing cloths in religious festivals.

## PERSONNEL MANAGEMENT INFORMATION SYSTEM (PMIS)

BDBL introduced a web based real time Personnel Management Information System (PMIS) which contains all the basic and necessary information of employees. All Human Resource related functions will be conducted through using the database of PMIS.

## DEVELOPMENT OF HUMAN RESOURCE

Knowledge and skill development is a continuous process, which is enriched by proper training. In order to enhance operational skill and efficiency of the officers, the bank established a Training Institute of its own. BDBL sent a large number of officers to participate in different training programs, workshops and seminars arranged by BIBM and Bangladesh Bank Training Academy including other institutions.

Besides, in house need-based training courses were also arranged with resource persons drawn from inside as well as from outside to keep the officers abreast of the latest development in the banking and financial sector. In 2020, 2094 officers were given training in various courses.

# Directors' Report: 2020

BDBL Directors' Report concisely describes the Global and Domestic economic scenario of 2020 to get an overview on the challenging macro environment prevailed in the business operation. This Reports also review BDBL's operational and financial performances through analyzing our key operational areas and the activities of the bank during 2020 and suggesting the business goals of 2021 in light of the previous year's evaluation.

# Directors' Report : 2020

The Board of Directors of Bangladesh Development Bank Limited (BDBL) avail this opportunity to warmly welcome you all to the 11th Annual General Meeting (AGM) and are pleased to present before you the 11th Annual Report on the Performance of the Bank together with the Audited Balance Sheet and Profit and Loss Account for the year ended 31 December 2020 for your kind consideration.

Before we advent into the main report, a brief review of the global economic situation along with the performance of the Domestic Economy in 2020 has been provided with enable broad understanding of the operating environment.

## GLOBAL ECONOMIC SCENARIO

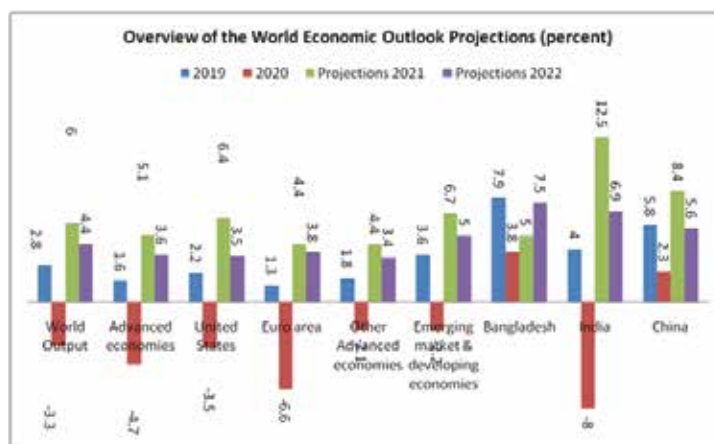
After an estimated contraction of  $-3.3\%$  in 2020, the global economy is projected to grow at  $6\%$  in 2021, moderating to  $4.4\%$  in 2022. The contraction for 2020 is  $1.1\%$  points smaller than projected in the World Economic Outlook (WEO), October 2020, reflecting the higher-than-expected growth outturns in the second half of the year for most regions after lockdowns were eased and as economies adapted to new ways of working.

The International Monetary Fund (IMF) report stated that the global economy was looking positive and projected a  $6\%$  global growth in 2021. The IMF has projected a  $5\%$  Gross domestic product (GDP) growth for Bangladesh in 2021 from  $3.8\%$  in 2020. In its latest World Economic Outlook, the global lender also projected a  $7.5\%$  GDP growth for Bangladesh in 2022.

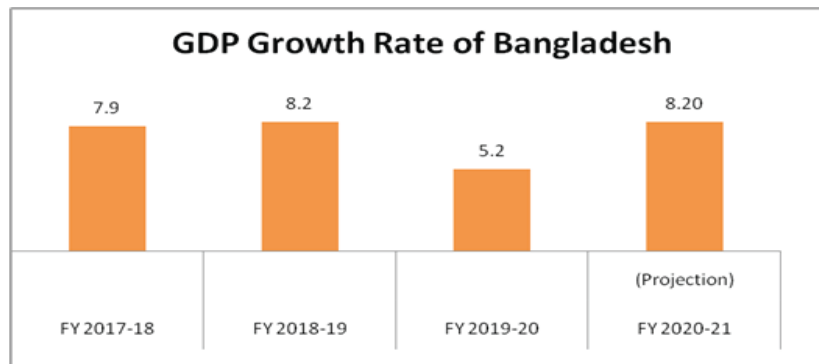
According to the World Economic Outlook, April 2021, The COVID-19 pandemic has led to a severe global recession that is unique in many ways. The contraction in 2020 was very sudden and deep compared with previous global crises, even as the policy response in many countries was swift and sizeable. Global output declined about three times as much as during the global financial crisis in half the time.

High uncertainty surrounds the global outlook. Beyond the usual set of idiosyncratic shocks that normally beset all forecasting exercises, future developments will depend on (1) the path of the pandemic, (2) policy actions, (3) the evolution of financial conditions and commodity prices, and (4) the capacity of the economy to adjust to health-related impediments to activity. The ebb and flow of these drivers and their interaction with country-specific characteristics will determine the pace of the recovery and the extent of medium-term scarring.

The year-over-year world economic growth scenario is presented as follows:



Source: World Economic Outlook Update, April, 2021.



**Source:** GDP of Bangladesh: Annual Report 2019-2020 of Bangladesh Bank.

## GLOBAL INFLATION SCENARIO

Consumer prices in advanced economies is expected to decline from 1.4% in 2019 to 0.7% in 2020 and then rise to 1.6% in 2021. In contrast, consumer prices in emerging markets and developing economies is expected to remain same 5.1 % in 2019 to 2020 and then decline to 4.9% in 2021.

## WORLD TRADE VOLUME

According to the IMF April 2021, World trade volume growth is projected to decrease to -8.5% in 2020 from 0.9% in 2019 and then more increase to 8.4% in 2021. Similarly, imports of emerging markets and developing economies is projected to decrease significantly to -8.6% in 2020 from -1.0% in 2019 and then increase to 9.0% in 2021. And, exports of emerging markets and developing economies are projected to decrease to -5.7% in 2020 from 0.5 % in 2019 and then increase to 7.6% in 2021.

## A REVIEW OF BANGLADESH ECONOMY IN FY 2019-20

Bangladesh Bureau of Statistics (BBS) estimated GDP growth of 5.2% in FY2019-20, much lower from 8.2% in FY2018-19. Though Bangladesh recorded robust growth rates during the last couple of years, the outbreak of COVID-19 during the last quarter of FY2019-20 affected national economy adversely, leading to the fall in growth. Following negative impacts of COVID-19, all major sectors witnessed a lower growth. However, the growth rate in FY2019-20 was highest in South Asian region.

The growth was supported by strong domestic, external demand, remittance inflows, strong private sector growth, and higher growth in investment-related import. It is proved that Bangladesh Economy maintained its macro-economic stability and high growth trajectory by overcoming all types of (both internal and external) barriers. In this site, Government and Bangladesh Bank are well aware of the downside risks of the still existing high level of stressed assets. Bangladesh Bank with the Government, has been putting together relentless efforts such as revising the loan classification and provisioning policy, providing incentives to 'Good Borrowers' facilitating banks accessibility to the funds of autonomous and semi-autonomous bodies received under the government's annual development program among other issues. Bangladesh has achieved the status of lower middle income country and is expecting to upgrade to upper middle class status by 2030.

Annual average Consumers Price Index (CPI) inflation was went up to 5.7% in June 2020, slightly higher than the target ceiling as well as actual inflation of 5.5 % recorded in June 2019.

Foreign exchange reserves held by the Bangladesh Bank stands at USD 32716.5 million in FY 2018-19 and USD 36037.0 million in FY 2019-20. Exchange rate stood at Taka 84.90 in FY 2019-20 and Taka 84.50 in FY 2018-19.

The deficit of current account declined to USD 4849 million in FY20 from USD 5102 million of FY19. The decrease in current account deficit was mainly happened due to the decline deficit in primary income and services account. Moreover, secondary income balance surplus increased due to dramatically increase in private transfers mostly workers' remittances.



The exchange rate of Taka against US dollar has depreciated having favorable impact for exports and remittance. Workers' remittances inflow till September 2020 surpassed the amount accumulated during the same period of the preceding fiscal year. The gross foreign exchange reserves of BB stood at 40.8 billion as of end October 2020, which was 25.8 % higher than that of the same period of FY19.

Broad Money (M2) recorded growth of 12.7 % in FY 2019-20 from 9.9% of FY 2018-19 against the target growth of 13.0%. The growth in broad money was driven by growth in net domestic assets (NDA) stemming from huge growth of public sector credit.

Domestic credit grew by 13.7%, lower than the targeted growth of 17.4% for FY 2019-20 than the actual growth of 12.4% in FY 2018-19, mainly due to the increase of credit flow to the public sector from the banking system.

Private sector credit grew by 8.6 % in FY20, much lower than the targeted growth of 14.8 % for FY20 and actual growth of 11.3 % in FY19.

## BANGLADESH SECTORAL GROWTH PERFORMANCE:

### Agriculture Sector

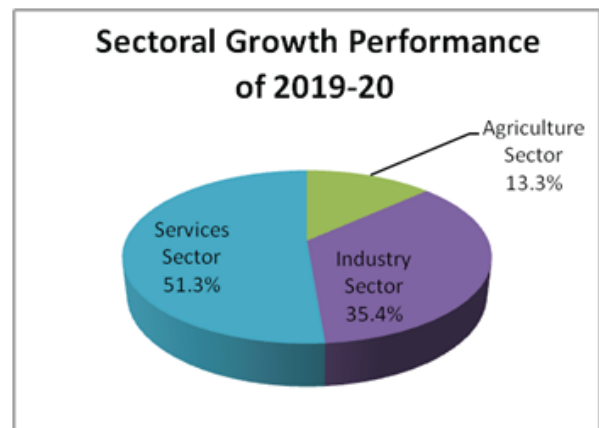
Agriculture is the largest employment sector in Bangladesh. A plurality of Bangladeshis earns their living from agriculture. Although rice and jute are the primary crops, wheat is assuming greater importance. Tea is grown in the northeast. The growth in agriculture sector decreased to 3.1% in FY 2019-20 from 3.9 % in FY 2018-19. Agriculture sector contributed 13.3% to GDP in FY 2019-20 mainly supported by the growth of fishing, forest related services and animal farming sub-sector.

### Industry Sector

Bangladesh's main industries are leather, steel, pharmaceuticals, textiles, jute, garments, tea processing, paper, newsprint, cement, chemical fertilizers, sugar and light engineering. The industrial sector, whose contribution to the GDP is 35.4%, grew by around 6.5 % in FY2019-20, far below from 12.7 % in FY2018-19.

### Services Sector

The services sector, the largest sector in the economy is making the highest contribution to the GDP growth at 51.3percent in FY 2019-20. The Services Sector is composed of (i) wholesale & retail trade (ii) hotel & restaurants (iii) transport, storage & communication (iv) financial inter-mediations (v) real estate, renting & business activities (vi) public administration & defense (vii) education (viii) health & social work (ix) community, social and personal services. The growth of major components of service sector-wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods and transport, storage and communication largely contributed to the overall service sector growth.



Source: Bangladesh Bank's Annual Report, FY 2019-20.

## OTHER MACRO ECONOMIC INDICATORS

### Savings

The Gross Domestic Savings as percentage of GDP increased to 25.31% in FY 2019-20 from 25.02% in FY 2018-19.

### Investment

The Gross Domestic Investments as percentage of GDP increased to 31.75% in FY 2019-20 from 31.57% in FY 2018-19. The ratio of private investment to GDP slightly increased to 23.6% in FY 2019-20 from 23.5% in FY 2018-19.

### Export

In FY20 export earnings decreased by 16.9 %. On the other hand, the preceding fiscal year had export earnings growth of 10.6 %. Export as percentage of GDP fell to 10.2% in FY20 against 13.4% in FY19. Only six types of products, namely vegetables, fruits, tobacco, fish, raw jute, and jute goods had positive export growth in the fiscal year under report. Contrary to these items, the rest array of products had decline in exports, of which petroleum bi-products, woven garments, knitwear, home textile and shrimps are notable.

### Import

Import as percentage of GDP stood at 15.4 in FY20, while it was 18.3 in FY19. Food grains, mainly wheat, import payments rose by 7.8% in FY20. Other major import items which had increases in FY20, crude petroleum, oil seeds, pulses, pharmaceutical products, spices and sugar. On the other hand, import of capital machinery, yarn, fertilizer and metals suffered drastic fall in the fiscal year under report.

### Workers' Remittances

Remittance receipts increased by 10.9% to USD 18205.01 million in FY20 from USD 16419.63 million in FY19.

### Foreign Aid

Total official foreign aid receipts increased by 11.1% and stood at USD 7272.0 million in FY20 from USD 6542.6 million received in FY19

### Foreign Exchange Reserves

Foreign exchange reserves held by Bangladesh Bank stands at USD 40.8 billion at the end of FY 2019-20 while it was USD 32.7 billion at the end of FY 2018-19. Bangladesh Bank gives best efforts to maintain optimum return from foreign exchange reserve by diversifying of investment the foreign asset portfolio in Bonds (issued by sovereign, national and highly reputed foreign commercial banks), Treasury Bills and Treasury Notes of US Government and in short term deposits with internationally reputed foreign commercial banks.

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Source: Source: Bangladesh Bank's Annual Report, FY 2019-20.



## SOVEREIGN RATINGS

Bangladesh achieves Ba3(Moody's) and BB-(Standard and Poor's) with stable outlook for the 11th consecutive years. Fitch Ratings affirmed BB- with stable outlook for the 8th time.

## BANGLADESH ECONOMY: NEAR AND MEDIUM TERM OUTLOOK:

The prospects of the Bangladesh economy over the near and medium terms look reasonably good driven by favorable domestic and external factors. The real GDP of the Bangladesh recorded a growth of 5.2% in FY 2019-20, which was much lower than 8.2% growth recorded in FY 2018-19. However, the growth rate in FY20 was highest in South Asian region. The World Bank forecast that Bangladesh's Gross Domestic Product (GDP) will increase by 3.6% in 2020-2021 fiscal year, due to better than expected remittance inflows. It also forecast that the country's GDP growth will be at 5.1% and 6.2% in 2021-22 and 2022-23 FYs respectively. The latest IMF report said the Covid-19 pandemic was inflicting high and rising human costs worldwide and the necessary protection measures were severely affecting economic activity. Among other South Asian countries, IMF also slashed India's growth estimate for this year from 4.2% to -10.3% and estimated the country would make a 8.8% growth in FY 2021, while Pakistan's growth figures were -0.4% and 1% for 2020 and 2021, respectively.

Bangladesh has already graduated from the Least Development Country (LDC) and has successfully met all criteria for LDC graduation. It is expected that the country will finally graduate from the LDC category by 2024 and reach upper middle income country (UMIC) by 2030. Bangladesh Bank has been pursuing a monetary policy to maintain macroeconomic stability and to keep inflation within the low target. As Bangladesh continues its middle income transitions, continual focus on easing infrastructure bottlenecks, improving cost of doing business and skills, increasing investment will help create more and better jobs in the years ahead.

Bangladesh's Weighted Average Deposit Rate: Schedule Banks: Advances data was reported at 5.06% in 2020. This records a increase from the previous number of 5.43% in 2019.

In FY 2021-22, Parliament passed the Tk.6,03,681 crore national budget with a strong focus on vaccinating the population and shoring up their jobs to get the economy going in spite of the crippling Covid-19 pandemic. A bold target has been set to achieve the 7.2% GDP growth. The allocation for the annual development program is Tk. 2,25,324 crore. Bangladesh Bank has taken various initiatives to support the country's growth aspirations and supported market development agenda that can help better finance long-term investment.

Price Waterhouse Coopers (PwC) projections tells that Bangladesh will be the 28th largest economy by 2030 and 23rd largest by 2050

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Source: Bangladesh Bank's Annual Report, FY 2019-20.

## PERSPECTIVE PLAN 2021-2041:

The Government has adopted “Making Vision 2041 a Reality: Perspective Plan of Bangladesh 2021-2041” which highlights Interventions in socio-economic areas critical for realization of the dreams of Father of the Nation Bangabandhu Sheikh Mujibur Rahman to have a Country free of economic exploitation and poverty. The Perspective Plan 2021-41 Underscores the need for better institutions and improved governance as an important pillar for realising the targets set for 2021 through 2041. From this perspective, building open and accountable institutions in the financial sector, developing skills of the workforce and sustained improvement in governance in the banking and other financial sector entities for efficient financial intermediation would be vital for achieving the upper middle income country status by 2031 and an advanced one by 2041 respectively.

The following strategic goals will be pursued as the essential components of economic policy over the long-term:-

- Two principal visions underpin the PP2041: (a) Bangladesh will be a developed country by 2041 & (b) Poverty will become a thing of the past in Sonar Bangla;
- Eradication of Extreme Poverty by 2031; reducing Poverty to less than 3 percent by 2041
- Towards Upper middle-income country by FY 2031; High-income country by 2041
- Industrialization with export-oriented manufacturing will drive structural transformation into the future
- Paradigm shifts in Agriculture will enhance productivity and ensure nutrition and food security for the future
- A Service sector of the future will provide the bridge for the transformation of the rural agrarian economy to a primarily industrial and digital economy
- The Urban transition will be an essential part of the strategy to move to a high-income economy;
- Managing Environment and Climate Change for sustainable growth;
- To push forward and secure Bangabandhu’s dream of a poverty-free Bangladesh and achieve HIC status under PP2041; and
- Building Transport and Communications Infrastructure for sustained growth by 2041.

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 Source: Perspective Plan of Bangladesh 2021-2041.

## REVIEW OF BANKING BUSINESS ENVIRONMENT

The financial sector of Bangladesh is mainly dominated by the banking sector, which is termed as engine of growth of the economy. With the view of enhancing the role of the banking sector to the growth and development of the economy, the Government including the Central Bank introduced further policy and regulations to maintain strong discipline in the banking business activities.

As per Central Bank’s guidelines, for more inclusive and equitable economic growth, the banking sector of the country initiated a good number of ventures aiming to strengthen the goals on SME, Agro-Economy and IT driven technology. At the same time, banks were encouraged to expand CSR activities and adopt enlarged Green Banking operations for sustainability of the economy.

With a view to maintaining sound, efficient and stable financial system, Bangladesh Bank has initiated a number of policy measures giving utmost emphasis on (i) risk management & corporate governance in the banks, (ii) guidelines for rescheduling of various types of loans, (iii) tightening provisions for Non-Performing Loans (NPLs), (iv) periodic review of stability of the individual of the bank as well as the whole banking system, (v) exercise of stress testing, (vi) monitoring of large borrowers, (v) monitoring of fraud-forgery with strengthening internal control and (vi) compliance thorough self assessment of anti-fraud internal controls .

Basel –III, the revised regulatory capital framework, has also been implemented by Bangladesh Bank to improve the resilience of individual banking institutions during periods of stress, while addressing system-wide risks that arrives across the banking sector. Two new tools namely (i) Liquidity Coverage Ratio (LCR) and (ii) Net Stable Funding Ratio (NSFR) have been introduced for measuring liquidity under Basel-III to ensure stronger and more targeted liquidity management of banks.

Bangladesh Bank has also amended and adopted some prudential policies and regulatory measures to help the banking sector in its quest to attain sustainability. The major prudential policies and regulatory measures taken, but not limited to, were as follows : adaptation of Guidelines for Internal Credit Risk Rating System, re-fixation of educational qualification of CEO, policy for Off-shore banking operation of banks, policy for investment in long term infrastructure projects and policy for investment in non-listed securities by banks, amendments of loan / investment write-off policy, loan classification and provisioning policy, policy to provide incentive to good borrowers, Risk Management Guidelines for Banks and regulation regarding investment in capital market by banks.

It is expected that amendments and adaptation of these policies and regulatory measures will help to overcome the limitations and enhance the strive towards the stability of the banking sector. Moreover, special monitoring has been conducted by Bangladesh Bank to oversee the liquidity level of the banking sector which results in a sufficient level of aggregate excess liquidity in FY 2019-2020. The total NPL of all banks are Tk. 961.2 billion at the end of June 2020.

Alongside of positive changes, the banking industry had to sustain different challenges in terms of excess liquidity management, low credit growth, high rate of Non-Performing Loan (NPL), maintenance of increased rate of CRR and SLR, Central Bank’s regulations to contain CDR (Credit to Deposit Ratio), interest rate margin, Central Bank’s new rules for loan classification, decrease in Government spending, devaluation of local currencies, etc.

With a view for rationalizing the rate of interest on deposit and lending through competitive environment among the banks, Bangladesh Bank is providing with instructions to the banks on regular basis for taking proper initiatives. Besides, banks are being advised to limit the difference between lending and deposit rates or spreads within lower single digit, exception being high-risk consumer credit (including credit card) and SME loans. Recently the interest rates of loans and deposits have exhibited mixed trend.

Banks will have a hard time logging in profits in the coming days because of the latest government decision to fix interest rate for lending at 9.00% and for deposit at 6.00%. Although the government to support this initiative has announced splitting its funds (short term and long term deposits) equally between the state-run banks and private ones.

The weighted average lending rate of commercial banks decreased to 7.95% in FY 2019-20 from 9.58% in FY 2018-19. On the other hand, the deposit rate decreased to 5.06% in FY 2019-20 from 5.43% in FY 2018-19. Interest rate spread between the two narrowed to 2.89% in FY 2019-20 from 4.15% in FY 2018-19. Advanced-deposit ratio remained stable in FY 2019-2020 with a marginal decrease to 76.22 % in FY 2019-20 from 77.49% in FY 2018-19.

The banking sector dominates the financial system. It is also called the engine of growth of the economy because it mobilizes savings & deposits, provides loans & advances for industries and export-import businesses which add values to the economy. As on June, 2020, there are 60 scheduled banks in Bangladesh.

The banking system structure is mentioned below including bank types, number of banks and number of branches as on June, 2020.

Bank Types	Number of Banks	Number of Branches
State owned Commercial Banks (SCBs)	6	3775
Specialized Banks	3	1483
Private Commercial Banks (PCBs)	42	5265
Foreign Commercial Banks (FCBs)	9	65
<b>Total</b>	<b>60</b>	<b>10588</b>

## REVIEW OF BDBL'S BUSINESS STRATEGY AND OPERATIONS IN 2020:

Bangladesh Development Bank Limited (BDBL) was established on November 16, 2009 by amalgamating former Bangladesh Shilpa Bank (BSB) and Bangladesh Shilpa Rin Sangstha (BSRS). BDBL formally started its operation on January 3, 2010.

As a state owned commercial bank, BDBL is committed to play an active role in extending industrial financing as before. It is also mandated to operate commercial banking activities including foreign exchange and international trade financing as per the Memorandum and Articles of Association.

BDBL has been playing a significant role in the capital market development of the country through its two subsidiary companies.

In industrial financing, the bank provides loans to eco-friendly projects including other projects of significance to the economy. It also provides working capital advances and trade finance for corporate customers, loans to SME traders, business and women entrepreneurs, personal and retail credit including agro & agro-based and house building loans etc.

It also operates foreign exchange businesses through its 5 (Five) Authorized Dealer (AD) branches namely Principal branch, Motijheel, Karwan Bazar, Agrabad and Narayanganj branches.

Besides, there are various special deposit schemes which are suitable for retail and institutional customers. At present, BDBL has 16 rural branches. The main aims of these branches are to facilitate agriculture output, employment opportunities and generating income of the rural people. As per Bangladesh Bank's instruction, BDBL has been providing agricultural/rural credit loan at 9% simple interest rate.

The year 2020 may be termed as the year of challenges concerning banking business activities. However, in order to face this challenging situation, the Board of Directors of BDBL undertook various initiatives with policy flexibility and set directions for the institution to become a dynamic and viable banking company.

### DOMESTIC NETWORK

Since inception, for expansion of business activities with the mission of inclusive banking, BDBL has opened a new monitoring department, new branches in commercially and geographically important places of the country. With the addition of 1 new branch in 2020, total number of branches now stands at 47 under 6 zonal offices in Dhaka North, Dhaka South, Chittagong, Sylhet, Khulna and Rajshahi. Among the total branches, 31 branches are located in urban and 16 branches in rural areas.

### HUMAN RESOURCE

It goes without saying that the most important resource of any institution, more so for a bank, is its human resources. Ensuring equal opportunities regardless of gender, the Board of Directors of the bank has already adopted a number of administrative policies focusing on improvement of skill and performance of the human resources.

Among these, promotion on regular basis, posting and transfer, employees' welfare including Day Care Center, training activities for skill development etc are notable. As on December 2020, 748 employees were working in the bank among which officers and staff were 617 and 131 respectively. Among these workforce female employees were 130 i.e. 17.38% of total employees.

### CAPACITY DEVELOPMENT

BDBL is working with a vision of converting human resource into productive human capital through imparting appropriate knowledge, skills, abilities and personal attributes. Knowledge and skill development is a continuous process, which is enriched by proper training. In order to enhance operational skill and efficiency of the officers, the Bank has its own Training Institute at Karwan Bazar, Dhaka. BDBL also regularly nominated a large number of officers to participate in different training programs, workshops and seminars arranged by Bangladesh Institute of Bank Management (BIBM), Bangladesh Bank Training Academy (BBTA) and other external institutions.

## DEVELOPMENT OF ICT:

### Status of Bank Automation and CBS:

As a part of Government's "Digital Bangladesh" program for technological development, the Bank has under taken an action plan to automate all banking activities and implemented a Core Banking Solution (CBS) according to the guideline of Bangladesh Bank. The CBS started live operation from 01 July 2015. All branches are therefore 'real time online' while carrying out all banking transaction on the Core Banking Solution (CBS).

### Development of ICT such as e-KYC, e-GP, Mobile and Internet Banking:

To provide automated services to the customers, real time online banking facilities in branches has already been established by means of implementing inter-branch data connectivity among the branches. Implementation of Verification of National Identity Card Information, e-GP, Centralized CBS, Savings Certificate, Titas Gas Bill, Electricity Bill, Automated Treasury Challan, all these facilities have been introduced last year. We are sure to start issuing debit cards, opening 15 sub-branches, launching internet banking and mobile apps in 2021 to bring modern digitized services to the customers. By introducing automated services will be easy to attract more customers and inturn we shall be able to mobilize cost free /low cost deposit. As per Bangladesh Bank' instruction BDBL will implement Interoperable Digital Transaction Platform (IDTP) service.

### Status of BACH, BEFTN& RTGS:

Adhering to Bangladesh Bank plan for automation of payment system of the country, Bangladesh Automated Clearing House (BACH) is in operation since its inception at BDBL. The two components of BACH namely Bangladesh Automated Cheque Processing System (BACPS) and Bangladesh Electronic Funds Transfer Network (BEFTN) are functioning in the bank. All branches are operating BACPS and BEFTN smoothly. For sound & secured operation BACPS and BEFTN software have been interfaced with CBS. Real Time Gross Settlement (RTGS) system interfaced with CBS in all branches are operating successfully.

### In-House Software:

BDBL in-house developed software such as Payroll, Provident Fund, File Transfer System (FTS), E-Telephone Guide, Asset Management System, Training Management System (TMS), BDBL MIS Software, Personnel Management Information System (PMIS), Automatic Business Performance Monitoring System (ABPMS), BDBL Law Suit Management and Monitoring System Implementation and Staff Loan Management system have been operational since long. As per new requirement new central and online HR, Biometric Attendance system is being developed now.

### Website:

BDBL also developed an informative website containing description of its various products, services, annual accounts and other information about the bank. The web address [www.bdbl.com.bd](http://www.bdbl.com.bd) has been working as a primary source of information of the bank.

### e-mail:

The bank has established corporate e-mail service/system for all officers in its own domain [bdbl.com.bd](mailto:www.bdbl.com.bd).

### e-filing:

The bank has started e-filing activities as per Govt. instructions.

### e-Tender:

BDBL is processing tenders through the e-GP of CPTU as per instruction of the Ministry of Finance.

## SWIFT:

BDBL, as a member of Society for Worldwide Interbank Financial Telecommunication (SWIFT), provides facilities of foreign exchange/foreign trade transactions through its secured financial messaging system of SWIFT from its Authorised Dealer (AD) branches. The SWIFT code of the bank is BDDBBDDH.

Automated Sanctions Screening System from SWIFT Scrl has been introduced in the Bank. It alerts unwanted transaction in favor of any sanctioned people, institutions, organizations, banks or countries.

## e-attendance, Video Conferencing system & e-signature :

BDBL has started e-attendance activities at its head office. Video Conference System with all branches is on going. Fully automated and modern technology based conferencing facilities (Zoom) and e-signature has been implemented and is being used extensively.

## Data Center and Disaster Recovery Site (DRS):

BDBL has built a standard and compliant Data Center at its Head Office premises as well as a temporary Near DRS at its BDBL Bhaban, Karwan Bazar for the security of core CBS and to ensure business continuity and recovery of the systems in the event of any unexpected disaster. BDBL with other Govt. banks namely Agrani, Janata, Sonali, Rupali, BKB & financial institutions led by Bangladesh Computer Council (BCC), High-Tech park authority and Investment Corporation of Bangladesh (ICB) has formed a company “Bangladesh Data Center and Disaster Recovery Site (DRS) Limited”. The company has already been registered with the Register of Joint Stock Companies. The purpose of the company is to established a DRS at Jashore for members use as well as to let space on rental basis to interested entities. We are hopeful the Company will come into operation by 2023.

## Future Plan: Information Technology (IT):

BDBL plans to execute the following IT related initiatives in near future:

- Introduction of Debit Cards, Sub-Branches, Internet and Mobile Banking.
- Automatic monthly CIB Batch Reporting System.
- Automatic CL report generation.
- Upgrade Cyber Security System.
- Ensure Redundant Data Connectivity.
- Digitalization of the Library.
- Green Banking to be established towards ensuring paperless Communication.

## CREDIT RATING

Bangladesh Bank has declared credit rating to be mandatory for commercial banks and to be conducted by recognized rating agencies. Accordingly, Emerging Credit Rating Limited has been assigned to rate the bank and they have graded the BDBL on the basis of Bank’s Audited Financial Statements of 2019 as well as other qualitative and quantitative information. The latest rating was as follows:

Date of declaration	Valid till	Rating mode	Long Term Rating	Short Term Rating	Outlook
31 July, 2020	30 July, 2021	Government Support	AAA	ST-1	Stable
		Without Government Support	A-	ST-3	Developing

Rating	Meaning
AAA	Indicates Exceptionally Strong Capacity
A-	Indicates Very Strong Capacity
ST -1	Indicates Superior Capacity
ST -3	Indicates Adequate Capacity
Stable	Indicates Rating is likely to remain unchanged
Developing	Indicates that a Rating may be raised, lowered or remain unchanged

## CORPORATE GOVERNANCE:

BDBL complies with good corporate governance practices in line with the direction and control measures of the company and regulatory requirements ensuring transparency, accountability, responsibility and fairness in each and every area of its business operations to maximize better performance with governance.

BDBL has four high powered Board Committees to ensure proper accountability and transparency in business, financial and administrative activities. The name of the committee and number of meeting



## INTERNAL CONTROL AND COMPLIANCE;

Banking business encompasses a complex and diversified financial activities involving high risks. Consequently, the issue of effective internal control system, corporate governance, transparency and accountability have become significant issues to ensure smooth operational performance of the bank.

Internal Control Process is driven by the active participation of the company's Board of Directors, Management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with applicable laws, regulations and internal policies. Internal Controls are the policies and procedures established and implemented alone, or in concert with other policies or procedures to manage and control a particular risk or business activity or combination of risks and business activities to which the company is exposed or in which it is engaged.

BDBL has an appropriate and effective internal control environment to ensure that the bank is managed and controlled in a sound and prudent manner. The bank identify its weaknesses through internal control system and took appropriate measures to overcome the weaknesses.

The Board of Directors of the bank has empowered the Audit Committee to monitor the effectiveness of internal control system of the bank. The Audit Committee meet the senior management periodically (8 meeting held in the year 2020) to discuss the effectiveness of the internal control system of the bank and ensure that the management took appropriate actions as per the recommendations of the Auditors and the Internal Control and Compliance Division (ICCD).

## CUSTOMER CARE:

According to the Right to Information Act-2009, BDBL issued a circular instructing all concerned to ensure free flow of information and people's right to information. Besides, in order to improve clients' service standard, a Central Client service and Complaint Management Cell has been formed under Compliance Department. Apart from this, complaint boxes have been set up in all branches and Head Office of BDBL. Reasonable complaints of customers are instantly met with due attention. BDBL has a help desk in the ground floor of Head Office under the control of Human Resource Management Department (HRMD). As per regulatory directives, citizen charter has also been displayed at the entrance of the Head Office as well as in all other branches.

## RISK MANAGEMENT:

Risk Management has become one of the most sensitive and crucial factors in banking business all over the world. In the course of banking operations, banks are invariably faced with different types of risks that may have a potentially adverse effect on their business. BDBL established an appropriate and effective internal control environment to ensure that the bank is managed and controlled in a sound and prudent manner.

BDBL has Risk Management Department, which identifies, evaluates, monitors and supervises its entire risk related works as per guidelines and directions of Bangladesh Bank with the approval of Board of Directors and competent authorities. The department is fully guided by bank's Chief Risk Officer (CRO). The Executive Risk Management Committee (ERMC) of BDBL has been formed to establish a comprehensive risk management process in the bank and to ensure a continuous sound banking practice.

The bank has a high powered Board Risk Management Committee (BRMC) comprising five members of the Board of Directors as per the directives of Bangladesh Bank. BRMC reviews and monitors the overall risk management system of the bank and updates to the Board from time to time.

## RISK MITIGATION:

Smooth banking operation requires several strategic steps for risk identification and its mitigation. The vital and first step of risk mitigation is the identification, analysis and measurement of risks. For these purposes 'Monthly Risk Management Report (MRMR)' and 'Half-Yearly Comprehensive Risk Management Report (CRMR)' are prepared covering all potential key risks to bank's assets, liabilities, liquidity & earnings. The Risk Management Committee discusses on the report in its monthly meeting, identifies the risks and gives direction to mitigate them.

Risk Management Department (RMD) of BDBL prepares quarterly 'Stress Testing Report' to assess Capital to Risk Weighted Asset Ratio (CRAR) of the bank considering specific shock factors and shock levels. RMD also reviews position of credit rating, abnormal change in AD Ratio, recovery position, self-assessment of internal control and other risk factors associated with banking activities. To mitigate those risk factors, appropriate steps are being taken under the supervision of the top management of the bank continuously.

The overall focus of Risk Management of BDBL in 2020 was on maintaining the risk profile in line with its strategy, strengthening its capital base and supporting the strategic goals.



BDBL has separate mitigation methodology for each core risk which is given below:

Risk Types	Definition of Risks	Governing Documentation	Summary of Mitigation Activities
Credit Risk	Risk arising from contractual failure of the borrower with the Bank. The failure may result from unwillingness or inability of the counter party in discharging financial obligation.	1. Credit Risk Management Manual & Checklist 2. Internal Credit Risk Rating (ICRR) Guideline 3. Risk Appetite Statement	<ul style="list-style-type: none"> <li>• Overall planning of credit operations.</li> <li>• Credit analysis and approval.</li> <li>• Credit supervision and monitoring.</li> <li>• Internal Credit Risk Rating.</li> <li>• Accurate collateral value identification.</li> </ul>
Asset-Liability Management Risk	Risk arising from imbalance of assets and liabilities in times of volatile interest rates and more generally a continuously changing economic environment.	1. Asset Liability Risk Management Manual & Checklist 2. Liquidity Contingency Plan	<ul style="list-style-type: none"> <li>• Overall planning for funding and treasury operation.</li> <li>• Maintaining standard liquidity profiles.</li> <li>• Duration Analysis.</li> <li>• Forecasting money market and capital market trend.</li> <li>• Limits to control the maximum net cash outflow.</li> </ul>
Foreign Exchange Risk	Possibility of losses due to change in exchange rates according to market forces.	1. Foreign Exchange Risk Management Manual	<ul style="list-style-type: none"> <li>• Monitoring Foreign Exchange Transactions.</li> <li>• Set limit for open position.</li> <li>• Monitor market movements.</li> </ul>
Money Laundering and Terrorist Financing Risk	Risk of unusual/suspicious transaction through banking channel.	1. Money Laundering & Terrorist Financing Risk Management Manual	<ul style="list-style-type: none"> <li>• Implementation of uniform Know Your Customer (KYC) and Transaction Profile (TP).</li> <li>• Monitoring unusual/suspicious transactions.</li> <li>• Cash transaction and suspicious report to Bangladesh Bank.</li> <li>• Arrange training sessions/workshops for developing awareness and skill.</li> </ul>
Internal Control and Compliance Risk	Risk arising from errors and fraud due to regulatory failure of Internal Control and Compliance.	1. Internal Control & Compliance Risk Management Manual and Checklist 2. Audit Manual	<ul style="list-style-type: none"> <li>• Ensuring compliance of regulatory requirements.</li> <li>• Maintaining efficiency and effectiveness of overall operating activities.</li> </ul>
ICT Security Risk	Risk of hardware and software failure, human error, spam, viruses and malicious attacks as well as natural disasters such as fires, cyclones, floods etc.	1. ICT Security Policy	<ul style="list-style-type: none"> <li>• Building standard and compliant Data Centre (DC).</li> <li>• Set up Near Far Disaster Recovery Site (DRS).</li> <li>• Sufficient physical as well as logical access control systems.</li> <li>• Keeping sensitive information in the restricted area of networking environment.</li> </ul>
Environmental and Social Risk	Risk arising from environmental and social concerns that might affect performance of the bank.	1. Environmental and Social Risk Management Policy	<ul style="list-style-type: none"> <li>• Ensuring that projects are developed in a socially responsible manner.</li> <li>• Enhancement of green finance.</li> </ul>

## BRAND IMAGE:

BDBL was established through amalgamation of Bangladesh Shilpa Bank (BSB) and Bangladesh Shilpa Rin Sangstha (BSRS). These two institutions, BSB and BSRS, being the prime Development Financing Institutions (DFIs) had created a brand image associated with accelerating the pace of industrial development of the country.

After amalgamation, it has become a public limited company and has been operating its business activities as a state owned commercial bank. Employees are being well trained to provide smart and efficient services to enhance and reinforce the brand image further, where focus on customers, quality services to the customers and customers' right are of prime concern.

It is one of the major objectives of BDBL to establish the bank as being superior to others banks and financial institutions in the same category.

## OPERATIONAL PERFORMANCE OF BDBL:

### Deposit:

Deposit mobilization is considered as a vital source of available liquidity for operating banking activities. The deposit balance at the end of 2020 was Tk. 2421.89 crore.

### Loans and Advances:

Bank reviewed its Credit Policy from time to time with a view to providing prompt and efficient services to the clients in a consistent manner. The loans and advances of the bank posted an increase by about 6.53% to Tk. 2128.97 crore in 2020 over Tk. 1998.39 crore in 2019.

The loan portfolio of the bank remained well diversified and consists of large, small and medium enterprises and businesses loans. The loans and advances portfolio included food & allied products, jute & jute goods, cotton, woolen and synthetic textiles, paper, paper products and printing, electrical machinery, machinery spare parts, water transport, chemical and pharmaceuticals, petro chemical products, service industries, real estate, loans under consumer's scheme, various trading businesses, etc.

### Long Term Loan:

The bank extended long term credit facilities for establishing new projects, balancing, modernization, replacement of machinery and expansion (BMRE) of existing capacity of the projects.

### SME Financing:

For enhancing domestic investment to meet rising demand for employment generation, women's empowerment and regional development, the role of CMSME is indispensable. In line with the Government and Bangladesh Bank's policy guidelines, promoting a dynamic CMSME sector is a priority for the bank to reduce poverty and stimulate economic growth.

For achieving these objectives as well as for financial inclusion of unbanked people, the SME Department of the bank was entrusted with the following tasks:-

- To emphasize loan financing activities for priority sectors of CMSMEs in line with the policy guidelines of the Government and Bangladesh Bank.
- To guide, monitor and supervise CMSME related activities.
- To follow up and monitor timely implementation of projects under CMSME.
- To ensure regular recovery of CMSME loan so that loans do not turn into classified loan.

The bank has signed the following 4 (Four) refinancing agreements with Bangladesh Bank:-

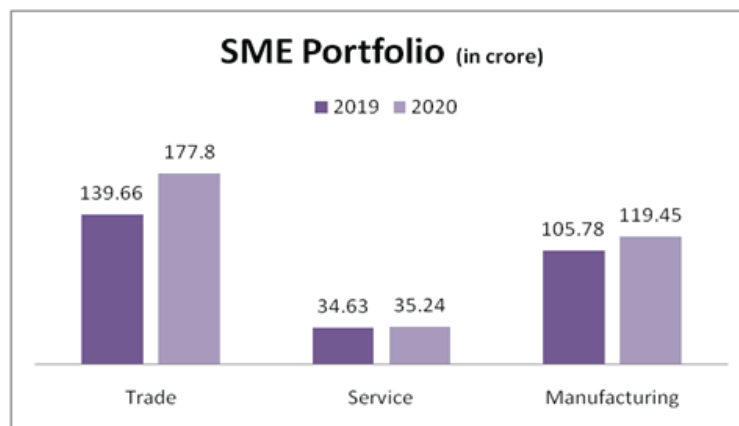
- Refinance Scheme for providing working capital loan/investment facility to support Covid-19 affected CMSMEs.
- Small Enterprise Refinance Scheme.
- Refinance Scheme for Setting Up Agro-based Products Processing Industries in Rural Areas.
- Refinance scheme for New Entrepreneurs in Cottage, Micro and Small Enterprise Sector.

The bank took several steps for enhancing and accelerating SME loan portfolio, some of which were:

- Fixation of delegation power categorically for sanctioning of SME loan by the Zonal, Branch Manager and executives concerned in Head Office;
- Fixation of target as per SMESPD Circular No.-2, dated 05.09.2019;
- For the convenience of selecting CMSME Projects, a list based on divisions area, sectors and clusters was prepared and sent to all branches and zonal offices;
- Nomination of one Focal Officer in each branch and zonal office as well as in SME department at Head Office;
- Set up of CMSME cell, a help desk / Women Entrepreneur Dedicated Desk at all branch offices to advise and assist CMSME entrepreneurs particularly, women entrepreneurs for advisory services including all related assistance;
- Set up of Women Entrepreneur Development Unit at all branch and zonal offices as per instruction of Bangladesh Bank;
- Preparation of CMSME Manual relating to rules, regulations and other related up-to-date information;
- Conducting of 4 CMSME products namely “AsharAlo” (for women entrepreneurs), “Koler Chaka TakarJhaka” (industrial loan), “Khamar Bari” (loans for processing of agricultural products ) and “Proshar” (Business loan);
- Creation of Database & Market Segmentation along with Women Entrepreneurs Reporting as per Software provided by Bangladesh Bank;
- Input of Database on Dashboard Reporting of Covid-19 CMSME package as per Software provided by Bangladesh Bank;
- Arrangement of Area-Based meeting with the entrepreneurs on a regular basis;
- Arrangement of different training programs by the Bank on CMSME related issues for enhancing knowledge and awareness of the employees along with Entrepreneurs on CMSME financing;
- Participation in different CMSME fairs and seminars; and
- Participation of CMSME meeting quarterly at Bangladesh Bank for achievement and implement the institutions given by Bangladesh Bank.

### SME Portfolio Position:

The portfolio position of SME loan as on 31.12.2019 and 31.12.2020 are shown in the graph.



SME Term Loan Tk. 248.23 crore and SME (CC) Loan Tk. 84.26 crore.

### Green Financing:

As a part of financial intermediary as well as environmentally conscious bank, BDBL has been playing an important role in mitigating environmental hazards through green banking. The bank approved a considerable fund in the annual budget for green banking and disbursed Tk. 0.35 crore in 2020.

### Foreign Exchange and International Trade Financing:

The bank has been performing Foreign Exchange and International Trade Financing under the International Banking Department. Experienced and efficient officers are deployed in this department to manage foreign exchange business smoothly. Five (5) AD (Authorized Dealers) branches namely; Principal, Motijheel, Karwan Bazar, Narayanganj and Agrabad deal with foreign exchange business.

As a part of primary effort, BDBL has been running its foreign exchange business such as open local and foreign sight and deferred L/C, open back to back L/C, Bill Purchase, Bill Collection, provide LTR facility, Acceptance of Bill, etc. including other related businesses, BDBL provide with Packing Credit (PC) and open L/C under Export Development Fund (EDF) from Bangladesh Bank to facilitate client's export business.

### Foreign Trade Financing & Foreign Exchange Business:

BDBL extends all sorts of foreign trade related business facilities.

### Export Finance:

- ❖ Export Cash Credit (ECC);
- ❖ Packing Credit (PC);
- ❖ Back to Back L/C;
- ❖ Advising of Export L/C;
- ❖ Export bill collection;
- ❖ Letter of Credit Confirmation; and
- ❖ Advance against Bills for Collection
- ❖ Purchase of local & foreign documentary bills;

### Import Finance:

- ❖ Issuance Letter of Credit (local & foreign);
- ❖ Post Import Financing (LIM, LTR, etc.);
- ❖ Payment against Documents (PAD);
- ❖ Foreign currency buy & sale;
- ❖ Issuance counter guarantee; and
- ❖ Remittance Service through Xpress Money Service Ltd and SWIFT.

A comparative picture of foreign exchange business for last 2 (Two) years of the bank is depicted below:  
(Tk. in crore)

Import Finance							
SL. No	Name Of Branches	2019			2020		
		No. of Import LC Opened	Target	Achievement	No. of Import LC Opened	Target	Achievement
1	Principal Branch	139	70.00	114.65	134	56.00	133.37
2	Motijheel Branch	-	5.00	-	40	4.00	20.39
3	Narayanganj Branch	-	3.00	0.30	43	4.00	3.57
4	Karwan Bazar Branch	37	4.00	2.69	-	4.00	-
5	Agrabad Branch	-	1.00	-	-	2.00	-
<b>Total:</b>		<b>176</b>	<b>83.00</b>	<b>117.64</b>	<b>217</b>	<b>70.00</b>	<b>157.33</b>

(Tk. in crore)

Export Finance							
Sl. No.	Name Of Branches	2019			2020		
		No. of Export Bill	Target	Achievement	No. of Export Bill	Target	Achievement
1	Principal Branch	1034	150.00	163.29	691	100.00	139.69
2	Motijheel Branch	110	2.00	0.69	10	10.00	63.69
3	Narayanganj Branch	100	2.00	-	27	8.00	5.87
4	Karwan Bazar Branch	21	2.00	3.91	1	7.3	.03
5	Agrabad Branch	-	1.00	-	-	4.7	-
Total :		1265	157.00	167.89	729	130	209.28

(Tk. in crore)

SL. No	Name	2019	2020
1	L/C Commission and others	5.64	6.96
2	Exchange Commission and others	4.84	1.63
Total :		10.48	8.59

➤ Plan 2021:

- ❖ To solicit good exporter/importer for doing business with BDBL.
- ❖ To open additional Nostro Account in USD & EURO for better service.
- ❖ To increase remittance business through Exchange House like Western Union/Money Gram/RIA/Instant Cash/UAE Exchange/IME etc.
- ❖ To increase clientele base.
- ❖ To strengthen dealing room operation as per new Foreign Exchange Risk Manual.
- ❖ To ensure better service to attract potential clientele and earn more profit.
- ❖ To increase No. of RMA worldwide.

### PERFORMANCE AND BUSINESS ACHIEVEMENT IN 2020:

The banking business of BDBL comprised of mainly deposits, loans and advances, export, import, remittance, investment, non-funded facilities along with recovery of regular and Non-Performing Loans (NPLs).

#### Disbursement of Loans and Advances:

Due to COVID pandemic, the year 2020 was very challenging for banking business. In spite of this, BDBL disbursed Loans and Advances of Tk. 694.01 crore against the target of Tk. 749.33 crore, shows 92.62% achievement of annual target.

#### Recovery of Loans and Advances:

For 2020, BDBL set a loan recovery target of Tk. 784.00 crore including Tk. 200.00 crore from classified and Tk. 25.00 crore from written-off loan. Against these, Tk. 574.46 crore was recovered, out of which Tk. 533.84 crore from unclassified category, Tk. 33.64 crore from classified and Tk. 6.98 crore from written-off loan, representing 102.42% of the target.

Throughout 2020, the Board of Directors along with bank's senior management maintained both pressure and well vigilance for bringing down the level of classified loans and accelerating recovery from written-off projects.

Bank management endeavored to minimize the existing classified loans by way of cash recovery and regularization through rescheduling, specially, taking 2% down payment under BRPD circular no-05/2019. As a part of regular recovery, the written off loan amount of BDBL went down to Tk. 1544.78 crore in 2020.

**Provision for Classified Loan:**

In accordance with Bangladesh Bank’s policy, classification of a loan is made on the basis of its quality, performance and risk involved in its recovery. A provision has to be made against a loan on a particular date for protecting the interest of shareholders and depositors.

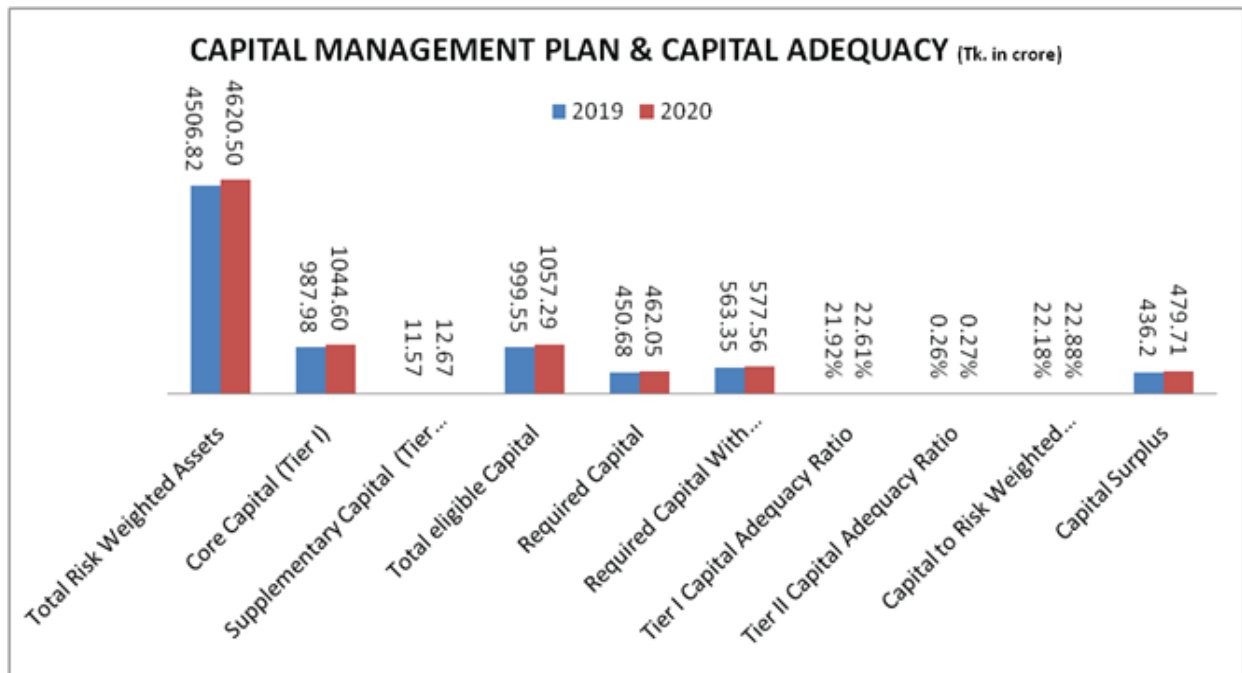
In 2020, required provision against loans & advances was Tk. 389.75 crore, the bank maintained a provision of Tk. 389.75 crore.

**CAPITAL MANAGEMENT PLAN & CAPITAL ADEQUACY RATIO:**

To cope with the international best practices and to raise quality capital, Bangladesh Bank issued Basel-III guidelines for all scheduled banks on “Risk Based Capital Adequacy (RBCA)” to report their capital requirement which came fully into effect from 2015.

As on December 31, 2020, the bank’s Capital to Risk Weighted Asset Ratio (Basel-III) stood at 22.88% (core capital 22.61% and supplementary capital 0.27%) as against required 12.5% of total risk weighted assets, which indicates bank’s strong capital base.

Comparative picture of risk weighted assets, minimum capital requirement and the Capital to Risk Weighted Asset Ratio and capital surplus of BDBL for 2019 and 2020 are depicted graphically:



**SUBSIDIARY ORGANIZATIONS:**

BDBL inherited membership of Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited at the time of amalgamation. In order to keep core banking activities separate from capital market operation, the bank created two subsidiary companies namely (i) BDBL Securities Limited (BSL) and (ii) BDBL Investment Services Limited (BISL).

### **BDBL Securities Ltd (BSL), Dhaka:**

BDBL Securities Limited was incorporated registered with the Register of Joint Stock Companies on 23 May 2011 as a public company limited by shares under the Companies Act, 1994. The company obtained certificate for commencement of business as on 23 May 2011. The commercial operation of the company started on 1 March 2012.

BDBL Securities Limited (BSL) is a subsidiary company of Bangladesh Development Bank Limited (BDBL) situated at BDBL Bhaban (Level-16), 12 Karwan Bazar, Dhaka-1215. BSL is constituted by acquiring and taking over membership No. 20 of Dhaka Stock Exchange Ltd. (held by erstwhile Bangladesh Shilpa Rin Sangastha now BDBL) and membership No.78 of Chittagong Stock Exchange Ltd. (held by erstwhile Bangladesh Shilpa Bank now BDBL). Afterwards, under Demutualization Act-2013 the membership converts as a Trading Right Entitle Certificate (TREC) 20 for Dhaka Stock Exchange & 78 for Chittagong Stock Exchange.

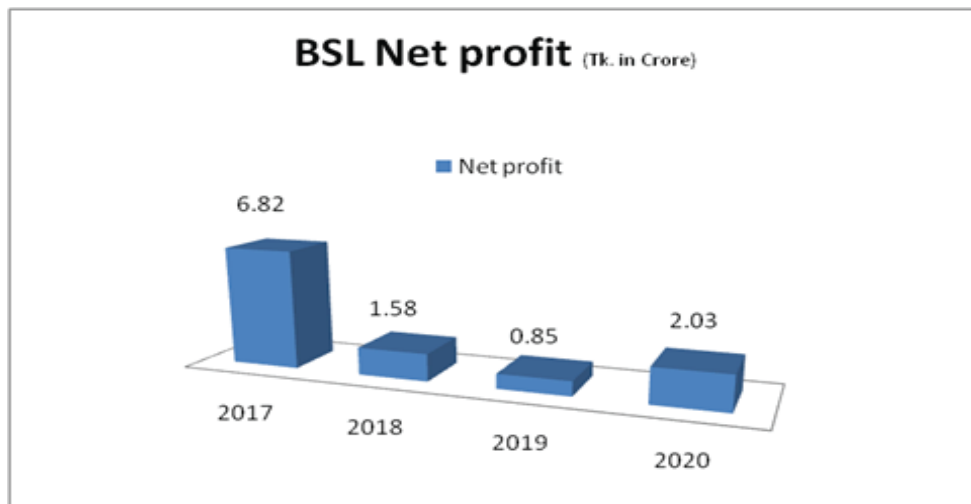
As on December 31, 2020 The authorized capital is Tk. 400 crore and its paid up capital is Tk. 50 crore. There are 9147 Beneficiary Owners' (BO) accounts maintained by this brokerage house.

#### **BSL Services:**

Following services are offered by BSL:

- BO Account Opening
- IPO Processing
- Trading of securities
- Margin loan facilities
- Internet trading & Mobile Apps trading
- Payment settlement to the clients through BEFTN.

The Net profit of the company during the last four years is shown below:



The company is committed to provide a high level of professional and personalized services to its clients by maintaining strong moral and ethical practices and effective presence in the capital market.

### **BDBL Investment Services Ltd (BISL)**

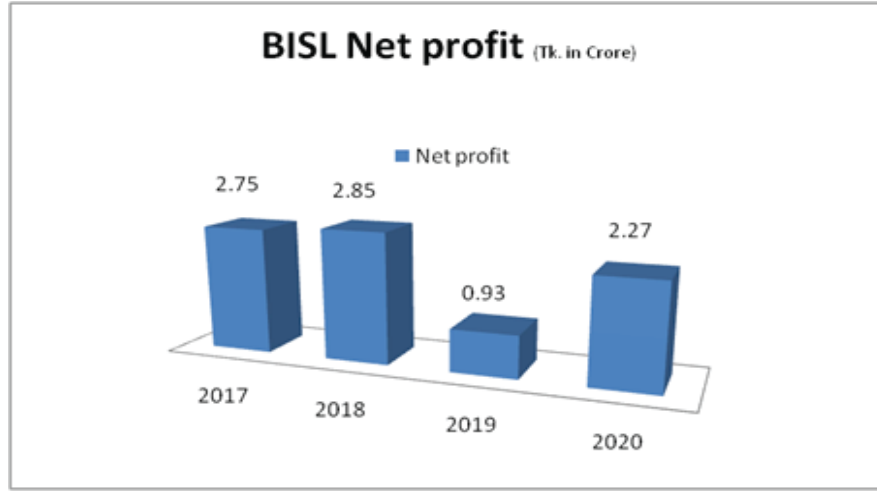
BDBL Investment Services Ltd (BISL), Dhaka was formed on August 06, 2014 with authorized capital TK.400 crore and paid up capital TK.20 crore & raising Paid up capital TK. 30 crore. The company completed all formalities of regulatory authorities and started its operation in July 13, 2016.

As on December 31, 2020, 1824 Beneficiary Owners' (BO) accounts are maintained by this Brokerage house.

BISL Services: BISL is offering the following services

- BO Account Opening
- IPO Processing
- Trading of securities
- Margin loan facilities
- Internet trading & Mobile Apps trading
- SMS service
- Daily e-mailing of portfolio
- Payment settlement to the clients through BEFTN
- One stop service.

The profit after tax of the company during the last four years is shown here:



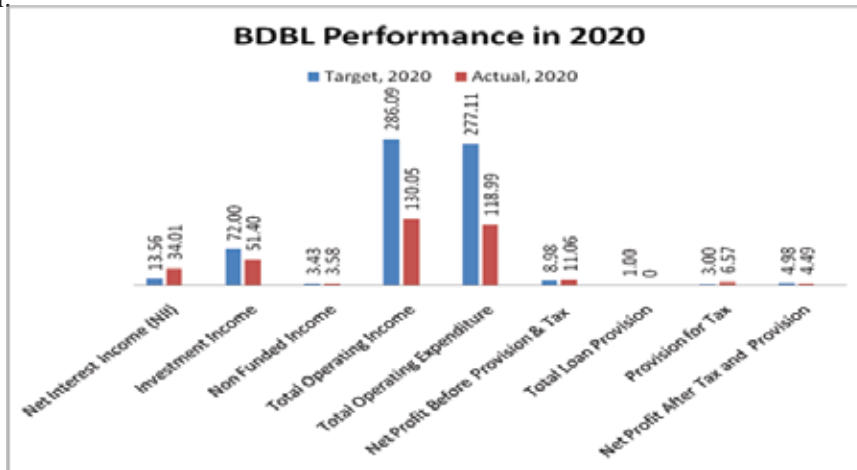
**BDBLS INVESTMENT PERFORMANCE:**

Bangladesh Development Bank Limited (BDBL) invested Tk. 34.78 crore by purchasing shares, bonds and debentures of various companies from the primary and secondary market during 2020. At the same time, BDBL sold shares of various listed companies valued Tk. 55.48 crore. BDBL also invested Tk. 106.00 crore in Bangladesh Fund as sponsor. In 2020, it was able to earn Tk.26.42 crore as capital gain, Tk.19.61 crore as dividends and Tk.0.65 crore as interest on Bond & Debenture from such investment.

**FINANCIAL PERFORMANCE OF THE BANK IN 2020:**

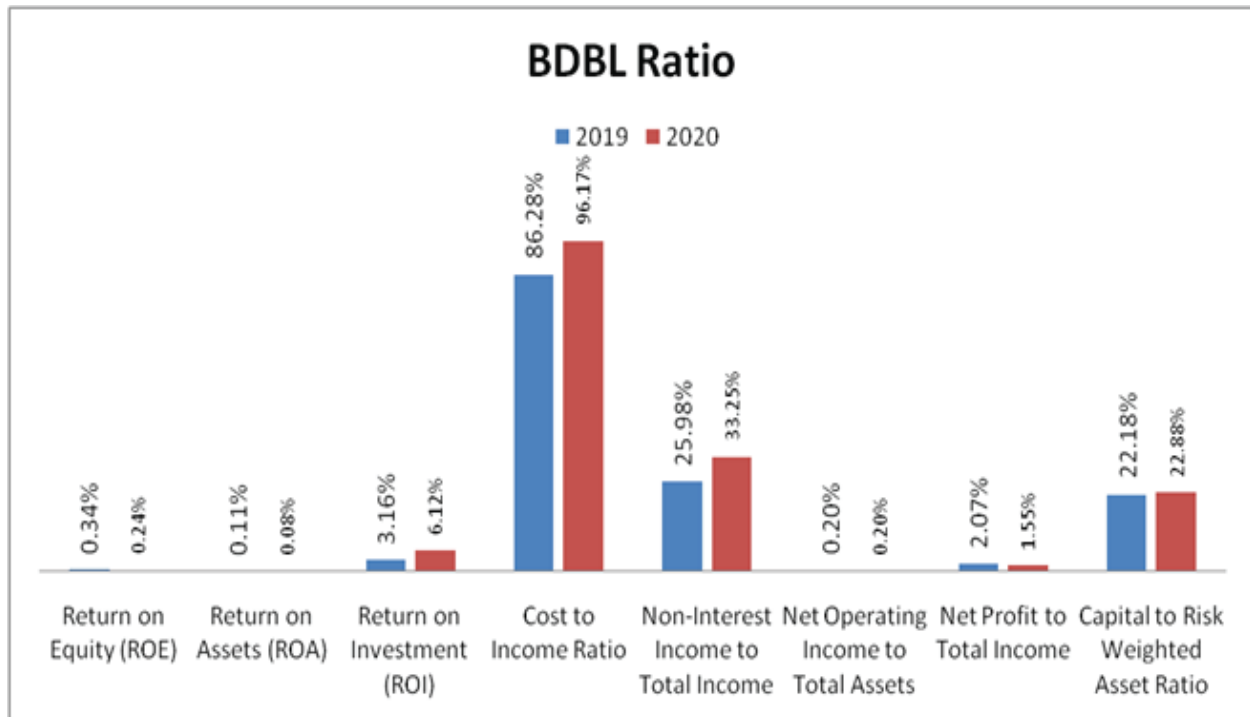
In the midst of so many challenges and risks, the bank operated its business activities and earned an operating profit Tk. 11.06 crore in 2020, which was Tk. 43.51 crore in 2019.

The targets and actual financial performances of the target of the bank during 2020 are shown here in summarized form:



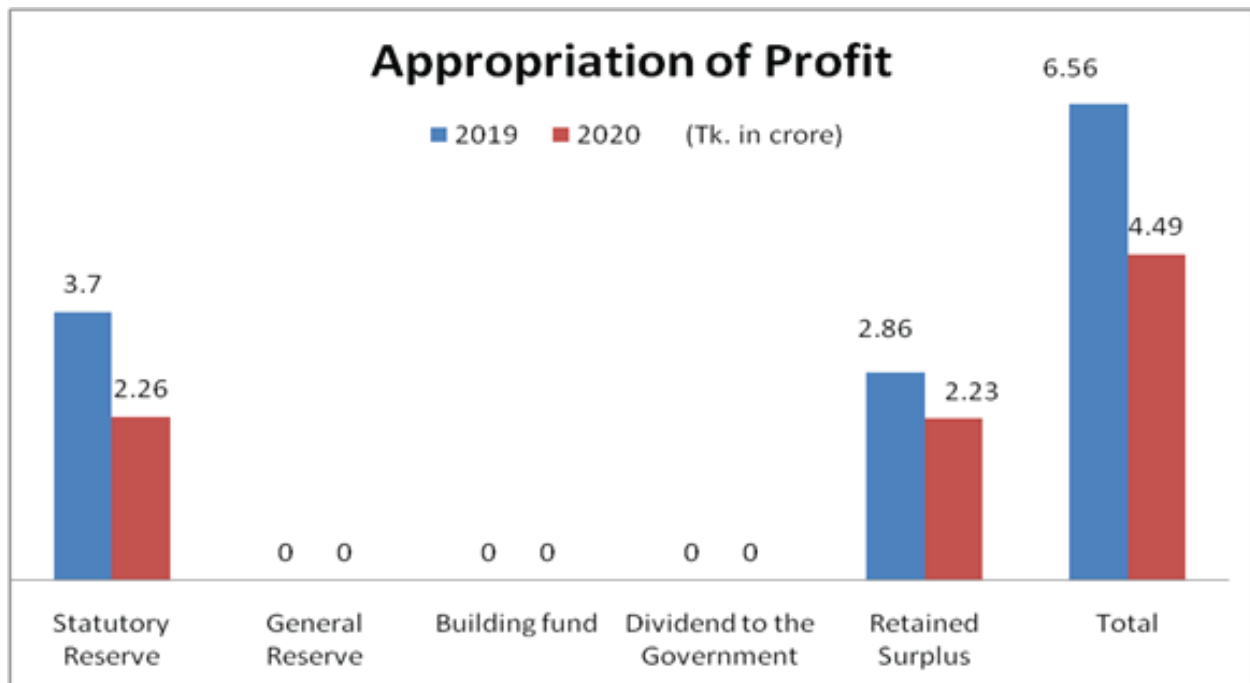


Net Profit after Provision and Taxes decreased by about 31.55% to Tk. 4.49 crore during 2020 over the previous year, Resultantly, some of the ratios including Return on Average Equity (ROE) and Return on Average Assets (ROA) changed accordingly. Earnings per Share was Tk. 1.12 in 2020 and Tk. 1.16 in 2019. The comparative picture of major financial ratios during 2019 and 2020 is shown below:



#### BDBL APPROPRIATION OF PROFIT:

Net profit after provision and taxes for the year 2020 stood at Tk.4.49 crore. Appropriation of Profit has been shown graphically here:



## CONTRIBUTION TO THE NATIONAL EXCHEQUER:

Bangladesh Development Bank Limited pays income taxes regularly on its income in compliance to the relevant laws and regulations on the subject.

Additionally, in course of rendering banking services, BDBL also deducts income tax, value added tax and excise duty at source from various transaction and services, as required by the law. The amounts thus collected is accordingly deposited to the national exchequer.

## CONTRIBUTION TO THE NATIONAL ECONOMY:

BDBL plays an important role in the development of urban and rural economy of the country. Currently, it has a network of 47 branches across the country. The bank operates through these branches in different districts to extend banking services to its clients. It also plays an important role in reducing unemployment problem by way of participating in different employment generation activities. Since its inception, the bank has been quite active in providing industrial loan as well as loans for commercial business operations with a view to accelerate industrial development of the country. The bank has also created employment generation opportunities by providing loans to different industrial ventures engaged in the production of goods and services in the country.

### SWOT Analysis:

S = Strength	<ul style="list-style-type: none"> <li>• 100% Govt. Owned financial Organisation .</li> <li>• Long experience regarding Industrial Development Financing.</li> <li>• Strong capital base.</li> <li>• Adequate provision against Non Performing Loans ( NPLs).</li> <li>• Capital surplus after maintaining required Capital Adequacy as per Basel III.</li> </ul>
W = Weakness	<ul style="list-style-type: none"> <li>• Insufficient number of branches across the country.</li> <li>• Huge amount of Non Performing Loans.</li> <li>• Shortage of manpower.</li> </ul>
O = Opportunity	<ul style="list-style-type: none"> <li>• Low lending rate compared to private commercial banks.</li> <li>• Diversification of asset portfolios through introducing new products and services according to customers requirement.</li> <li>• Expansion of Branch Banking Network.</li> <li>• Scope of financing in large and reputed corporate group as banks in private sector are suffering liquidity crisis.</li> </ul>
T = Threat	<ul style="list-style-type: none"> <li>• The COVID-19 pandemic impact.</li> <li>• Intense competition in the domestic market.</li> <li>• Global economic slowdown.</li> <li>• Strict capital requirement under Basel III.</li> <li>• Sharp rise in the interest rate on deposit.</li> <li>• Increasing business risk.</li> </ul>

## ANNUAL PERFORMANCE AGREEMENT (APA);

A performance agreement methodology was introduced in 2015, by the Financial Institution Division, Ministry of Finance, Government of the People's Republic of Bangladesh with the objective of achieving the Government's Election Manifesto 2018, Perspective Plan 2021-2041, Eighth Five Year Plan 2021-2025 through improving the performance of the state owned commercial banks of Bangladesh to a satisfactory level.

Consequently, an “Annual Performance Agreement-APA” was signed between the Senior Secretary of Financial Institution Division and the Managing Director and CEO of BDBL for the financial year 2020-21. Various achievement evaluation reports against the targets for various agreed criteria are being submitted periodically (quarterly, half-yearly and annually) to the Ministry of Finance as per their direction.

## CHALLENGES for 2021:

BDBL identifies the following challenges which it may have to face and overcome during 2020:

- Resulting from COVID-19 effects on business, the bank will derive considerably reduced interest income from loans and advances.
- Fees, commissions, income from capital market and other income including rent will also be considerably reduced.
- Shortage of low cost deposits in our deposit mix.
- Insufficient number of branches in all districts and Upazilas;
- Withdrawal of government institutional funds and other deposits;
- Higher classified loans (NPL) and declining recoveries.
- Lack of good and promising entrepreneur and customers;
- Shortage of skilled and trained manpower.

## FUTURE OUTLOOK FOR THE BANK: 2021 AND BEYOND:

Considering the macro and global economic scenario, ongoing liquidity pressure and interest rate in the market along with monetary policy stance, the bank in 2021 will continue to strengthen its growth and brand image by expanding business activities, particularly in the area of SME and agro-based industries, green banking, trade finance, export and import business, foreign remittance and retail banking. Keeping in view the bank's goals, targeted growth in the annual budget has been determined for deposit, loans and advances specially loan for SMEs and green banking, export and import business including other activities.

The targeted growth will be supported by introduction of a number of new products and services particularly in SME, retail banking, export and import business along with expansion of new branch and upgradation of IT and online banking system to provide quality and faster services to the customers. Human resources will also be strengthened to improve operational efficiency and productivity.

Besides, BDBL plans to implement the following initiatives:

- In order to bring modern digitized services to the customers, we have already started issuing debit cards, opening 8 sub-branches, launching internet banking and mobile apps in 2021. As a result of these implementation, the amount of foreign remittances and low interest bearing deposits will increase. The goal is to bring BDBL's digital services to people's doorsteps by 2021-2022.
- Focus on increasing Low Cost Deposits.
- Within 2021 strive to decrease Non Performing Loans (NPL) to Taka 500.00 crore from Taka 596.26 crore.
- Strengthen the due diligence practices and monitoring activities to curb increasing fresh Non Performing Loans.
- Disburse Tk. 1005.00 crore fresh loans during 2021 to various business segments.
- Increase digital banking activities.
- Decrease the number of loss incurring branches.
- Open 3 (Three) new branches in commercially vibrant areas.
- Commence Internet Banking, Mobile Banking & e-business;
- Promotion and posting of employees on merit and performance based;
- Improve corporate governance, strengthen internal control and compliance;
- Involve the top Management & Board for loan recovery from the large defaulters;
- Greater use of allowing rebate/incentive facilities to good borrowers as per guidelines of the central bank; and
- Aligning repayment period with the nature of projects and ground realities of project implementation.

In order to support sustainable long-term growth and profitability and for the benefit of all stakeholders, the bank will continue to adhere to good corporate governance practices, sound risk management policies and prudent credit policies and practices. The bank looks forward to greater success in enhancing Shareholders' value in 2021.

## ACKNOWLEDGEMENT:

The Members of the Board of Directors of the Bank would like to place on record their gratitude to the depositors, customers, patrons, well-wishers, auditors and other stakeholders for their continued support and cooperation, without which the bank would not have been able to make progress.

The Board also places on record its appreciation for the senior management team including officers and staff for their dedicated and committed services.

In particular, the Board offers sincere thanks for the guidance and generous co-operation received from the Financial Institutions Division, Ministry of Finance, Government of the People's Republic of Bangladesh and Bangladesh Bank. Bangladesh Securities and Exchange Commission, Registrar of Joint Stock Companies and Firms, Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited deserve our gratitude for their valuable support, co-operation and assistance for enabling the bank to undertake new measures and initiatives since its inception.

The Board also expresses its appreciation to K.M. HASAN & CO and ACNABIN, the Auditors of the bank, for completion of the audit in time.

Finally, the Board thanks the representatives of shareholder i.e. Government of Bangladesh and assure them of its commitment to add value to the shareholders' wealth and to develop the bank as a service-oriented and environment-friendly modern, dynamic and forward-looking financial institution in future.

On behalf of the Board of Directors



**(Md. Ekhlashur Rahman)**  
Director

# Report on Credit Rating

In compliance with the circular of Bangladesh Bank, Bangladesh Development Bank Limited appointed Alpha Credit Rating Limited to evaluate the Credit Rating of the bank.

The Credit Rating of the Bank for the year 2020-2021 was as follows:-

## Credit Rating awarded by Emerging Credit Rating Limited

Date of Declaration	Valid Till	Rating Mode	Long Term Rating	Short Term Rating	Outlook
31 July, 2020	30 July, 2021	Government Support	AAA	ST-1	Stable
		Without Government Support	A-	ST-3	Developing

Rating	Meaning
AAA	Indicates Exceptionally Strong Capacity
A-	Indicates Very Strong Capacity
ST-1	Indicates Superior Capacity
ST-3	Indicates Adequate Capacity
Stable	Indicates Rating is likely to remain unchanged
Developing	Indicates that a Rating may be raised, lowered or remain unchanged

The above rating has been declared by Emerging Credit Rating Limited on the basis of bank's Audited Financial Statements of 2016, 2017, 2018 & 2019 as well as the following quantitative and qualitative factors :-

A. Quantitative Factors:	B. Qualitative Factors:
i) Capital Adequacy	i) Govt. Support
ii) Assets Quality	ii) Ownership
iii) Funding & Leverage	iii) Management Quality
iv) Liquidity & Requirements	iv) Risk Management
v) Earning Quality	v) Compliance with the Statutory Reserve
vi) Market Sensitivity	vi) Accounting Quality
	vii) Area and Size of Market



## Report of the Board Audit Committee

In compliance with the guidelines of Bank Companies Act, Bangladesh Bank's guidelines, notifications of Bangladesh Securities & Exchange Commission (BSEC) and International Best Practices of Corporate Governance, the Audit Committee of the Board of Bangladesh Development Bank Limited was formed by the Board of Directors of the bank with a view to ensuring the achievement of objectives of the bank, efficiency of operations and compliance with applicable laws, rules, regulations and internal policies to make the bank a unique, strong and dependable organization for all stakeholders, specially shareholders, depositors and the society as a whole.

### Objectives of the Audit Committee

- Review the financial reporting process, the system of internal control and compliance approach to manage risks, the audit process, findings of the Central Bank's comprehensive audit and the Bank's processes for monitoring compliance of laws and regulations and its own code of business conduct.
- Assist the Board in fulfilling its oversight responsibilities including implementation of the objectives, strategies, policies and overall business plans set by the Board for effective functioning of the Bank.

### Role and Responsibilities of the Audit Committee

The roles and responsibilities of Audit Committee of BDBL has been chalked out on the basis of BRPD Circular No. 11 dated 27 October, 2013, new corporate governance notification issued by BSEC, dated 07 August, 2012 and other best practice corporate governance guidelines and standards. The important roles and responsibilities of audit committee are described below:

- i) Review the Internal Control System of the bank to ensure that sufficient Risk Management System is in place to manage core risk of the bank.
- ii) To consider reports relating to fraud, forgery, deficiencies in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authority and place it before the Board after reviewing whether necessary corrective measures have been taken by the management.
- iii) Review the Internal Audit Procedure.
- iv) Review the efficiency and effectiveness of Internal Control System.
- v) Consider the recommendations made by the internal and external auditors.
- vi) Ensure fair presentation of financial statements in compliance with the Bangladesh Accounting Standards and Bangladesh Financial Reporting Standards.
- vii) Review compliance with the applicable rules and regulations of Bangladesh Bank, BSEC, Bank Companies Act- 1991 (amended in July, 2013) and Companies Act, 1994.
- viii) Report immediately to the Board of Directors on conflict of interest.

## Composition of the Committee

The Audit Committee was reconstituted by the Board of Directors of the bank with the following members :-  
(As on 31.12.2020)

Sl. No.	Name	Qualification	Status with the Bank	Status with the Committee
1.	Md. Ekhlasur Rahman	B.S.S. (Honours), M.S.S, MBA, Post Graduate Diploma in International Relations and Development	Director	Chairman
2.	Md. Abu Hanif Khan	B.Sc (Honours), M.Sc. in Economics.	Director	Member
3.	Kazi Tariqul Islam	B. Sc (Honours) & M. Sc in Physics; Masters in Journalism & Masters in L L B.	Director	Member
4.	Subhash Chandra Sarker	B.S.S (Honours), M. S. S (Social Science) & M. Sc. (Econ), University of Wales Swansea, UK.	Director	Member

## Meetings of the Audit Committee

During the Year 2020, 8 (Eight) meetings of the Committee were held.

## Activities during the year

The Audit Committee carried out the following activities during 2020 :-

- Reviewed the comprehensive inspection report of Bangladesh Bank, evaluated compliance status thereof and advised the bank management to take necessary action as required.
- Reviewed performance of internal audit, 2019.
- Reviewed audited accounts and report of 2019 and recommended those audited report to place to the Board.
- Reviewed inspection report of different branches of the bank conducted by Internal Control and Compliance Department of the bank and advised the bank management to rectify the irregularities detected by the inspection team without delay.
- Reviewed cost of fund of the bank.
- Reviewed the compliance status of audit objections and advised the management to ensure full compliance of regulatory and legal issues meticulously.
- Reviewed annual financial statements of the bank with appointment of external auditors prior to submission to the Board for their approval.
- Reviewed Internal Audit Procedure of the bank and Internal Audit Program for 2020.
- Reviewed and approved the action plan for turning loss-incurring branches into profitable branches.
- Reviewed revised annual budget of 2019 including estimated budget of 2020 and recommended measures to achieve the targets in respect of deposit, loan disbursement and recovery of classified loan.
- Reviewed quarterly, half yearly and interim financial statements of the bank prior to recommending them for review by the Board.
- Reviewed operational performance of the bank from time to time and recommended remedies for improvement of performance of the bank.
- Reviewed overall IT system of the bank.

## Acknowledgement

In conclusion, I would like to extend my sincere thanks to all members of the Audit Committee for allotting their valuable time with continuous support to go ahead with the task of Audit Committee and also express my profound gratitude to the members of Board for allowing the committee to discharge its due role independently.

I also express my thanks and gratitude to the management, auditors, regulatory authorities particularly, Bangladesh Bank and Financial Institutions Division, Ministry of Finance for their cordial cooperation in performing the duties with due diligence.

For and on behalf of Audit Committee



**Md. Ekhlashur Rahman**  
Chairman  
Board Audit Committee



## Report of the Board Risk Management Committee

Risk is an integral part of banking business activities. This includes Credit risk, Foreign Exchange risk, Money Laundering and Terrorist Financing Risk, Asset-Liability Management Risk, Environmental and Social Risk, ICT Security Risk, Internal Control & Compliance risk etc. So, risk management is an essential part of planning for business especially for banking business where liquid assets are involved.

The main objectives of the committee are to set a comprehensive risk management policy and process of the Bank and to ensure a continuous sound banking practices through identifying, assessing, prioritizing and managing different types of risks. Risk management is also designed to protect the employees, customers and general public from negative events.

### Composition of the Committee

In compliance with BRPD Circular, the Board of Directors of BDBL constituted the Board Risk Management Committee (BRMC) with the following 5 (Five) honorable members:- (As on 31.12.2020)

Sl. No.	Name	Status with the Bank	Status with the Committee
1.	Mohammad Mejbahuddin	Chairman	Chairman
2.	Md. Abu Hanif Khan	Director	Member
3.	Kazi Tariqul Islam	Director	Member
4.	Md. Abu Yusuf	Director	Member
5.	Quazi Shairul Hassan	Director	Member

### Roles and Responsibilities of BRMC

The roles and responsibilities of BRMC of BDBL have been framed in line with the provisions of BRPD Circular No. 11, dated 27 October, 2013 including other best practices and standards. The important roles and responsibilities as framed by the Board are highlighted below:

- To assess and identify risks and formulation of strategy to control risk.
- To design organizational structure for assessing and monitoring credit risk, foreign exchange risk, internal control and compliance risk, money laundering risk, IT risk etc.
- To review and approve Risk Management Policies and Guidelines at least once in a year and amendment of the policies with the approval of the Board of Directors.
- To review and monitor Risk Reporting System.
- To supervise overall Risk Management Policy implementation and take necessary steps to mitigate credit risk, market risk, operational risk including other risk.
- To review all the reports prepared by Risk Management Department such as Basel-III, stress testing, ICAAP, risk management papers, etc.

## Compliance with Existing Laws and Regulations

The committee reviews whether the laws and regulations introduced by the Central Bank and internal circulars/instructions/policies regulations approved by the Board of Directors are complied appropriately.

### Meeting of the Board Risk Management Committee (BRMC) in 2020

The BRMC of BDBL held 4 (four) meetings during 2020 having detailed discussions and review sessions with Chief Risk Officer (CRO) regarding their findings, observations and recommendations on the issues of the bank affairs that need improvement. The major areas covered by BRMC were as follows:

- Reviewed various risk related business activities and advised to take corrective measures for improvement of Risk Management Policy and checklist.
- Reviewed various circulars of Bangladesh Bank relating to risk management.
- Reviewed activities of Management Level Risk Management Committee and advises for making the committee more dynamic.
- Reviewed monthly and quarterly Risk Management Report of the bank.
- Reviewed management of Non-Performing Loans (NPLs) of the bank and advised to initiate action plan to reduce classified loans.
- Reviewed litigation measures against written-off and defaulted projects to expedite overall recovery of the bank.
- Reviewed top 20 (twenty) defaulted borrowers and advised to recover or declassify these loan accounts.
- Reviewed and approved Internal Capital Adequacy Assessment Process (ICAAP) report.
- Reviewed time-to-time liquidity position of the Bank.

The Board Risk Management Committee will need to keep its vigil and watchful monitoring in the coming months to anticipate and manage potential risks before they become a threat to the effective running of the bank. It appears that the Bank's Internal Control and Compliance Department needs a thorough overhauling structural, operational and human resource- to ensure that the Bank remains risk-free in its main areas of operations. Another critical area for the BRMC to work in future would be to monitor investment by the Bank of its surplus funds.

In conclusion, I would like to express my heartiest thanks to the members of the BRMC for their valuable contribution and guidance. I am also thankful to the executives and officers of the Risk Management Department for their activities to carry forward the function of risk management. I take the advantage of extending my sincere thanks to the Board of Directors of the bank for encouraging the BRMC to perform its responsibilities with the right directions as set by the Central Bank as well as by the Board of Directors of the bank.

For and on behalf of the Board Risk Management Committee



**(Md. Ekhlasur Rahman)**  
Director

## Report on Risk Management



Our effort is to build up a strong shield against risk throughout the bank. Our aim is to minimize risk by developing an early alert system and avoiding internal and external vulnerabilities. Risk management of the bank strives for keeping everything safe and secure. We believe our wealth maximization goal founded on a sound risk culture and a strong capital base.

# Report on Risk Management

Risk Management has become one of the most sensitive and crucial factors in the banking business all over the world. Risks in banking are getting diversified more rapidly than it can be imagined. Banks are obliged to establish a comprehensive and reliable risk management system, integrated in all business activities and providing for the bank risk profile to be always in line with the established risk propensity.

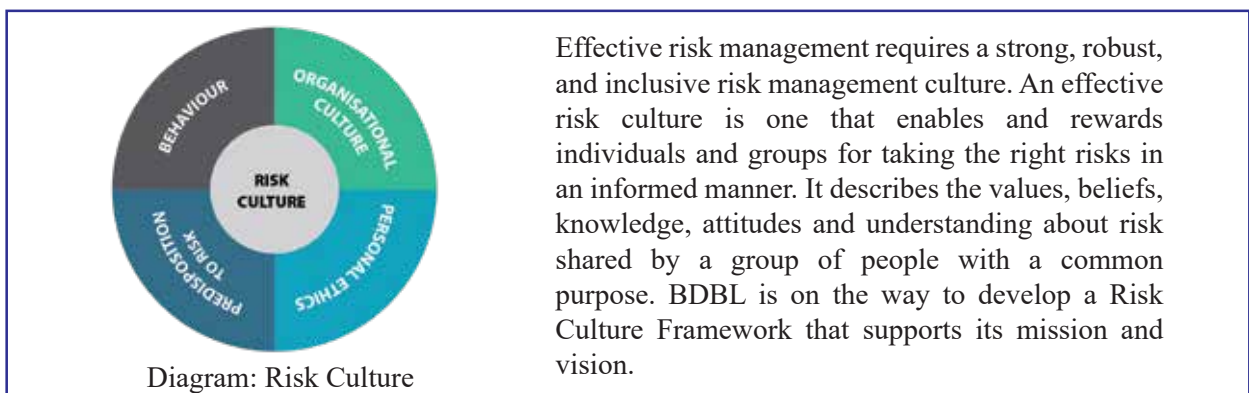
To mitigate those risk factors, appropriate steps are being taken under the supervision of the top management of the bank continuously. The overall focus of Risk Management of BDBL in 2020 was on maintaining the risk profile in line with its strategy, strengthening its capital base and supporting the strategic goals.

## Risk Management:

The process of assessing or measuring the actual or potential dangers of a particular situation can be defined as Risk Management. It encompasses identification, analysis, assessment, control, and avoidance, minimization, or elimination of unacceptable risks. To ensure proper management of future events, an organization may use risk assumption, risk avoidance, risk retention, risk transfer, or any other strategy.



## Risk Culture:



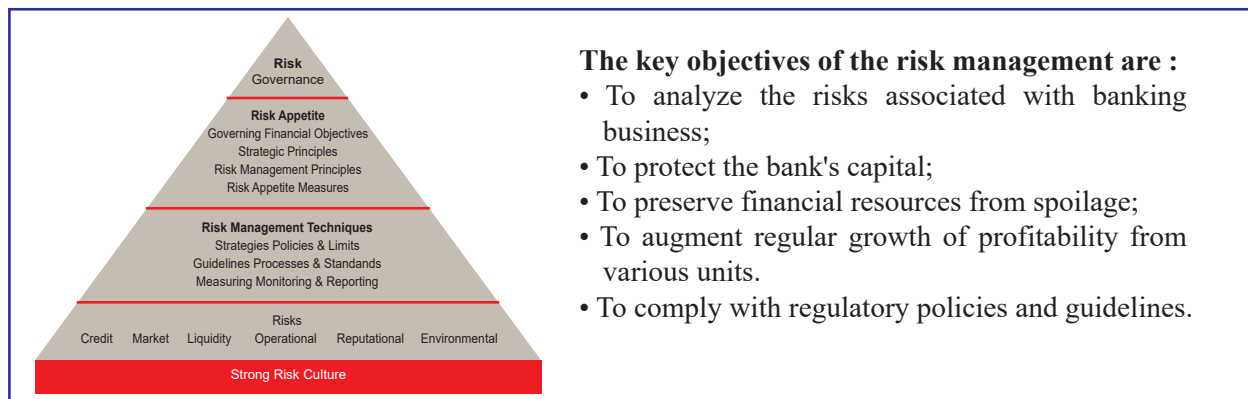
## Risk Appetite:

Risk appetite statement plays an important role in cascading the risk strategy down through the institution. Risk appetite describes the absolute risks a bank is a priori open to take; while risk tolerance relates to the actual limits that a bank has set. It includes metrics and indicators in relation to specific risk types. Bank's strategy details the long-term, and in some cases, short-term goals and objectives, as well as how progress toward their achievement is measured. Along with business goals, the bank sets risk goals and risk

strategies which enable them to achieve the desired risk profile. The board of directors sets the strategies and the senior management is responsible for implementing those strategies and communicating them throughout the organization. The risk-appetite statement of BDBL is well-embedded and consistent with the bank's capacity to take risk, taking into consideration the capital constraints, and potential profit and loss consequences.

### Risk Management framework of BDBL:

The primary goals of risk management are to ensure that the outcomes of risk-taking activities are consistent with the bank's strategies and risk appetite, and that there is an appropriate balance between risk and reward in order to maximize return. The bank's risk management framework provides the foundation for achieving these goals. The framework is subject to constant evaluation ensuring that it meets the challenges and requirements of the market in which the bank operates, including regulatory standards and industry best practices.



BDBL has established a separate department named Risk Management Department as per the guidelines of Bangladesh Bank. The department is headed by a Deputy General Manager with the responsibilities to upgrade, develop and implement the policies and guidelines of Bangladesh Bank to address the core risks of the bank.

### Management Organization:

The Risk Management governance structure is demonstrated as:

Board of Directors	➤	Approves policies and procedures of Risk Management (RM).
Board Risk Management Committee (BRMC)	➤	Reviews risk management policies and risk related activities of the bank.
Supervisory Review Process (SRP) Team	➤	Assesses overall capital adequacy in relation to the risk profile of the bank, implements strategy for maintaining capital at an 'adequate level' through monitoring and reporting.
Executive Risk Management Committee (ERMC)	➤	Monitors and reviews adequacy & efficacy of control systems by organizing monthly meeting on various risk issues regarding the Risk Management Report to determine strategies in consistent with risk management policy and findings of the reports.
Core Risk Management Committee	➤	Core Risk Management Committee (i.e. Credit Risk Management, Asset Liability Risk Management, Money Laundering & Terrorist Financing Risk Management (Central Compliance Committee), Internal Control and Compliance Risk Management, ICT Security Risk Management, Environmental Risk Management & Green Banking) is playing its due role in addressing, assessing, monitoring, mitigating and controlling various risks at different levels. As per Terms of Reference the committee performs its activities and submits risk related issues to the competent authority of the bank in order to strengthen risk management culture.

As per Bangladesh Bank’s Department of Off-site Supervision (DOS) Circular No.04, dated 08/10/2018, bank’s General Manager, IT and Risk Management Division is the Chief Risk Officer (CRO) who plays due role for overall risk management function.

**Risk Measurement:**

Measurement of risk is essential for its management. When a risk is identified and measured properly, it is to be said that management of that particular risk is half done. BDBL follows the commonly used methods and tools to identify and measure underlying risks in banking operations which are given below:

**Value at Risk (VaR)**

VaR is a statistical method of measuring potential loss due to market risk based upon a common confidence interval and time horizon.

**Gap Analysis**

Through Gap analysis, the bank assesses the interest rate sensitivity of re-pricing mismatches in the Bank’s non-trading operations. Interest rate sensitive assets, liabilities and off-balance sheet instruments of the bank are assigned to defined time periods based on expected re-pricing dates.

**Duration Analysis**

With the analysis, the measures the relative sensitivity of the value of these instruments to changing interest rates (the average term to re-pricing) and it reflects how changes in interest rates will affect the Bank’s economic value, that is, the present value of equity.

**Analysis of Stress Testing Results**

Analysis of Stress testing Results allow the bank to estimate the potential impact on income, capital and liquidity of significant changes in market conditions, credit environment, liquidity demands or other risk factors.

**Risk Monitoring:**

Monitoring accelerates mitigation and elimination of risks. The Bank ensures that business activities are within approved limits or guidelines and are aligned with the Bank’s strategies and risk appetite.

**Risk Mitigation Methodology:**

The bank has separate mitigation methodology for each risk. The vital and first step of risk mitigation is the identification, analysis and measurement of risks. Hence Monthly Risk Management Report (MRMR) and Comprehensive Risk Management Report (CRMRR) are prepared on monthly and half yearly basis covering all potential key risks in the bank. The Executive Risk Management Committee discusses on the report in its monthly meeting, identify the risks and gives direction to mitigate them.

**Scope of Risk Policy:**




Diagram: SWOT Analysis

Risk Management policy of the bank is based on a detailed analysis of our key strengths, weaknesses, opportunities and threats. Our competitive strengths and business opportunities clearly distinguish us from others and allow us to successfully deal with the challenges of financial markets, and to act for the best interest of our stakeholders.

Risk Management Department, in association with other relevant departments, is involved in the compilation, renewal and up-gradation process of the Core Risk Management Policies/ Manuals on the basis of latest Bangladesh Bank regulations/guidelines/instructions, Board's directive, market events and preparation of due diligence Checklists for each and every 7 (seven) core risk aiming to appropriate implementation of Core Risk Management Manuals.

### Credit Risk Management:

Credit risk management manual and checklist and Credit Policy of the bank play a vital role in managing credit risk of the bank. Credit risk in the bank's Portfolio is monitored, reviewed and analyzed by the Loan Operation Department, SME Department, General Advances Department and Loan Recovery Department. Credit Risk Management Committee of the bank independently coordinates the overall Credit Risk Management activities of the bank. Internal Credit Risk Rating system (ICRRs) is followed by BDBL as per Bangladesh Bank's instruction in compliance all the criteria. In each eligible case, ICRR report is duly signed by Chief Risk Officer (CRO) of the bank. BDBL also follows the guidelines/circulars issued by Bangladesh Bank time to time to address, assess, monitor and mitigate credit risks at different layers in loan processing. Besides, reporting is properly done by the concerned departments to the competent authority and regulatory body.

### Certificate of ICC Division:

Credit risk can be described as potential loss arising from contractual failure of the borrower with the bank. The failure may result from unwillingness or inability of the counter party in discharging financial obligation. Therefore, bank's Credit risk management activities have been designed to address all these issues. In order to strengthen smooth recovery from loans and advances the bank follows some steps before sanctioning any credit. Among these steps, taking certificate of General Manager of Internal Control and Compliance (ICC) Division regarding compliance of Credit Policy, borrower's identity especially "5 Cs" and updated CIB report of any credit of Tk. 5.00 crore or above is notable. In BoDs' 254th meeting held on 27/07/2020, among others, it has been decided that the General Manager of ICC Division must provide certificate of authenticity of any credit of Tk. 5.00 crore or above ensuring compliance of aforesaid terms and conditions before sending the proposal to Credit Committee.

### Picture of Total Loans and Advances of BDBL

Particulars	December 2020	December 2019
Total Loans and Advances	2128.97	1998.39
Classified amount (Opening)	766.25	889.56
Less: Total recovery adjustment during the year	33.65	52.48
Add: Newly classified during the year	-	-
Less: Newly declassified during the year	136.34	70.83
Classified amount (Closing)	596.26	766.25
% of Classified loan	28.01 %	38.34%

### Asset and Liability Risk Management:

BDBL has an "Asset Liability Committee (ALCO)" comprising of eleven (11) members headed by Managing Director & CEO. The Committee monitors and controls balance sheet risk, liquidity risks, Advance Deposit Ratio (ADR), deposit mix, credit mix, gap analysis etc. under the leadership of Managing Director & CEO of the Bank. ALCO reviews liquidity requirement of the bank, the maturity of assets and liabilities, deposit and credit pricing strategy, sensitivity of assets and liabilities, management indicators/ratios and the liquidity contingency plan. The bank is always maintaining optimum liquidity with required regulatory compliance. Besides, the bank follows Asset Liability Management Manual & Checklist to manage liquidity risk.

### Foreign Exchange Risk Management:

Foreign Exchange Risk is defined as the possibility of losses due to change in exchange rate according to market forces. The Foreign Exchange Risk of the bank is minimal as Foreign Exchange Risk Management Manual and Checklist is strictly followed by the bank. Treasury Department independently conducts the transactions and the Back Office of Treasury is responsible for verification of the deals and passing of their entries in the books of accounts. All foreign exchange transactions are revalued at Mark-to-Market rate as determined by the Bangladesh Bank at the month-end. All Nostro accounts are reconciled on monthly basis and outstanding entries beyond 30 days are reviewed by the Management for settlement.

### Money Laundering and Terrorist Financing Risk Management:

Money laundering risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. For mitigating the risk, the bank has designated Chief Compliance Officer at Head Office and Compliance Officer at branches, who independently review the transactions of the accounts to verify suspicious transactions. Risk Management Guideline & Manual for Prevention of Money Laundering and Terrorist Financing has been prepared and uniform Know Your Customer (KYC) and Transaction Profile (TP) have been introduced. Moreover, Executives and Officers are being provided in-house, BIBM and Bangladesh Bank training sessions/workshops for developing awareness and skill for identifying suspicious transactions and other Money Laundering related activities.

BDBL has a Central Compliance Committee (CCC) headed by the Chief Anti Money Laundering Compliance Officer (CAMLCO) designated as Deputy Managing Director to supervise the overall Anti Money Laundering (AML) and Combating Financing of Terrorism (CFT) activities. Each branch of BDBL has Branch Anti Money Laundering Compliance Officer (BAMLCO) who is responsible for compliance of Bangladesh Bank instructions relating to AML/CFT activities in the branch. Risk is identified by the Branch through analyzing the KYC, TP and Suspicious Transaction Report (STR) indicator. CTR (Cash Transaction Report) is sent to the Head Office on monthly basis for cash transaction of 10 (ten) lac and above of an account in a day. All these reports are sent to Bangladesh Bank through special software, goAML. If any suspicious transaction happens, STR is reported to as per Bangladesh Bank.

### Internal Control and Compliance Risk Management:

Operational loss may arise from errors and fraud due to regulatory failure of Internal Control and Compliance. Internal Control and Compliance Division undertakes periodical and special audit of the branches and Departments at Head Office for review of the operation and compliance of the statutory requirement. The Audit Committee of the Board regularly reviews the report of the Internal Control and Compliance Division. Besides, Internal Control & Compliance Risk Management Manual of the bank plays crucial role in addressing, assessing, monitoring, mitigating and controlling the risks associated with Internal Control and Compliance (ICC).

Internal Control and Compliance (ICC) Division comprises with the three Departments mention below, to manage and monitor the cross divisional and cross regional operational risk as well as risk concentrations at branch level.

**Audit & Inspection Department:** The Department carries out general & specialized audit on all units of the Bank in order to identify, assess and measure the level of risks (High, Medium and Low).

**Compliance Department:** The Department monitors compliance activities of all branches, Offices and departments under internal and external audit (Bangladesh Bank Audit/Inspection, Commercial Audit, External Audit /statutory audit and other regulatory authorities).

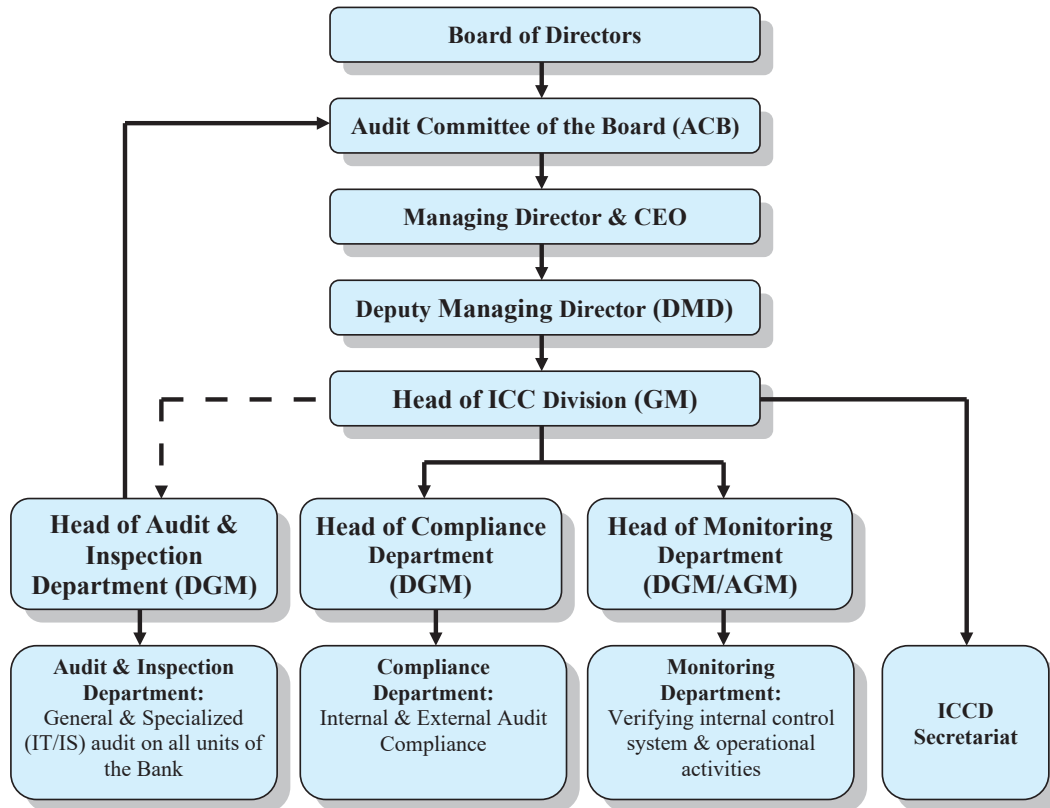
### Monitoring Department:

- i) Verifies the internal control system & operational activities by implementing of Departmental Control Function Checklist (DCFCL), Quarterly Operations Report (QOR), Loan Documentation Checklist (LDCL) at Branch level;



- ii) Ensures timely and effective audit including ICT Audit by Internal Control Team;
- iii) Assists Audit & Inspection Department in Risk Based Internal Audit by assessing department wise risk (Off sight Analysis) with grading of all branches;
- iv) Prepares and submits Self-Assessment of Anti-Fraud Internal Controls report and Bank's Health report to Bangladesh Bank.

Internal Control and Compliance (ICC) structure of BDBL is shown below:



### Information & Communication Technology Risk Management

Information technology has improved over the years and BDBL is gradually becoming dependent on its use for performing most of the activities. Information & Communication Technology (ICT) encompasses all fields of data/information processing, transmission and communications by means of computers and telecommunication techniques.

For smooth operation of the bank's activities with desirable efficiency, a network-based computerized system is established in the bank. A reliable computer-based information system is essential for efficient management and operation of all the areas of the organization and the bank is moving towards that direction.

Risk management is an important business discipline that an organization should embrace to minimize the effects of risks on its returns and capitals. Bank has introduced two different departments namely Information Technology (IT) Operation and IT System Department to manage all the IT activities in sound, compliant and standard manner. Bank has built standard and compliant Data Centre (DC) in its Head Office premises. Also, a near Disaster Recovery Site (DRS) has been placed at bank's Karwan Bazar Bhaban, Dhaka. Far DRS is being planned to set up at Jashore. There are sufficient physical as well as logical access control systems to protect the bank's IT assets and client interest usefully. The sensitive information is kept in the restricted area in the networking environment.

## Environmental Risk Management and Green Banking

Environmental risk is a facilitating element of credit risk arising from environmental issues. These increase risks as they bring an element of uncertainty or possibility of loss in the context of a financing transaction.

“Environmental and Social Risk Management Policy” of BDBL has been prepared to address the Environmental and Social Risks. The main objective of the policy is to contribute to establish an environment friendly banking business system which may be achieved through proper utilization of human & physical resources and encouraging channeling of fund to projects/businesses those expose no or very little risk to the environment/climate. Besides, Sustainable Finance Committee is working to mitigate the risks arising from the business operation.

## Basel Accord & Framework

The Basel Accord is the cornerstone of international risk-based banking regulation and banking supervision. The Basel Framework is a banking risk and capital management framework dealing with three distinct areas commonly known as pillars where-

- Pillar-1:** Minimum Capital Requirement (MCR) under Risk Based Capital Adequacy
- Pillar-2:** Supervisory Review Process (SRP)
- Pillar-3:** Market Discipline through disclosure of material information

The bank is following “Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III) December 2014” of the Bangladesh Bank.

Basel-III is an extended version of Basel-II. In fact, it is a part of continuous effort made by the Basel Committee on Banking Supervision (BCBS) to enhance the Banking regulatory framework by improving the regulation, supervision and risk management within the Banking sector. It mainly focuses on:

- (a) Strengthening Capital Base;
- (b) Maintaining Liquidity Standards;
- (c) Seeks to improve the Banking sector’s ability to deal with financial and economic stress;
- (d) Improved risk management;
- (e) Strengthen the Bank’s transparency and
- (f) Foster greater resilience at the individual Bank level.

Basel III also contains entirely new liquidity requirements: the Net Stable Funding Ratio (NSFR) and the Liquidity Coverage Ratio (LCR).

Regular reporting is ensured by Central Accounts Department and Risk Management Department to the Department of Offsite Supervision (DOS) and Banking Regulations and Policy Department (BRPD) of Bangladesh Bank.

## Pillar-1: Minimum Capital Requirement (MCR) under Risk Based Capital Adequacy

The first pillar deals with maintenance of regulatory capital calculated for three major components of risk that a Bank faces: credit risk, operational risk and market risk.

Comparative scenario of Minimum Capital Requirement (MCR) of BDBL as per Risk Based Capital Adequacy Statement (Basel III) is as follows:

(Tk. in crore)

Regularity Capital	December 2020	December 2019
Tier-1 Capital [Common Equity Tier-1 Capital (CET-1) (i.e. Going-Concern Capital) + Additional Tier-1 Capital (AT-1)]	1044.60	987.98
Tier-2 Capital (Gone-Concern Capital)	12.67	11.57
<b>Total Regularity Capital</b>	<b>1057.27</b>	<b>999.55</b>
<b>Total Risk Weighted Assets (RWA)</b>	<b>4620.50</b>	<b>4506.82</b>
Required Capital (10% of RWA)	462.05	450.68
Capital Conservation Buffer (2.5% of RWA)	115.51	112.67
<b>Minimum Capital Requirement (MCR) with Conservation Buffer</b>	<b>577.56</b>	<b>563.35</b>
<b>Capital Surplus</b>	<b>479.71</b>	<b>436.20</b>
<b>Capital to Risk Weighted Assets Ratio (CRAR)</b>	<b>22.88%</b>	<b>22.18%</b>
Tier-1 Capital to RWA	22.61%	21.92%
Tier-2 Capital to RWA	0.27%	0.26%

Comparative scenario of Risk Weighted Assets (solo) as per Statement of Risk Based Capital Adequacy (Basel III) is as follows:

Risk Weighed Assets (RWA)	December 2020	December 2019
Credit Risk Weighted Assets	3450.84	3441.73
Market Risk Weighted Assets	852.62	721.40
Operational Risk Weighted Assets	317.04	343.69
<b>Total Risk Weighted Assets (RWA)</b>	<b>4620.50</b>	<b>4506.82</b>

### Pillar-2 Supervisory Review process

The key principle of the Supervisory Review process (SRP) as per Bangladesh Bank Guidelines is that “banks have a process for assessing overall capital adequacy in relation to their risk profile and a strategy for maintaining their capital at an adequate level”.

BDBL has an exclusive body called SRP team where RMD is an integral part. RMD, under direct supervision of SRP team of BDBL, prepares ICAAP (Internal Capital Adequacy Assessment Process) for assessing the bank’s overall risk profile and a strategy for maintaining adequate capital. BDBL has a capital plan to raise its capital against risks to fulfill the Bangladesh Bank’s requirement.

**To assess required capital in pillar-2, the risk that is considered are:**

01. Residual risk
02. Credit concentration risk
03. Interest rate risk in the banking book
04. Liquidity risk
05. Settlement risk
06. Reputation risk
07. Strategic risk
08. Environmental and climate change risk
09. Other material risk

### **Pillar – 3: Market Discipline through disclosure of material information**

BDBL has its own disclosure framework for disclosure of its material information which is the requirement of pillar-3 of Basel III. It includes both qualitative and quantitative information that are important for the stakeholders. The disclosure framework of BDBL is approved by the bank's Board of Directors and it describes the bank's risk management objectives and policies for each separate risk area (credit, market, operational, banking book interest rate risk, equity), including:

- strategies and processes;
- the structure and organization of the relevant risk management function;
- the scope and nature of risk reporting and/or measurement system;
- Policies for hedging and / or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/mitigates.

#### **BDBL also disclosed the following components in a tabular form:**

- Scope of application
- Capital structure
- Capital adequacy
- Minimum Capital Requirement
- Credit risk
- Equities; disclosure for banking book positions
- Market risk
- Operational risk
- Liquidity Ratio
- Leverage Ratio

The disclosure of BDBL based on audited financial statements is available in the Bank's website and annual report.

## Market Disclosures for December 2020 Under Pillar-III of Basel III

The regulatory requirement of market disclosure is imposed by Bangladesh Bank to ensure the implementation of Risk Based Capital Adequacy (RBCA) – Basel-III and making banks more transparent to the stakeholders so that they can take rational economic decision. The reports will enable market participants to assess more effectively key information relating to a bank’s regulatory capital and risk exposures in order to instill confidence about a bank’s exposure to risk and overall regulatory capital adequacy.

The qualitative and quantitative disclosures of the bank under Basel-III requirements based on the provisional financial statements of 31 December, 2020 are prepared as per the guidelines of Bangladesh Bank “Risk Based Capital Adequacy for Banks” to establish more transparent and more disciplined financial market.

### a) Scope of application

Qualitative Disclosures	(a)	The name of the top corporate entity in the group to which this guideline applies.	<b>Bangladesh Development Bank Limited (BDBL).</b>
Qualitative Disclosures	(b)	An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group (a) that are fully consolidated; (b) that are given a deduction treatment; and (c) that are neither consolidated nor deducted (e.g. where the investment is risk-weighted).	<p>Bangladesh Development Bank Limited (BDBL) has 2 (two) subsidiaries viz. (i) BDBL Securities Limited and (ii) BDBL Investment Services Limited.</p> <p><b>A brief description of the bank and its subsidiaries is stated below:</b></p> <p><b>Bangladesh Development Bank Limited:</b></p> <p>Bangladesh Development Bank Limited (“BDBL” or the “Bank”) was incorporated on 16 November 2009 under the Companies Act, 1994 as a public limited company and governed by the bank company Act, 1991 (as amended in 2018) to acquire and take-over, as going concern, the undertakings and businesses of statutory bodies of Bangladesh Shilpa Bank (BSB) and Bangladesh Shilpa Rin Sangstha (BSRS) constituted respectively under the Bangladesh Shilpa Bank Order, 1972 (President Order No.129 of 1972) and Bangladesh Shilpa Rin Sangstha Order, 1972 (President Order No.128 of 1972) with all of their assets, benefits, rights, powers, authorities, privileges, liabilities, borrowings and obligations and to carry on with the same business. Two vendors agreement was executed between the Government of the People’s Republic of Bangladesh and Bangladesh Development Bank Limited on 31 December 2009 in this regard.</p> <p><b>Subsidiaries of BDBL:</b></p> <p><b>i) BDBL Securities Limited:</b></p> <p>BDBL Securities Limited, a fully owned subsidiary company which was incorporated on 23 May, 2011 with the Registrar of Joint Stock Companies &amp; Firms with paid up capital of Tk. 200.00 million. The company is a member of Dhaka Stock Exchange Ltd. (DSE) and Chittagong Stock Exchange Ltd. and obtained Stock Broker and Stock Dealer License of DSE on 18.01.2012 and CSE on 15.05.2012.</p>

			<b>ii) BDBL Investment Services Limited:</b> BDBL Investment Services Limited, a fully owned subsidiary company which was incorporated on 06 August, 2014 with authorized and paid up capital of Tk. 500.00 million and 200.00 million respectively. A vendors Agreement was signed on 11 September, 2014 between BDBL and BISL for transfer of membership of DSE Trading Right Entitlement Certificate (TREC) # 152 & Shares (7,215,106 share10TK per). DSE approved conversion of DSE TREC # 152 & Shares in favor of BISL at its 813 <sup>th</sup> Board Meeting held on 26 November 2015 and then BSEC issued Stock Dealer and Stock Broker Registration Certificate in favor of BISL on 19 January 2016.
<b>Qualitative Disclosures</b>	(c)	Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group.	Not Applicable
<b>Quantitative Disclosures</b>	(d)	The aggregate amount of surplus capital of insurance subsidiaries (whether deducted or subjected to an alternative method) included in the capital of the consolidated group.	Not Applicable

### b) Capital structure

As per Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for Banks in line with Basel III) the structure of regulatory capital consists of Tier 1, Tier 2 & Tier 3. Basel requirement for the regulatory capital is assessed in relation to overall risk exposures of a bank.

<b>Qualitative Disclosures</b>	(a)	Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in CET1, Additional Tier-1 or Tier-2.	The capital of BDBL can be classified into two tiers. The total regulatory capital will consist of sum of the following categories:  1. Tier 1 Capital (going-concern capital) a) Common Equity Tier 1 b) Additional Tier 1  2. Tier-2 Capital (gone-concern capital).  Tier-1 capital consists of CET1 and Additional Tier1 Capital highest quality capital items which are stable in nature and allow a bank to absorb losses on an ongoing basis. CET1 includes paid-up capital, statutory reserve, general reserve, retained earnings, minority interest in subsidiaries.  Tier-2 capital lacks some of the characteristics of the core capital but also bears loss absorbing capacity to a certain extent. Capital consists of applicable percentage of revaluation reserves and general provision (against unclassified loans, SMA and off-balance sheet exposures). Presently the bank does not have any debt instruments eligible for capital counting.		
<b>Quantitative Disclosures</b>	(b)	The amount of Regulatory Capital, with separate disclosure of: CET1 Capital Additional Tier 1 Capital Total Tier 1 Capital		<b>Solo</b>	<b>Consolidated</b>
				<b>Taka in Thousand</b>	
			Paid up Capital	4000000	4000000
			Statutory reserve	2614571	2614571
			General reserve	4347755	4347755
			Retained earnings	447726	676126
			<b>Total Tier-1 Capital</b>	<b>11410052</b>	<b>11638452</b>
<b>Quantitative Disclosures</b>	(c)	Tier 2 Capital	General Provision	126671	126671
			Asset Revaluation Reserve	0	0
			<b>Total Tier-2 Capital</b>	<b>126671</b>	<b>126671</b>
		Total amount of Tier I & Tier II Capital		11536723	11765123
<b>Quantitative Disclosures</b>	(d)	Regulatory Adjustments/ Deductions from capital		(964051)	(217531)
<b>Quantitative Disclosures</b>	(e)	Total eligible capital		10572672	11547592

## (c) Capital Adequacy

Qualitative Disclosures	(a)	A summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities.	<p>For computing capital adequacy the bank has adopted standardized approach for credit risk measurement, market risk measurement and basic indicator approach for operational risk measurement. Assessment of capital adequacy is carried out in combination with the capital adequacy reporting to the Bangladesh Bank.</p> <p>The bank has maintained Capital to Risk Weighted Asset Ratio (CRAR) at 22.88% on solo basis and 23.65% on consolidated basis against minimum regulatory requirement of 10% on Risk Weighted assets. Tier-I capital adequacy for solo and consolidated basis are 22.61% and 23.39% respectively against the 6% minimum requirement. Capital Conservation Buffer for the year 2020 is 12.88% on solo basis and 13.65% on consolidated basis.</p> <p>The bank's policy is to manage and maintain strong capital base considering all material risk of Basel III and the result of stress tests. The bank maintains sufficient capital level complying with the regulatory requirement to absorb all material risk and also to satisfy all other external stakeholders including depositors. The main objective of capital management process of BDBL is to ensure adequate capital to meet up its all sorts of obligations any time even in adverse condition.</p>																															
Quantitative Disclosures	(b)	Capital Requirement for Credit Risk		<table border="1"> <thead> <tr> <th></th> <th>Solo</th> <th>Consolidated</th> </tr> <tr> <th colspan="3">Taka in Thousand</th> </tr> </thead> <tbody> <tr> <td>On-Balance Sheet</td> <td>34017295</td> <td>33912540</td> </tr> <tr> <td>Off-Balance Sheet</td> <td>491097</td> <td>491097</td> </tr> </tbody> </table>		Solo	Consolidated	Taka in Thousand			On-Balance Sheet	34017295	33912540	Off-Balance Sheet	491097	491097																		
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(d) Credit Risk

<p><b>Qualitative Disclosures</b></p>	<p>(a)</p>	<p>The general qualitative disclosure requirement with respect to credit risk, including:</p> <ul style="list-style-type: none"> <li>•Definitions of past due and impaired (for accounting purposes);</li> </ul>	<p>Bank classifies loans and advances into performing and non-performing loans (NPL) in accordance with the Bangladesh Bank guidelines in this respect.</p> <p>An NPA (impaired) is defined as a loan or an advance where interest and/ or Installments of principal remain overdue for more than 90 days in respect of a Continuous credit, Demand loan or Term Loan etc. Classified loan is categorized under following 03(three) categories:</p> <p>I. Substandard  ii. Doubtful  iii.Bad&amp; Loss</p> <p><b>Any continuous loan will be classified as:</b></p> <p>i.<b>Sub-standard-</b> if it is past due/overdue for 3 months or beyond but less than 6 months.</p> <p>ii.<b>Doubtful-</b> if it is past due/overdue for 6 months or beyond but less than 9 months.</p> <p>iii.<b>Bad/Loss-</b> if it is past due/overdue for 9 months or beyond.</p> <p><b>Any Demand Loan will be classified as:</b></p> <p>i. <b>Sub-standard-</b> if it remains past due/overdue for 3 months or beyond but not over 6 months from the date of claim by the bank or from the date of creation of forced loan.</p> <p>ii. <b>Doubtful-</b> if it remains past due/overdue for 6 months or beyond but not over 9 months from the date of claim by the bank or from the date of creation of forced loan.</p> <p>iii.<b>Bad/Loss-</b> if it remains past due/overdue for 9 months or beyond from the date of claim by the bank or from the date of creation of forced loan.</p> <p><b>Term Loan will be classified as:</b></p> <p>A)In case of any installment(s) or part of installment(s) of a <b>Fixed Term Loan</b> is not repaid within the fixed expiry date, the amount of unpaid installment(s) will be treated as past due/overdue after six months of the expiry date. Such types of Fixed Term Loans are classified as:</p> <p>i. <b>Sub-standard-</b> any installment(s)/ part of installment(s) of a Fixed Term Loan which will remain past due/overdue for a period of 03 (three) months or beyond but less than 09 (nine) months, the entire loan will be put into the “Sub - standard”.</p>
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		<p>ii. <b>Doubtful</b>- any installment(s)/ part of installment(s) of a Fixed Term Loan which will remain past due/overdue for a period of 09 (nine) months or beyond but less than 12 (twelve) months, the entire loan will be put into the “Doubtful”.</p> <p>iii. <b>Bad/Loss</b>- any installment(s)/ part of installment(s) of a Fixed Term Loan which will remain past due/overdue for a period of 12 (twelve) months or beyond, the entire loan will be put into the “Bad/Loss”.</p> <p>B) In case of any installment(s) or part of installment(s) of a <b>Fixed Term Loan</b> amounting more than Tk.10.00 Lacs is not repaid within the due date, the amount of unpaid installment(s) will be termed as past ‘due or overdue installment’. Such types of Fixed Term Loans are classified as:</p> <p>i. <b>Sub-standard</b>- if the amount of past due installment is equal to or more than the amount of installment(s) due within 03 (three) months, the entire loan will be classified as “Sub -standard”.</p> <p>ii. <b>Doubtful</b>- if the amount of past due installment is equal to or more than the amount of installment(s) due within 06 (six) months, the entire loan will be classified as “Doubtful”.</p> <p>iii. <b>Bad/Loss</b>- if the amount of past due installment is equal to or more than the amount of installment(s) due within 09 (nine) months, the entire loan will be classified as “Bad/Loss”.</p> <p><b>Short-term Agriculture and Micro Credit</b> will be considered irregular if it is not repaid within the due date as stipulated in the loans agreement and will be classified as:</p> <p>i. <b>Sub-standard</b>- if the irregular status continues after a period 12 (twelve) months, the credit is classified as “Sub-standard”.</p> <p>ii. <b>Doubtful</b>- if the irregular status continues after a period 36 (thirty six) months, the credit is classified as “Doubtful”.</p> <p>iii. <b>Bad/Loss</b>- if the irregular status continues after a period 60 (sixty) months, the credit is classified as “Bad/Loss”.</p>																																																					
	<p>• Description of approaches followed for specific and general allowances and statistical methods;</p>	<p>&gt; If the amount of 'defaulted installment' is equal to or more than the amount of installment(s) due within 18 (eighteen) months, the entire loan will be classified as "Doubtful".</p> <p>&gt; If the amount of 'defaulted installment' is equal to or more than the amount of installment(s) due within 24 (twenty four) months, the entire loan will be classified as "Bad/Loss".</p> <table border="1" data-bbox="788 1251 1370 1682"> <thead> <tr> <th rowspan="2">Types of loans</th> <th colspan="5">Provision</th> </tr> <tr> <th>STD</th> <th>SMA</th> <th>SS</th> <th>DF</th> <th>BL</th> </tr> </thead> <tbody> <tr> <td>House Finance</td> <td>1%</td> <td>1%</td> <td>20%</td> <td>50%</td> <td>100%</td> </tr> <tr> <td>Loan to Professionals</td> <td>2%</td> <td>2%</td> <td>20%</td> <td>50%</td> <td>100%</td> </tr> <tr> <td>Consumer Finance</td> <td>2%</td> <td>2%</td> <td>20%</td> <td>50%</td> <td>100%</td> </tr> <tr> <td>Loans to BHs/MBs/SDs</td> <td>2%</td> <td>2%</td> <td>20%</td> <td>50%</td> <td>100%</td> </tr> <tr> <td>Short term Agri. Credit and Micro Credit</td> <td>1%</td> <td>-</td> <td>5%</td> <td>5%</td> <td>100%</td> </tr> <tr> <td>Small &amp; Medium Enterprise</td> <td>0.25%</td> <td>0.25%</td> <td>5%</td> <td>20%</td> <td>100%</td> </tr> <tr> <td>Others</td> <td>1%</td> <td>1%</td> <td>20%</td> <td>50%</td> <td>100%</td> </tr> </tbody> </table> <p>*1% Special general provision COVID-19 were maintained.</p>	Types of loans	Provision					STD	SMA	SS	DF	BL	House Finance	1%	1%	20%	50%	100%	Loan to Professionals	2%	2%	20%	50%	100%	Consumer Finance	2%	2%	20%	50%	100%	Loans to BHs/MBs/SDs	2%	2%	20%	50%	100%	Short term Agri. Credit and Micro Credit	1%	-	5%	5%	100%	Small & Medium Enterprise	0.25%	0.25%	5%	20%	100%	Others	1%	1%	20%	50%	100%
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		• Discussion of the Bank's credit risk management policy;	Credit risk is the risk that the counterparty of a financial institution fails to meet its obligation and causes to incur a financial loss. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or activities in the same geographical region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Credit risk in the Bank's Portfolio is monitored, reviewed and analyzed by the Credit Risk Management Department (CRMD). CRMD determines the quality of the credit portfolio and assists in minimizing potential losses.		
Quantitative Disclosures	(b)	Total gross credit risk exposures broken down by major types of credit exposure.	<b>Nature wise Loans and Advances:</b>		
				<b>Solo</b>	<b>Consolidated</b>
				<b>Taka in Thousand</b>	
			Cash Credit	3852528	3852528
			Long Term Loan	10692785	10692785
			Over Draft	442002	442002
			Local Documentary Bill Purchase	392776	392776
			Consumer Loan	356441	356441
Loan Under Investors Scheme	1824967	1550005			
Staff Loan	3728152	3728152			
		<b>Total Loans &amp; Advances</b>	<b>21289651</b>	<b>21014689</b>	
Quantitative Disclosures	(c)	Geographical distribution of exposures, broken down in significant areas by major types of credit exposure.	<b>Division wise Loans and Advances:</b>		
				<b>Solo</b>	<b>Consolidated</b>
				<b>Taka in Thousand</b>	
			Dhaka Division	9673951	9398989
			Mymensing Division	1414200	1414200
			Khulna Division	2840800	2840800
			Chittagong Division	1136200	1136200
			Rajshahi Division	2675800	2675800
			Barishal Division	560000	560000
			Sylhet Division	518200	518200
			Rangpur Division	2470500	2470500
		<b>Total Loans &amp; Advances</b>	<b>21289651</b>	<b>21014689</b>	
Quantitative Disclosures	(d)	Industry or Counterparty type distribution of exposures, broken down by major types of credit exposure.	<b>Industrial Sector</b>		
				<b>Solo</b>	<b>Consolidated</b>
				<b>Taka in Thousand</b>	
			Food & Allied Products	3701224	3426263
			Jute & Allied Fiber Products	176154	176154
			Cotton, Woolen & Synthetic Textile	5107663	5107663
			Paper, Paper Products & Printing	109937	109937
			Tannery & its Products	40394	40394
			Non-metallic mineral Products	278377	278377
			Forest, Wood Products & Saw Mills	198404	198404
			Metal Products	1458034	1458034
			Electrical Machinery & Goods	133209	133209
			Machinery & Spare Parts	54160	54160
			Transport	93578	93578
			Chemicals & Pharmaceuticals	308721	308721
			Petro- Chemicals	130033	130033
			Service Industries	790275	790275
			Rubber & Rubber	18291	18291
			Miscellaneous	8691196	8691196
					<b>Total Loans &amp; Advances</b>

Quantitative Disclosures	(e)	Residual Contractual maturity breaks down of the whole portfolio, broken down by major types of credit exposure.		<b>Solo</b>	<b>Consolidated</b>
				<b>Taka in Thousand</b>	
			Repayable – on demand	-	-
			Up to 3 months	2885900	2885900
			Over 3 months but below 1 year	3707323	3432361
			Over 1 year but below 5 years	11579282	11579282
			Over 5 years	3117146	3117146
		<b>Total Loans &amp; Advances</b>	<b>21289651</b>	<b>21014689</b>	
Quantitative Disclosures	(f)	By major industry or counterparty type: • Amount of impaired loans and if available, past due loans, provided separately; • Specific and general provisions; and • Charges for specific allowances and charge-offs during the period.	Not Available		
Quantitative Disclosures	(g)	Gross Non-Performing Assets ( NPAs)	TK in thousand 5962592		
		Non-Performing Assets ( NPAs) to Outstanding Loans & advances	28.01%		
		<b>Movement of Non-Performing Assets (NPAs)</b>	<b>Particulars</b>	<b>TK in thousand</b>	
			Opening balance	7662521	
			Additions	-	
			Reductions	1699929	
			Closing balance	<b>5962592</b>	
		<b>Movement of specific provisions for NPAs</b>	<b>Particulars</b>	<b>TK in thousand</b>	
			Opening balance	3792100	
			Provisions made during the period	-	
			Write-off	-	
			Excess provision transferred to Unclassified (SMA) Special Rescheduling & one time exit	(1312880)	
			Closing balance	<b>2479220</b>	

**(e) Equities: Disclosures for Banking Book Positions**

<b>Qualitative Disclosures</b>	(a)	<p>The general qualitative disclosure requirement with respect to equity risk, including:</p> <ul style="list-style-type: none"> <li>• differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; and</li> <li>• discussion of important policies covering the valuation and accounting of equity holdings in the banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices.</li> </ul>	<p>Investment in equity is mainly for investment like investment in shares, Marketable securities, Bond, Debentures etc. Quoted shares are valued at cost. Sufficient provision is maintained as per requirement. Unquoted shares are valued at cost. As per Basel-III guidelines, Provision on Shares was TK. 964050848.85 as on 31-12-2020 and it was deducted from common equity tier-1 capital accordingly for calculation of regulatory capital.</p>
<b>Quantitative Disclosures</b>	(b)	<p>Value disclosed in the balance sheet of investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value.</p>	<p>Value of quoted and unquoted shares has been shown at cost and market price in the financial statements as well as in the Basel-III statement.</p>
<b>Quantitative Disclosures</b>	(c)	<p>The cumulative realized gains (losses) arising from sales and liquidations in the reporting period.</p>	<p>The cumulative realized gains (losses) arising from sales and liquidations is shown in the financial statements at reporting period.</p>
<b>Quantitative Disclosures</b>	(d)	<ul style="list-style-type: none"> <li>• Total unrealized gains (losses)</li> <li>• Total latent revaluation gains (losses)</li> <li>• Any amounts of the above included in Tier 2 capital.</li> </ul>	<p><b>TK in thousand</b></p> <p>16419016</p> <p>-</p> <p>-</p>
<b>Quantitative Disclosures</b>	(e)	<p>Capital requirements broken down by appropriate equity groupings, consistent with the bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements.</p>	<p>Regulatory capital requirement has been calculated through breaking down equities consisting with the bank's methodology. Such as Investment in quoted and unquoted shares.</p>

**(f) Interest Rate Risk in the Banking Book (IRRBB)**

<b>Qualitative Disclosures</b>	(a)	The general qualitative disclosure requirement including the nature of IRRBB and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits, and frequency of IRRBB measurement.	To manage this risk in the banking book, bank considers the impact of interest changes on both assets and liabilities. Changes in interest rates affect both the current earnings as well as net worth of the bank. BDBL periodically determine and reports the interest rate risk to the board and regulatory authority that arises due to re-pricing mismatches in interest rate sensitive assets and liabilities.			
<b>Quantitative Disclosures</b>	(b)	The increase (decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring IRRBB, broken down by currency (as relevant).	<b>Particulars</b>	<b>&lt;3 Months</b>	<b>3-6 Months</b>	<b>6-12 Months</b>
			<b>Taka in Thousand</b>			
			Risk Sensitive Assets	11764000	2886700	5773500
			Risk Sensitive Liabilities	9874000	984800	1970000
			GAP	1890000	1901900	3803500
			Cumulative GAP	1890000	3791900	7595400

**(g) Market Risk**

<b>Qualitative Disclosures</b>	(a)	Views of BOD on trading/investment activities	The Board Of Directors (BOD) keeps tight watch on the activities and trading in order to maximize profit without violating banking rules, regulations.		
		Methods used to measure Market risk	Standardized approach has been used to measure the market risk. The total capital requirement in respect of market risk is the aggregate capital requirement calculated for each of the risk according to sub-categories. For each risk category, minimum capital requirement is measured separately. Capital is charged for 'specific risk' and 'general market risk' respectively.		
		Market Risk Management system	BDBL makes investment decision based on historical data of market movements of all comparable financial institution instruments to avoid market risk. For managing specific risk BDBL emphasizes on investment in bonds and quality financial instruments, which are less volatile in nature. A separate section under central accounts department has been established for treasury related activities. Asset-Liability Management Committee (ALCO) comprising senior executives of the Bank. ALCO is chaired by the Managing Director. ALCO meeting is held at least once in a month.		
		Policies and processes for mitigating market risk	There are approved policies for Market risk related instruments both on-balance sheet and off-balance sheet items. The investments are monitored and enforced on a regular basis to protect against market risks. Prevailing market condition, exchange rate, forex position and transactions are reviewed time to time to mitigate market risks.		
<b>Quantitative Disclosures</b>	(b)	The capital requirements for: interest rate risk; equity position risk; foreign exchange risk; and Commodity risk.	<b>Particulars</b>	<b>Solo</b>	<b>Consolidated</b>
			<b>Taka in Thousand</b>		
			Interest rate risk	-	-
			Equity position risk	6613972	9123120
			Foreign exchange risk	1912247	1912247
			Commodity risk	-	-
			Total	<b>8526219</b>	<b>11035367</b>

### (h) Operational Risk

Operational risk is defined as the risk of losses resulting from inadequate or disrupted internal process, people and systems or from external events.

Qualitative Disclosures	(a)	Views of BOD on system to reduce Operational Risk	The BOD keeps tight watch on the activities and trading in order to maximize profit without violating banking rules, regulations. The policy for operational risks including internal control & compliance risk is approved by the board taking into account relevant guidelines of Bangladesh bank.  Audit committee of the Bank oversees the activities of Internal Control & Compliance Division (ICCD) to protect against all operational risk.		
		Performance gap of executives and staffs	BDBL has a policy to provide equal opportunity and best working environment to the employees. BDBL's strong image plays an important role in employee motivation. As a result, there is no significant performance gap.		
		Potential external events	No potential external events are expected to expose the Bank to significant operational risk.		
		Policies and processes for mitigating operational risk	The policy for operational risks including internal control & compliance risk is approved by the Board taking into account relevant guidelines of Bangladesh bank. Policy guidelines on Internal Audit system is in operation. Branches are audited regularly by Internal Control & Compliance Division (ICCD).  It is the policy of the bank to put all the branches of the bank under any form of audit at least once in a year. The audit & inspection department makes a year wise risk based audit plan to carry out comprehensive audits & inspection on the banking operations. Moreover, each and every state owned bank is audited by Government auditors and external audit firms. ICCD directly report to Audit Committee of the Bank. Bank's Anti- Money laundering activities are supervised by CAMLCO and their activities are devoted to protect against all money laundering and terrorist finance related activities. Apart from that, there is adequate check & balance at every stage of operation, authorities are properly segregated and there is at least dual control on every transaction to protect against operational risk.		
		Approach for calculating capital charge for operational risk	Basic Indicator Approach was used for calculating capital charge for operational risk as of the reporting date.		
Quantitative Disclosures	(b)	The capital requirements for Operational Risk	<b>Particulars</b>	<b>Solo</b>	<b>Consolidated</b>
			<b>Taka in Thousand</b>		
			The capital requirements for Operational Risk	3170350	3394875

### (i) Liquidity Ratio

Qualitative Disclosures	(a)	Views of BOD on system to reduce liquidity risk	Liquidity risk is the risk that a given security or assets cannot be traded quickly in the market to prevent a loss (or make the required profit) or when a bank is unable to fulfill its commitments in time when payments falls due. Liquidity risk can be categorized into two types: a) Funding liquidity risk: The risk that a firm may be unable to meet its current and future cash flow and collateral needs without affecting its daily operation.
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			<p>b) Market liquidity risk: The risk that a firm cannot easily offset or sell a position without incurring a loss due to inadequate depth in the market.</p> <p>The Board Of Directors (BOD) of Bangladesh Development Bank Limited keeps tight watch on managing the assets and liabilities of the bank in order to maximize shareholders' value and profitability and also to increase capital to protect the bank from any adverse financial consequences arising from liquidity risk. Various liquidity measurement reports are viewed by board. BOD plays important role in controlling the overall liquidity risk.</p>														
		Methods used to measure liquidity risk	<p>The bank always tries to maintain adequate required liquidity at all times and in all situations (favorable or unfavorable). To maintain adequate liquidity BDBL identifies and monitors the driving factors of liquidity risk considering the following aspects:</p> <ol style="list-style-type: none"> <li>Cash Reserve Requirement(CRR)</li> <li>Advance Deposit Ratio(ADR)/Investment Deposit Ratio(IDR)</li> <li>Liquidity Coverage Ratio(LCR)</li> <li>Net Stable Funding Ratio(NSFR)</li> </ol> <p>The bank also uses its own liquidity monitoring tool:</p> <ol style="list-style-type: none"> <li>Liquidity Contingency Plan</li> <li>Whole Sale Borrowing &amp; Funding Guideline</li> </ol>														
		Liquidity risk management system	<p>Any gap at a particular maturity bucket, the liquidity risk will be managed through following systems:</p> <ol style="list-style-type: none"> <li>Fund will be mobilized first from money market.</li> <li>Balance deposited with other banks will be withdrawn.</li> <li>The excess amount of CRR with BB will be withdrawn.</li> <li>Marketable securities will be sold with no or very negligible losses.</li> <li>Fund will be mobilized through Repo or Reverse Repo activities</li> </ol>														
		Policies and process for mitigating liquidity risk	<p>Liquidity ratios are a class of financial metrics used to determine a company's ability to pay off its short-terms debts obligations at the lowest possible time and lowest possible cost. Generally, the higher the value of the ratio, the larger the safety that indicates the company is able to cover short-term debts. A company's ability to turn short-term assets into cash to cover debts is of the utmost importance when creditors are seeking payment. For this purpose the BOD of the bank has formed Asset Liability Management Committee (ALCO) which meets at least once a month to monitor the liquidity position and take necessary steps to manage liquidity risk. The bank maintains a board approved treasury manual and Liquidity Contingency Plan has been developed to keep enough liquidity to meet crisis situation.</p>														
Quantitative Disclosures	(b)	*Liquidity Coverage Ratio *Net Stable Funding Ratio (NSFR) *Stock of High quality liquid assets *Total net cash outflows over the next 30 calendar days *Available amount of stable funding *Required amount of stable funding	<table border="1"> <thead> <tr> <th>Liquidity ratio</th> <th>SOLO</th> </tr> </thead> <tbody> <tr> <td>Liquidity Coverage Ratio</td> <td>188.89%</td> </tr> <tr> <td>Net Stable Funding Ratio (NSFR)</td> <td>101.89%</td> </tr> <tr> <td>Stock of High quality liquid assets (In "000")</td> <td>2352677</td> </tr> <tr> <td>Total net cash outflows over the next 30 calendar days (In "000")</td> <td>2914000</td> </tr> <tr> <td>Available amount of stable funding (In "000")</td> <td>43807270</td> </tr> <tr> <td>Required amount of stable funding (In "000")</td> <td>42994130</td> </tr> </tbody> </table>	Liquidity ratio	SOLO	Liquidity Coverage Ratio	188.89%	Net Stable Funding Ratio (NSFR)	101.89%	Stock of High quality liquid assets (In "000")	2352677	Total net cash outflows over the next 30 calendar days (In "000")	2914000	Available amount of stable funding (In "000")	43807270	Required amount of stable funding (In "000")	42994130
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**(j) Leverage Ratio**

<b>Qualitative Disclosures</b>	(a)	Views of BOD on system to reduce excessive leverage	In order to avoid excessive leverage in the banking system, a simple, transparent, non-risk based leverage ratio has been introduced. The leverage ratio is calibrated to act as a credible supplementary measure to the risk based requirements. The leverage ratio is intended to achieve the following objectives: <ul style="list-style-type: none"> <li>a) Constrain the build-up of leverage in the banking sector which can damage the broader financial system and the economy</li> <li>b) Reinforce the risk based requirements with an easy to understand and a non-risk based measure.</li> </ul> BDBL calculates leverage ratio on quarterly basis as prescribed by Bangladesh Bank through Guidelines on Risk Based Capital Adequacy and submits to Bangladesh Bank. The board of directors regularly reviews the leverage ratio and ensures that the management strictly maintains the leverage ratio as prescribed by Bangladesh Bank through Guidelines on Risk Based Capital Adequacy.																		
		Policies and processes for managing excessive on and off-balance sheet leverage	A minimum Tier 1 leverage ratio of 3% is being prescribed by Bangladesh Bank both at solo and consolidated basis. BDBL maintains leverage ratio on quarterly basis. The formula for calculating leverage ratio is: $\text{Leverage Ratio} = \frac{\text{Tier 1 Capital (after related deduction)}}{\text{Total Exposure (after related deduction)}}$																		
		Approach for calculating exposure	The exposure measure for the leverage ratio will generally follow the Accounting measure of exposure. In order to measure the exposure consistently with financial accounts, the following will be applied by the bank :i. On balance sheet, non-derivative exposures will be net of specific provisions and valuation adjustments (e.g. surplus/ deficit on Available for sale (AFS)/ Held-for-trading (HFT) positions).ii. Physical or financial collateral, guarantee or credit risk mitigation purchased is not allowed to reduce on-balance sheet exposure. Netting of loans and deposits is not allowed.																		
<b>Quantitative Disclosures</b>	(b)	*Leverage Ratio *On balance sheet exposure *Off balance sheet exposure Total exposure	<table border="1"> <thead> <tr> <th data-bbox="750 991 1008 1024">Particulars</th> <th data-bbox="1008 991 1206 1024">SOLO</th> <th data-bbox="1206 991 1412 1024">CONSOL</th> </tr> <tr> <th colspan="3" data-bbox="750 1024 1412 1045">TK in Thousand</th> </tr> </thead> <tbody> <tr> <td data-bbox="750 1045 1008 1066">Leverage Ratio</td> <td data-bbox="1008 1045 1206 1066">20.42%</td> <td data-bbox="1206 1045 1412 1066">21.74%</td> </tr> <tr> <td data-bbox="750 1066 1008 1115">On balance sheet exposure</td> <td data-bbox="1008 1066 1206 1115">34017295</td> <td data-bbox="1206 1066 1412 1115">33912540</td> </tr> <tr> <td data-bbox="750 1115 1008 1163">Off balance sheet exposure</td> <td data-bbox="1008 1115 1206 1163">491097</td> <td data-bbox="1206 1115 1412 1163">491097</td> </tr> <tr> <td data-bbox="750 1163 1008 1184"><b>Total exposure</b></td> <td data-bbox="1008 1163 1206 1184"><b>34508392</b></td> <td data-bbox="1206 1163 1412 1184"><b>34403637</b></td> </tr> </tbody> </table>	Particulars	SOLO	CONSOL	TK in Thousand			Leverage Ratio	20.42%	21.74%	On balance sheet exposure	34017295	33912540	Off balance sheet exposure	491097	491097	<b>Total exposure</b>	<b>34508392</b>	<b>34403637</b>
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**(k) Remuneration**

Qualitative Disclosures	(a)	<p>Information relating to the bodies that oversee remuneration. Disclosures should include: Name, composition and mandate of the main body overseeing remuneration.</p> <p>External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process.</p> <p>A description of the scope of the bank's remuneration policy (eg by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches.</p> <p>A description of the types of employees considered as material risk takers and as senior managers, including the number of employees in each group.</p>	<p><b>Bangladesh Development Bank Limited</b> is one of the state owned specialized commercial banks operating in Bangladesh, has been playing important role in the overall financial development of the country especially in the industrial development of the country since inception. As BDBL is a state owned bank, the remuneration system is governed under National Pay Scale announced by the Government of the People's Republic of Bangladesh time to time. A fixation unit of Human Resource Department works on pay fixation as per national pay scale. National Pay Scale 2015 is being fully exercised and will continue till new pay scale is declared by the Government of the People's Republic Of Bangladesh.</p> <p>The branch managers, zonal head, divisional head and senior management of the head office are considered as the material risk takers.</p>
Qualitative Disclosures	(b)	<p>Information relating to the design and structure of remuneration processes. Disclosures should include: An overview of the key features and objectives of remuneration policy. Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made. A discussion of how the bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee.</p>	<p>The remuneration process is reviewed only when a new national pay scale is declared by the Government of the People's Republic of Bangladesh.</p> <p>Not Applicable</p> <p><b>Salary Structure:</b> Salary component is as under: (i)Basic salary;(ii)House Rent Allowance and; (iii)Medical Allowance</p> <p><b>Remuneration Type:</b></p> <ul style="list-style-type: none"> <li>• Employees under pension basis;</li> <li>• Employees under gratuity basis;</li> </ul> <p>Employees under contractual basis;</p>
Qualitative Disclosures	(c)	<p>Description of the ways in which current and future risks are taken into account in the remuneration processes. Disclosures should include: An overview of the key risks that the bank takes into account when implementing remuneration measures. An overview of the nature and type of the key measures used to take account of these risks, including risks difficult to measure (values need not be disclosed). A discussion of the ways in which these measures affect remuneration. A discussion of how the nature and type of these measures has changed over the past year and reasons for the change, as well as the impact of changes on remuneration.</p>	<p>Not Applicable</p>

<b>Qualitative Disclosures</b>	(d)	Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration. Disclosures should include: An overview of main performance metrics for bank, top-level business lines and individuals. A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance. A discussion of the measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak.	Not Applicable
<b>Qualitative Disclosures</b>	(e)	Description of the ways in which the bank seek to adjust remuneration to take account of longer-term performance. Disclosures should include: A discussion of the bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance. A discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through clawback arrangements.	As a state owned entity the remuneration system is governed under National Pay Scale announced by the Government of the People's Republic of Bangladesh. Moreover, various cash and non-cash benefits are provided as per the approval of the Board of Directors as follows : <ul style="list-style-type: none"> <li>• Bank provides car facilities for level executive level employees;</li> <li>• Car loan facility;</li> <li>• Staff loan at bank rate;</li> <li>• Travel allowance/TA/DA as required;</li> <li>• Festival bonus;</li> <li>• Allowance for employees' meritorious students;</li> <li>• Recreation leave for 15 days after every three year and Maternity leave as per guidelines.</li> </ul>
<b>Qualitative Disclosures</b>	(f)	Description of the different forms of variable remuneration that the bank utilises and the rationale for using these different forms. Disclosures should include: An overview of the forms of variable remuneration offered (ie cash, shares and share-linked instruments and other forms). A discussion of the use of the different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or groups of employees), a description the factors that determine the mix and their relative importance.	There are no different forms of variable remuneration (i.e. cash, shares and share-lined instruments and other forms). There are no performance based rewards. But in some special cases an increment is added as reward for outstanding performance of any employee. However, there is an incentive system on overall performance (based on profit). Salary and all types of benefits provided by the bank are in the form of cash.
<b>Quantitative Disclosures</b>	(g)	Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member.	Not Applicable

Quantitative Disclosures	(h)	Number of employees having received a variable remuneration award during the financial year. Number and total amount of guaranteed bonuses awarded during the financial year. Number and total amount of sign-on awards made during the financial year. Number and total amount of severance payments made during the financial year.	Not Applicable									
Quantitative Disclosures	(i)	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms. Total amount of deferred remuneration paid out in the financial year.	Not Applicable									
Quantitative Disclosures	(j)	Breakdown of amount of remuneration awards for the financial year to show: - fixed and variable. - deferred and non-deferred. - different forms used (cash, shares and share linked instruments, other forms).	<table border="1"> <thead> <tr> <th>Particulars</th> <th>Taka in Thousand</th> </tr> </thead> <tbody> <tr> <td>Fixed Pay (including two festival bonus and Nabo barsha bonus)</td> <td>29599</td> </tr> <tr> <td>Variable Pay (1 incentive bonus equivalent to one month's basic salary)</td> <td>13124</td> </tr> <tr> <td><b>Total</b></td> <td><b>42723</b></td> </tr> </tbody> </table>	Particulars	Taka in Thousand	Fixed Pay (including two festival bonus and Nabo barsha bonus)	29599	Variable Pay (1 incentive bonus equivalent to one month's basic salary)	13124	<b>Total</b>	<b>42723</b>	
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Quantitative Disclosures	(k)	Quantitative information about employees' exposure to implicit (eg fluctuations in the value of shares or performance units) and explicit adjustments (eg claw backs or similar reversals or downward revaluations of awards) of deferred remuneration and retained remuneration: Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments. Total amount of reductions during the financial year due to ex post explicit adjustments. Total amount of reductions during the financial year due to ex post implicit adjustments.	Not Applicable									

# Report on Sustainable Banking



# Report on Sustainable Banking

Sustainable development is a state of development that meets the needs of the present without destroying the ability of future generation to meet their own needs.

A sustainability report is a report published by a company or an organization about the economic, environmental and social impacts caused by its everyday activities. So a sustainability report presents the organization's values, governance model and demonstrate the link between its strategy and its commitment to a sustainable global economy.

Systematic sustainability reporting helps organizations to measure the impacts they cause or experience, set goals and manage change. A sustainability report is the key platform for communicating sustainability performance and impacts-whether positive or negative.

But here sustainability for banks means building a successful business today and delivering value over the long term. So, sustainability is a journey for long term. Along the way, organizations need to set goals, measure performance and integrate a sustainable strategy into their core planning.

A sustainable economy should combine long term profitability with ethical behavior, social justice and environmental care. This means that when companies or organizations consider sustainability and integrate it into how to operate, they must consider four key areas of their performance and impacts :

- Economic ;
- Environmental ;
- Social ; and
- Human Rights.

According to Global Reporting Initiative's (GRI's) Sustainability Reporting Framework, BDBL is reporting on sustainable banking system that enables it to measure, understand and communicate this information. BDBL's missions are to :

- make sustainable long term financial performance.
- provide sustainable and responsible financial services.
- contribute significantly in socio-economic development.
- create good governance, regulation and stakeholder engagement.
- help in building green environment.
- make a positive and consistent employee experience.

## BUSINESS PARTNERS

Customers and clients are our business partners. Our relationship with them is based on mutual trust and respect. We sincerely strive to improve business relationship with them for mutual benefits and proudly offer various contemporary financial products and services to meet their needs without any hidden cost. We are fully aware of increasing the shareholders value by optimizing financial performance at least cost.

## REGULATORY AUTHORITIES

Being a responsible corporate body, we conform to all stringent regulations issued by the Government of Bangladesh, Bangladesh Bank, and Bangladesh Securities & Exchange Commission.

## ECONOMIC CONTRIBUTION

BDBL contributes indirectly to the economies by way of providing loans & advances to the industrial ventures which ultimately produces goods & services and create employment opportunities for the people of the country. The loans & advances provided to different industrial ventures by the bank was Tk. 2128.97 crore in 2020. It was Tk. 1998.39 crore in 2019.

BDBL has contributed significantly to the Government's drive in collection of revenue. As per law, the bank deducts taxes, VAT and excise duty at source from various payments and services and deposits the same to government exchequer. Besides, the bank also pays income tax on its earnings.

### Future Outlook

- Manage BDBL capital prudently which will enable it to meet future requirements.
- Operate in emerging markets for taking advantage of growth opportunities.
- Price BDBL products appropriately which will increase sales opportunities and competitiveness.
- Lend more responsibly to mitigate the risk of the customers on their repayments.
- Offer secured banking structures which will reduce the risk of financial crime and engenders trust and confidence among our customers.

## ENVIRONMENTAL CONTRIBUTION

### GREEN BANKING

As a part of green banking, BDBL is attaching importance to the activities that are not harmful to the environment. It has established a separate sustainable finance unit and various measures have been adopted to ensure green banking. Among others, green financing, creating awareness among employees for efficient use of water, electricity and paper giving preference to preservation of ecosystem while financing commercial projects and reuse of equipment are the some initiatives for turning BDBL as a green bank.

As per Bangladesh Bank's guidelines, BDBL has prepared its Green Banking Policy which is implemented in III phases. The function of the Committee is to review the bank's green and environmental policies, strategies and programs for governing the overall green banking activities of the bank.

Alongside Internal Credit Risk Rating (ICRR), Environmental and Social Due Diligence (ESDD) check list Risk Rating (ERR) has been made obligatory by the Central Bank for all banks at the time of processing of loan proposals. With the concurrence of the Central Bank's guidelines, BDBL has formulated Environment Risk Management Manual and conducting ERR for the projects as well as the credit facilities that fall within the threshold limit.

For In-house Environmental Management, BDBL has installed solar power system on its roof top for energy efficiency. Besides, in order to reduce paper based work, e-recruitment, e-procurement, documentation management system, leave management system, personal file update system, online salary and account statement, online office orders etc. have been introduced through intranet of bank. In addition, all the departments of bank's Head Office including all its branch offices have been brought under computer network (WAN, LAN). For availability of open data, BDBL has introduced its own website which is updated all time. Most of the regulatory reporting from bank is done through web upload and Enterprise Data Warehouse (EDW) System. Bangladesh Automated Cheque Processing System (BACPS), Bangladesh Electronic Fund Transfer Network (BEFTN), Credit Information Bureau Online and Enterprise Resources Planning (ERP) have already started operation.

BDBL has signed 01 (one) refinancing agreements with Bangladesh Bank named Refinance scheme for green products/Initiatives.

Lastly, as a responsible corporate organization, BDBL has arranged a number of trainings, seminars, workshops etc. for making its employees environment sensitized.

BDBL monitors evolving environmental regulations and put in place the necessary measures to comply. It is actively engaging with government to ensure effective balance between addressing climate change and the impacts of related regulation on the economy and business. BDBL has an obligation to manage the environmental and social impacts by its activities, products and services have on society, and to respond strategically to the risks that global environmental and social pressures place on our ability to create sustainable value for the stakeholders.

### Future Outlook

- Manage and measure our own carbon footprint in Bangladesh by investing in technology and resources.
- Reduce our resource consumption which will alleviate environmental impact and reduce operational cost.
- Encourage a further reduction in paper use by giving clients the option of ending printed communication for more and more products in the years ahead and by communicating digitally even more frequently.
- Encourage bank's officers and staff to use less paper by reducing the number of available printers and steadily promoting use of digital resources.
- Continue to focus beyond its own internal operation in the year ahead.
- Invest more in carbon finance and trading which will reduce carbon dioxide (CO<sub>2</sub>) emissions while generating revenue.
- Discourage projects with unacceptable levels of carbon emission.

### SOCIAL CONTRIBUTION

#### “Building sustainable society”

As a state-owned commercial bank, BDBL is making strong contribution to create wealth for the communities in which we operate, providing inclusive financial services and supporting SMEs, micro-credit providers, etc.

### FINANCIAL INCLUSION

Financial inclusion is one of the most important tools for ensuring financial and social stability, especially in the developing countries. Access to finance by the poor and vulnerable groups is a pre-requisite for poverty reduction and social balance. This has become an integral part of our efforts to promote inclusive growth. BDBL is dedicated to serve financial services at an affordable cost to the vast sections of the disadvantaged and low-income groups. The various financial services include: credit in the form of short, medium and long term loans & advances facilities, savings by opening of various accounts and schemes and foreign exchange business including remittance facilities.

The objective of financial inclusion is to extend the scope of activities of the organized financial system to include people with low incomes within its network. BDBL's policies aim at increasing the income and employment opportunities on the one hand and on the other; it tries to finance programs which are conducive to make the growth more inclusive.

## In Year 2020

- No. of deposit A/Cs is 109,536 in 2020, it was 93,792 in 2019.
- Total deposits in 2020 is Tk. 2421.89 crore, it was Tk. 2764.59 crore in 2019.
- Total loans & advances in 2020 is Tk. 2128.97 crore, it was Tk. 1998.39 crore in 2019.
- No. of Branches was 46 in 2019 where in 2020 it is 47.

## HUMAN RESOURCE

Human resource development is one of the key competencies to enable individuals in any organization to perform current and future jobs in a strategic way. BDBL treats its human resource as distinctive resource and true capital rather only the employees. BDBL has integrated the use of training and development as a path to improve quality and capability of the officers. The Training Institute of BDBL imparts training and arranges workshop on different contemporary areas of banking for its employees. Besides, BDBL ensures a gender environmentally playing field for women workforce in terms of promotion and placement. Following the rules and regulations of the Government, women employees enjoy up 6 (six) months maternity leave with other facilities.

The bank is maintaining a welfare fund namely Benevolent Fund taking contribution from employees and the bank to support the employees and their families on the ground of medical, maternity, retirement, disability and death claim.

Staff Welfare Fund is being run by the bank out of the employees' regular contribution to stand before them for their well-being. The physical and mental well-being of the officers and staff are very important especially for the stressful effects of the performance driven culture in the Banking Sector.

Effective counseling and proper treatment for employees plays pivotal role in this respect. To get the immediate treatment, the bank appointed two doctors on part time basis at two intervals in Head Office, zonal and branch offices. Besides, area-wise part time doctors were also appointed by the bank for general treatment.

The Board and Management of the bank are always cordial in extending facilities relating to the needful welfare of the employees. Some of the areas of welfare are : contributory provident fund facility, gratuity fund, retirement benefits, leave encashment, two festival bonuses, incentive performance bonus, advance facilities for house building, transport facilities, financial assistance for complicated and expensive treatment, scholarship and educational stipend for the meritorious children of the employees, a lump sum grant / monthly grant to the families of late and retired employees and financial aid to the distressed families for purchasing cloths in religious festivals.



# Report on Green Banking



# Report on Green Banking

## GREEN BANKING

Green Banking is a component of the global initiative by a group of stakeholders to save environment. Bangladesh is one of the most climate change vulnerable country. In line with global development and response to the environment degradation, financial sector in Bangladesh must play an important role as one of the key stakeholders. As a part of financial intermediation, Bangladesh Development Bank Limited is also responsible for safeguarding the environment.

## POLICY FORMULATION AND GOVERNANCE

In accordance with Bangladesh Bank Circular No. BRPD-02, dated 27-02-2011, BDBL undertook required steps to implement the Green Banking Guidelines in three phases :-

- formulated Green Banking Policy and Strategy approved by the Board of Directors.
- approved a considerable fund in the annual budget for green banking.
- established a six-member Sustainable Finance Unit with the responsibilities of performing green banking and corporate social responsibility (CSR) activities effectively and efficiently and also established a sustainable finance committee to review, evaluate and approve the activities taken by Sustainable Finance Unit .
- prepared Environmental & Social Risk Management Policy.

Apart from these, the bank also undertook the following action plan under different Phases according to Policy Guidelines for Green Banking given by Bangladesh Bank :-

- formulating sector specific environmental policy.
- applying green strategic planning while financing projects.
- financing of Green Products.
- setting up of Green Branches considering the following factors :-
  - maximum use of natural light.
  - use of online banking.
  - use of renewable energy.
  - use of energy saving bulb and other equipment.
  - use of reduced water and electricity.
  - use of recycled water.
- introducing improved In-house Environmental Management in order to save electricity and reduce water and paper consumption.
- formulating bank specific environmental risk management plan and guidelines.
- adopting rigorous programs to educate clients.
- making disclosures and reporting green banking

## IN-HOUSE ENVIRONMENT MANAGEMENT

BDBL took a number of steps for In-house environment management incongruence with Green Banking Policy. The following initiatives were taken to activate In-house environment management :-

- a general circular was issued for efficient use of electricity, water, paper, eco-friendly ink, stationary, gas, fuel, etc.
- steps took for using energy savings bulbs instead of traditional bulbs / lights.
- duplex printer, pen-drive, e-mail, e-statement, automated power switching, etc. were introduced as a cohesive customs.
- LCD monitors were used instead of CRT for CCTV system for power consumption.
- instructions were given to ensure cleanliness in bank premises. and
- solar panels were installed in Head Office and some branches.

## COMPLIANCE OF ENVIRONMENT RISK MANUAL (ERM)

Bank took steps to assess environmental risk along with existing credit risk to assess the credit risk measure. All projects would be rated as high, moderate and low using Environmental Due Diligence (EDD) checklist. The bank will also prepare data-base on the number of projects applicable for EDD checklists for environmental risk rating, number and amount disbursed to the rated projects financed and status of loan classification for rated projects financed. General and sector specific EDD checklists will be introduced covering poultry, dairy, cement, chemicals, pesticides, pharmaceuticals, engineering, housing, pulp & paper, sugar & distilleries, tannery, textile & apparels, ship breaking, etc.

## GREEN FINANCING

Since its inception BDBL financed many projects which were environmentally responsive and avoided those projects which were harmful. Financing eco-friendly projects that helped mitigate environmental degradation by lending more for renewable energy, effluent treatment plants and other projects like bio-fertilizer plants, waste management plants, mushroom projects, etc. are priority for BDBL. Generation plants based on solar power, bio-gas and wind, and automatic brick manufacturing plants that use modern environment-friendly technology are especially favored projects of BDBL.

## GREEN MARKETING

The bank is always keen to raise green awareness among its clients, stakeholders, entrepreneurs, employees, etc. Among other, it has also included installation of solar panel, bio-gas, tree plantation and agro-based projects as priority sectors in its SME loan portfolio. The Training Institute of the bank regularly arranges training, seminar and workshop on green banking to create awareness for green banking activities of the bank.

## ONLINE BANKING

Online Banking is one of the important and easiest ways to save environment by doing paperless banking. It decreases use of paper, waste of paper along with reduction of carbon emission and printing & postal expenses. At present, all branches along with Head Office are fully online for branch banking. The bank has established data center and core banking software. The bank is also going to start mobile banking for its wide range of customers soon.

## TRAINING AND AWARENESS

Training Institute of BDBL has organized several training courses on green banking. Executives/officers of related desk participated in these training courses. BDBL has planned to train up its clients and business houses to be encouraged and influenced to comply with the environmental regulations and undertake resource efficient and environmental activities as well as increase knowledge/awareness about green banking.

## DISCLOSURE OF GREEN BANKING ACTIVITIES

- The bank has regularly been exposing its green banking activities in the Annual Report.
- It also discloses green banking activities in the website of the bank.

## MANAGEMENT APPROACH TO GREEN BANKING

Management of BDBL has focused on socially responsible investment, designed to aid environmentally conscious businesses and consumers through better loan rates and other incentives. The bank has planned to increase sustainable green finance and has continued to increase its exposure to the sector. The bank has also a future plan to set up “Green Branch” and solar panels in all branches.

## COMPLIANCE STATUS OF GREEN BANKING IN BDBL

Issue	Compliance Status
Own green banking policy guidelines	Yes
Green banking committee	Yes
Green banking unit	Yes
Budget allocation	Yes
Incorporation of ERM in core risk management	Yes
In-house environment management	Yes
Introduction of green banking guide	Yes
Introduction of green finance	Yes
Introduction of green product	Under process
Creation of climate risk fund	To be created
Introduction of green marketing	Under process
Online Banking	Yes
Employee training	Yes
Consumer awareness	Yes
Sector specific environmental policy	Yes
Green strategic planning	Yes
Setting up green branches	Under process
Disclosure and reporting of green banking activities	Yes

# Report on Financial Inclusion



## Report on Financial Inclusion

Financial inclusion is currently considered as one of the most effective tools for ensuring financial and social stability especially in developing countries. It promotes access to appropriate financial services or products at affordable cost. Bangladesh Bank has taken various initiatives to bring the huge number of financially excluded people under the financial services. It issued directives to banks for opening No-Frill Accounts (NFAs) for farmers, freedom fighters, beneficiaries under social security program, small life insurance policy holders, hardcore poor beneficiary workers, banking for minors, school banking and banking for working/street children.

### BDBL'S INITIATIVE FOR FINANCIAL INCLUSION

Financial inclusion promotes inclusive growth, productive capacity, youth employment and combats poverty by unblocking advancement opportunities for the disadvantaged poor. Lack of access to basic financial services leads to significant extent of social exclusion in education, employment opportunities and social safety net. Long term stability depends highly on quality of economic and social growth which targets all population of the society in the development journey. To transport the services of financial inclusion of the bank among the beneficiaries the following arrangements has been made:

- Bank account for hardcore poor ;
- Bank account for garments workers ;
- Bank account for old-aged, disabled, widows and woman discarded by husband ;
- Bank account for beneficiaries of social safety network program ;
- Bank account for hardcore poor woman ;
- Bank account for freedom fighters ;
- Country wide expansion of branches ;
- Bank account for unemployed youth ;
- BACH & BEFTN operation ;
- Arrangement of small-scale loan ; and
- Banking for working/street children.
- Online Sanchayapatra, Selling Service.
- Titas Gas Meter & e-Gp, e-Tender, Automated Challan Service.

### FUTURE OUTLOOK

- Supporting the Government's inclusive growth strategy, BDBL will come forward to implement any further steps taken to serve the underserved/un-served economic sectors and population segments ;
- Providing credit facilities to SME entrepreneurs, agricultural and other rural and urban farm and non-farm productive activities ;
- Continue expansion of rural branches of the bank ;
- Work with mutually-owned cooperative societies offering financial and other specified services ;
- Debit Card, Internet Banking will be introduced very soon for inclusion program ;  
Continue CSR obligation to foster financial inclusion ;
- Mobile Apps services will be continued in rural areas ; and
- IT based financial services like BACH, BEFTN will be enhanced.

## *Corporate Social Responsibility:*

### **Corporate Social Responsibility:**

CSR also called the Corporate Citizenship or Sustainable responsible Business is form of Corporate self regulation integrated into a business model. CSR Policy functions as a self-regulatory mechanism whereby a business monitors and ensures its active compliance with the spirit of the law, ethical Standards and international norms. CSR aims to embrace responsibility for corporate actions and to encourage a Positive impact on the environment and stakeholders including customers, employees, investors, communities and others. By definition, CSR means sense of responsibility towards the community and the environment.

CSR is mainly about the awareness of and actions in support of environmentally sustainable societal development. CSR actions aim at mitigating the diverse environmental impacts on the activities of the Business and at reducing inequalities and poverty in the communities across the Country.

### **CSR Activities:**

As a state owned commercial bank in Bangladesh, BDBL with its 47 branches and 748 employees have also realized its responsibilities to the Society and are contributing to the development of the social life of destitute people. Ultimate goal of CSR activities of BDBL is building sustainable Society CSR budget is provided from the profit earned by the bank each year. Since its inception of BDBL, Total utilization of CSR fund activities are amount 3.84 crore taka.

## Directors' Responsibility for Financial Reporting & Internal Control

The Board of Directors of BDBL is responsible to cause preparation of Financial Statements of the Bank to reflect a true and fair view of the state of its affairs. The Directors are to ensure that these Financial Statements have been prepared in conformity with the requirements of the Bangladesh Accounting Standards as adopted by the Institute of Chartered Accountants of Bangladesh and Companies Act, 1994, Bank Companies Act, 1991 (Amended-2013) and Bangladesh Securities and Exchange Commission Rules, 1987 as considered relevant and appropriate under the circumstances. The financial information and data provided in this Annual Report is fully consistent with financial statements.

The financial statements are required by law and International Accounting Standards as adopted by ICAB to present fairly the financial position of the company and the performance for the period. In preparing the financial statements, the followings are observed:-

- ❖ Select suitable accounting policies and then apply them consistently;
- ❖ Make judgments and estimates that are reasonable and prudent;
- ❖ Ensure that financial statements have been prepared in accordance with International Accounting Standards (IAS) adopted by ICAB; and
- ❖ Prepare the financial statements on going concern basis unless it is appropriate to presume that the company will not continue in business.

In compliance with the requirements of the BSEC's Notification Dated 07 August, 2012, the Directors are also required to declare certain matters in the report which are as under:

- 📁 The financial statements prepared by the management represent fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- 📁 Proper books of accounts of the company have been maintained;
- 📁 Appropriate accounting policies have been consistently applied in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment;
- 📁 International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as applicable in Bangladesh, have been followed in preparation of financial statements with appropriate disclosures;
- 📁 The system of internal control is sound in design and has been effectively implemented and monitored;
- 📁 There is no significant doubt upon the company's ability to continue as a going concern. If the company is not considered to be a going concern, the fact along with reasons should be disclosed; and
- 📁 Significant changes from last year in operating results of the company should be highlighted and reasons thereof should be explained.

The Directors fully confirm to the following procedures while preparing the annual accounts for the year 2020:

- ❖ The accounting policies, framed in accordance with the guidelines of Bangladesh Bank, are consistently applied;
- ❖ Adequate accounting records are efficiently maintained in accordance with the provisions of the applicable laws governing banks in Bangladesh;
- ❖ Practical reasonable judgment and estimates are given to provide clear descriptive picture of the state of affairs and the profit of the Bank for the year 2020;
- ❖ Accounts have been prepared on a "going concern" basis; and
- ❖ Statutory payments have all been made up to date with full satisfaction of the Directors.



## RESPONSIBILITY FOR INTERNAL CONTROL

To ensure adequate internal control, the Bank has taken proper and sufficient care in installing a system of internal control, which is reviewed, evaluated and updated on an ongoing basis. The Compliance Department of the Bank conducts periodic audits to provide reasonable assurance that the established / approved policies and procedures of the Bank are constantly followed. The auditors of the Bank, K.M. HASAN & CO and ACNABIN. Chartered Accountants, have carried out annual audits to review the system of internal controls, as they consider appropriate and necessary, for expressing their opinion on the financial statements. They have also examined the financial statements made available by the management together with all the financial records, related data, minutes of shareholders and Board meetings, relevant policies and expressed their opinion.

The Board of Directors is responsible for ensuring adequate internal control on financial transactions and reporting. In order to ensure effective risk management, the Board also ensures that adequate internal control system is in place and it is consistently complied with to provide reasonable assurance that financial records are reliable for preparation of financial statements, that quality of financial reporting is maintained, that assets of the Bank are safeguarded against unauthorized use or disposition and that accountability for assets and business transactions are maintained. The Board monitors and updates internal control procedure on a continuous basis.

BDBL's accounting policies, financial reporting and internal control are under direct supervision of the Audit Committee of the Board that in turn Report to the Board of Directors for general oversight and supervision. Audit Committee of the Board is fully independent of Executive Management. The Committee regularly reviews reports prepared by Internal Control & Compliance Division (ICCD) covering all the business operations of the Bank with particular focus on core risks.

Internal Control & Compliance Division of the Bank work under close coordination with Audit Committee of the Board for ensuring better internal control, effective operational procedure and reliable financial reporting. Internal Control & Compliance Division (ICCD) undertakes details audit of the activities of Branches and Head Office on a regular basis. Its reports are presented directly to Audit Committee of the Board. ICCD has also direct access to the Audit Committee of the Board to discuss any matter related to their audit, adequacy of internal control procedure and compliance as well as overall risk management of the Bank. The auditors have full access to the audit committee to discuss any matter related to its audit to ensure reliability of financial reporting and effectiveness of internal control procedure.

In conclusion, the Board believes that effective control was maintained over preparation of financial statements for the year ended 31 December, 2020.

With best regards

On behalf of the Board of Directors.



**(Md. Ekhlasur Rahman)**  
Director

# Independent Auditors' Report and Audited Consolidated and Separate Financial Statements For the year ended 31 December 2020



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Independent Auditors' Report to the Shareholders of Bangladesh Development Bank Limited  
For the year ended 31 December 2020

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**Report on the Audit of the consolidated and separate financial statements**
**Opinion**

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

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2020, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2.

**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), 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.

**Emphasis of matter**

We draw attention to note 2.6.1 and 23.1 to the financial statements, which describes the policy of charging depreciation of revalued assets and present contribution to the employees' pension fund and the future contribution thereto. Our opinion is not modified in respect of these matters.

**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 auditors' 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the board of directors of the Bank.

**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

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**Independent Auditors' Report to the Shareholders of Bangladesh Development Bank Limited  
For the year ended 31 December 2020**

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 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.

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

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

- Identify and assess the risks of material misstatement of the 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 auditors' 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 auditors' 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.

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## Independent Auditors' Report to the Shareholders of Bangladesh Development Bank Limited For the year ended 31 December 2020

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 Bank Company Act, 1991 (as amended) 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 Auditors' Responsibility section in forming the above opinion on the consolidated financial statements of the Group and separate financial statements of the bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the consolidated and separate 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; and
  - 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 2020 of subsidiaries namely BDBL Securities Limited and BDBL Investment Services Limited have been audited by K. M. Hasan & Co., Chartered Accountants and 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 expenditures incurred were for the purpose of the Bank's business for the year;

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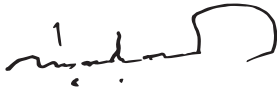
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**Independent Auditors' Report to the Shareholders of Bangladesh Development Bank Limited  
For the year ended 31 December 2020**

- 
- (viii) the consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- (ix) adequate provisions have been made for advance and other assets which are, in our opinion, doubtful of recovery as explained in note no. 12.5.b and 12.7;
- (x) the information and explanations required by us have been received and found satisfactory;
- (xi) we have reviewed over 84% of the risk weighted assets of the Bank and spent over 5,601 person hours; and
- (xii) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

Signed for & on behalf of  
**K. M. HASAN & CO.**  
Chartered Accountants



**Md. Amirul Islam FCA**  
Senior Partner

ICAB Enrollment No. 331  
DVC: 2106230331AS333121

Signed for & on behalf of  
**ACNABIN**  
Chartered Accountants



**Md Moniruzzaman FCA**  
Partner

ICAB Enrollment No. 787  
DVC: 2106240787AS979865

Dhaka, Bangladesh  
Dated: 21 June, 2021

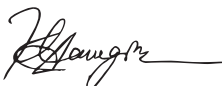



**Bangladesh Development Bank Limited and Its Subsidiaries**  
**Consolidated Balance Sheet**  
**For the year ended 31 December 2020**

Notes	31.12.2020 Taka	31.12.2019 Taka
<b>PROPERTY AND ASSETS</b>		
<b>Cash</b>	<b>2,362,629,982</b>	<b>2,380,756,940</b>
In hand (including foreign currencies)	83,850,821	76,973,099
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	2,278,779,161	2,303,783,841
<b>Balance with other banks and financial institutions</b>	<b>9,932,408,640</b>	<b>12,464,584,433</b>
In Bangladesh	8,914,379,821	11,866,454,294
Outside Bangladesh	1,018,028,819	598,130,139
<b>Money at call and on short notice</b>	<b>100,000,000</b>	<b>1,770,000,000</b>
<b>Investments</b>	<b>10,074,067,390</b>	<b>10,244,293,959</b>
Government	548,300	1,514,000
Others	10,073,519,090	10,242,779,959
<b>Loans and advances</b>	<b>21,014,688,938</b>	<b>19,809,919,240</b>
Loans, cash credit and overdrafts, etc	20,621,912,488	19,168,356,976
Bill purchased and discounted	392,776,450	641,562,264
<b>Fixed assets including premises, furniture and fixtures</b>	<b>7,766,488,956</b>	<b>7,824,704,883</b>
<b>Other assets</b>	<b>4,684,405,284</b>	<b>4,403,199,626</b>
<b>Total assets</b>	<b>55,934,689,190</b>	<b>58,897,459,081</b>
<b>LIABILITIES AND CAPITAL</b>		
<b>Liabilities</b>		
<b>Borrowings from other Banks, financial institutions and agents</b>	<b>332,192,781</b>	<b>35,826,453</b>
<b>Deposits and other accounts</b>	<b>24,216,289,953</b>	<b>27,645,591,525</b>
Current and other accounts	2,724,601,035	2,743,354,363
Bills payable	132,101,882	128,914,922
Savings bank deposits	1,713,722,396	1,451,212,270
Fixed deposits	19,645,864,640	23,322,109,970
Other deposits	-	-
<b>Other liabilities</b>	<b>12,124,913,414</b>	<b>11,948,508,221</b>
<b>Total liabilities</b>	<b>36,673,396,148</b>	<b>39,629,926,199</b>
<b>Shareholders' equity</b>		
<b>Total shareholders' equity</b>	<b>19,261,293,041</b>	<b>19,267,532,882</b>
Paid-up capital	4,000,000,000	4,000,000,000
Quasi equity	134,744,560	134,744,560
Statutory reserve	2,614,571,336	2,592,421,336
General reserve	4,347,755,114	4,347,755,114
Revaluation reserve	6,411,967,551	6,505,569,700
Other reserve	1,076,128,516	1,074,351,242
Retained earnings	676,125,964	612,690,929
<b>Total liabilities and shareholders' equity</b>	<b>55,934,689,190</b>	<b>58,897,459,081</b>

**Bangladesh Development Bank Limited and Its Subsidiaries**  
**Consolidated Balance Sheet**  
**For the year ended 31 December 2020**

Notes	31.12.2020 Taka	31.12.2019 Taka
<b>OFF-BALANCE SHEET ITEMS</b>		
<b>Contingent liabilities</b>	<b>1,070,752,530</b>	<b>1,026,942,358</b>
Acceptance and endorsements	-	-
Acceptance for FC guarantee	340,370,238	340,370,238
Letters of credit	368,842,751	399,980,377
Bills for collection	306,346,914	248,571,936
Other contingent liabilities	55,192,627	38,019,807
<b>Other commitments</b>	<b>-</b>	<b>-</b>
Documentary credits and other short term trade-related transaction	-	-
Liability on account of outstanding forward exchange contract	-	-
Forward assets purchased and forward deposit placed	-	-
Undrawn note issuance and revolving underwriting facilities	-	-
Undrawn formal standby facilities, credit lines and other commitments	-	-
<b>Total off-balance sheet items including contingent liabilities</b>	<b>1,070,752,530</b>	<b>1,026,942,358</b>

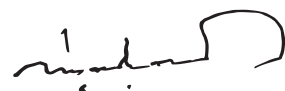
The accompanying notes from 1 to 35 form an integral part of these consolidated financial statements.

 <b>Managing Director &amp; CEO</b>	 <b>Director</b>	 <b>Director</b>	 <b>Chairman</b>
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This is the consolidated balance sheet referred to in our separate report of even date.

Signed for & on behalf of  
**K. M. HASAN & CO.**  
 Chartered Accountants

Signed for & on behalf of  
**ACNABIN**  
 Chartered Accountants



**Md. Amirul Islam FCA**  
 Senior Partner  
 ICAB Enrollment No. 331  
 DVC: 2106230331AS333121



**Md Moniruzzaman FCA**  
 Partner  
 ICAB Enrollment No. 787  
 DVC: 2106240787AS979865

Dhaka, Bangladesh  
 Dated: 21 June, 2021



**Bangladesh Development Bank Limited and Its Subsidiaries**  
**Consolidated Profit and Loss Account**  
**For the year ended 31 December 2020**

	Notes	2020 Taka	2019 Taka
Interest Income	18(a)	1,917,809,218	2,345,528,678
Interest paid on borrowings, deposits, etc	19(a)	(1,588,268,863)	(1,689,041,868)
<b>Net interest income</b>		<b>329,540,355</b>	<b>656,486,810</b>
Investment income	20(a)	611,692,782	385,884,164
Commission, exchange and brokerage	21(a)	65,954,225	47,394,737
Other operating income	22(a)	412,324,432	489,866,353
		<b>1,089,971,439</b>	<b>923,145,254</b>
<b>Total operating income</b>		<b>1,419,511,794</b>	<b>1,579,632,064</b>
<b>Operating expenses</b>			
Salaries and allowances	23(a)	946,083,855	812,077,170
Rent, taxes, insurance, lighting, etc	24(a)	63,272,364	62,753,202
Legal expenses	25(a)	1,964,964	1,360,481
Postage, telecommunication, etc	26(a)	6,866,790	6,559,451
Stationery, printing, advertisement, etc	27(a)	9,262,291	9,611,604
Managing Director's/Chief Executive's remuneration		3,700,000	1,746,184
Directors' fees	28(a)	2,307,540	2,928,761
Auditors' fees	28(b)	1,317,500	1,272,500
Depreciation and repair of Bank's assets	29(a)	63,130,545	56,317,802
Other expenses	30(a)	131,775,521	133,665,741
<b>Total operating expenses</b>		<b>1,229,681,370</b>	<b>1,088,292,896</b>
<b>Profit before provision</b>		<b>189,830,425</b>	<b>491,339,168</b>
Provision for loans and advances	31(a)	-	34,000,000
Provision for diminution in value of investments		17,284,665	25,734,965
Other provisions		-	216,500,000
<b>Total provision</b>		<b>17,284,665</b>	<b>276,234,965</b>
<b>Total profit before taxes</b>		<b>172,545,760</b>	<b>215,104,203</b>
<b>Provision for taxation</b>			
Current tax	12(a.i)	89,370,135	132,683,962
Deferred tax	12(a.ii)	(4,635,580)	(902,568)
		<b>84,734,554</b>	<b>131,781,394</b>
<b>Net profit after tax</b>		<b>87,811,205</b>	<b>83,322,809</b>
<b>Appropriations:</b>			
Statutory reserve		22,150,000	37,000,000
General reserve		-	-
Revaluation reserve		-	-
Start up fund		448,896	-
Building fund		-	-
Dividend to Government		-	-
		<b>22,598,896</b>	<b>37,000,000</b>
<b>Retained surplus</b>	16(a)	<b>65,212,309</b>	<b>46,322,809</b>
<b>Earnings per share (EPS)</b>	33(a)	<b>2.20</b>	<b>2.08</b>

The accompanying notes from 1 to 35 form an integral part of these consolidated financial statements.



Managing Director & CEO



Director



Director

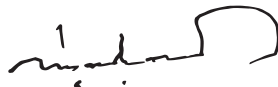


Chairman

This is the consolidated profit and loss account referred to in our separate report of even date.

Signed for & on behalf of  
K. M. HASAN & CO.  
Chartered Accountants

Signed for & on behalf of  
ACNABIN  
Chartered Accountants



Md. Amirul Islam FCA  
Senior Partner  
ICAB Enrollment No. 331  
DVC: 2106230331AS333121



Md Moniruzzaman FCA  
Partner  
ICAB Enrollment No. 787  
DVC: 2106240787AS979865

Dhaka, Bangladesh  
Dated: 21 June, 2021

## Bangladesh Development Bank Limited and Its Subsidiaries

### Consolidated Cash Flow Statement

#### For the year ended 31 December 2020

Notes	2020 Taka	2019 Taka
<b>A. Cash flows from operating activities</b>		
Interest receipts in cash	1,930,339,698	2,376,903,948
Interest payments	(1,723,680,167)	(1,662,260,139)
Dividends receipts	185,359,073	710,635,113
Fees and commission receipts in cash	65,954,225	47,394,737
Recoveries of loans previously written-off	92,454,986	185,424,935
Cash payments to employees	(895,284,890)	(883,986,380)
Cash payments to suppliers	9,394,668	(9,451,143)
Income taxes paid	(154,602,160)	(282,293,764)
Receipts from other operating activities	1,047,229,104	664,856,084
Payments for other operating activities	(602,280,823)	(819,496,215)
<b>Operating profit before changes in operating assets and liabilities</b>	<b>(45,116,286)</b>	<b>327,727,176</b>
<b>Increase/(Decrease) in operating assets and liabilities</b>		
Loans and advances	(1,374,783,790)	(724,889,825)
Other assets	(1,237,600,534)	(149,112,122)
Deposits from other banks	-	-
Deposits from customers and others	(3,429,301,571)	(660,206,350)
Other liabilities	292,894,054	(22,818,754)
<b>Cash flows used in operating assets and liabilities</b>	<b>(5,748,791,841)</b>	<b>(1,557,027,051)</b>
<b>Net cash used in operating activities</b>	<b>(5,793,908,128)</b>	<b>(1,229,299,875)</b>
<b>B. Cash flows from investing activities</b>		
Proceeds from sale of securities	1,946,830,470	410,131,357
Payments for purchase of securities	(630,780,827)	(316,574,077)
Purchase of fixed asset (property, plant and equipment)	(42,294,831)	(16,349,386)
<b>Net cash flow from investing activities</b>	<b>1,273,754,812</b>	<b>77,207,894</b>
<b>C. Cash flows from financing activities</b>		
Decrease in long term borrowing	295,862,328	(72,656,166)
Dividend paid	-	-
<b>Net cash flow from/(used in) financing activities</b>	<b>295,862,328</b>	<b>(72,656,166)</b>
<b>D. Net increase in cash and cash equivalents (A+B+C)</b>	<b>(4,224,290,989)</b>	<b>(1,224,748,148)</b>
<b>E. Effects of changes in exchange rate</b>	<b>3,988,237</b>	<b>9,517,070</b>
<b>F. Cash and cash equivalents at beginning of the year</b>	<b>16,615,341,373</b>	<b>17,830,572,451</b>
<b>G. Cash and cash equivalents at end of the year (D+E+F)</b>	<b>12,395,038,622</b>	<b>16,615,341,373</b>
<b>Cash and cash equivalents at end of the year</b>		
Cash in hand (including foreign currencies)	83,850,821	76,973,099
Balance with Bangladesh Bank and its agent bank(s)	2,278,779,161	2,303,783,841
Balance with other banks and financial institutions	10,032,408,640	14,234,584,433
	<b>12,395,038,622</b>	<b>16,615,341,373</b>

The accompanying notes from 1 to 35 form an integral part of these consolidated financial statements.

  
 Managing Director & CEO

  
 Director

  
 Director

  
 Chairman

Dhaka, Bangladesh  
 Dated: 21 June, 2021

**Bangladesh Development 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	Quasi equity	Statutory reserve	General reserve	Revaluation reserve	Other reserve	Retained earnings	Profit/(Loss)	Total equity
<b>Balance as at 01 January 2020</b>	4,000,000,000	134,744,560	2,592,421,336	4,347,755,114	6,505,569,700	1,074,351,242	612,690,929	-	19,267,532,881
Share Issued (BDBL Securities)	-	-	-	-	-	-	-	-	-
Transfer to Capital Reserve	-	-	-	-	-	-	-	-	-
Properties Assets	-	-	-	-	-	1,777,274	(1,777,274)	-	-
Surplus/Deficit on revaluation of	-	-	-	-	-	-	-	-	-
Adjustment for sold assets	-	-	-	-	-	-	-	-	-
Dep. during the year	-	-	-	-	(107,588,731)	-	-	-	(107,588,731)
Adjustment for deferred tax	-	-	-	-	13,986,582	-	-	-	13,986,582
Difference arises in currency transaction	-	-	-	-	-	-	-	-	-
Net gain and losses not recognized in the profit and loss account	-	-	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	-	-	87,811,205	87,811,205
Appropriations made during the year	-	-	22,150,000	-	-	-	65,212,309	(87,362,309)	-
Appropriations of profit to other liability for Start up fund	-	-	-	-	-	-	-	(448,896)	(448,896)
Dividend to Govt./BDBL	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 December 2020</b>	<b>4,000,000,000</b>	<b>134,744,560</b>	<b>2,614,571,336</b>	<b>4,347,755,114</b>	<b>6,411,967,551</b>	<b>1,076,128,516</b>	<b>676,125,964</b>	<b>-</b>	<b>19,261,293,041</b>
<b>Balance as at 31 December 2019</b>	<b>4,000,000,000</b>	<b>134,744,560</b>	<b>2,592,421,336</b>	<b>4,347,755,114</b>	<b>6,505,569,700</b>	<b>1,074,351,242</b>	<b>612,690,929</b>	<b>-</b>	<b>19,267,532,882</b>

Dhaka, Bangladesh  
Dated: 21 June, 2021



**Managing Director & CEO**



**Director**



**Director**



**Chairman**

**Bangladesh Development Bank Limited**  
**Balance Sheet**  
**For the year ended 31 December 2020**

	Notes	31.12.2020 Taka	31.12.2019 Taka
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>	3	<b>2,362,629,982</b>	<b>2,380,750,523</b>
Cash in hand (including foreign currencies)		83,850,821	76,966,682
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		2,278,779,161	2,303,783,841
<b>Balance with other banks and financial institutions</b>	4	<b>9,706,431,205</b>	<b>12,331,718,479</b>
In Bangladesh		8,688,402,386	11,733,588,340
Outside Bangladesh		1,018,028,819	598,130,139
<b>Money at call and on short Notice</b>	5	<b>100,000,000</b>	<b>1,770,000,000</b>
<b>Investments</b>	6	<b>8,404,523,997</b>	<b>9,720,573,640</b>
Government		548,300	1,514,000
Others		8,403,975,697	9,719,059,640
<b>Loans and advances</b>	7	<b>21,289,651,005</b>	<b>19,983,903,304</b>
Loans, cash credit and overdrafts, etc		20,896,874,555	19,342,341,040
Bill purchased and discounted		392,776,450	641,562,264
<b>Fixed assets including premises, furniture and fixtures</b>	8	<b>7,754,832,735</b>	<b>7,815,420,467</b>
<b>Other assets</b>	9	<b>5,683,568,219</b>	<b>4,393,300,445</b>
<b>Total assets</b>		<b>55,301,637,143</b>	<b>58,395,666,858</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Borrowings from other Banks, financial institutions and agents</b>	10	<b>332,192,781</b>	<b>35,826,453</b>
<b>Deposits and other accounts</b>	11	<b>24,218,902,631</b>	<b>27,645,878,512</b>
Current and other accounts		2,727,213,713	2,743,641,350
Bills payable		132,101,882	128,914,922
Savings Bank deposits		1,713,722,396	1,451,212,270
Fixed deposits		19,645,864,640	23,322,109,970
Other deposits		-	-
<b>Other liabilities</b>	12	<b>11,727,869,499</b>	<b>11,642,128,217</b>
<b>Total liabilities</b>		<b>36,278,964,911</b>	<b>39,323,833,182</b>
<b>Shareholders' equity</b>			
<b>Total shareholders' equity</b>		<b>19,022,672,232</b>	<b>19,071,833,676</b>
Paid-up capital	13	4,000,000,000	4,000,000,000
Quasi equity	14	134,744,560	134,744,560
Statutory reserve	15	2,614,571,336	2,592,421,336
General reserve	16.1	4,347,755,114	4,347,755,114
Revaluation reserve	16.2	6,411,967,551	6,505,569,700
Other reserve	16.3	1,065,907,514	1,065,907,514
Retained earnings	16.5	447,726,157	425,435,452
<b>Total liabilities and shareholders' equity</b>		<b>55,301,637,143</b>	<b>58,395,666,858</b>

**Bangladesh Development Bank Limited**  
**Balance Sheet**  
**For the year ended 31 December 2020**

Notes	31.12.2020 Taka	31.12.2019 Taka
-------	--------------------	--------------------

**OFF-BALANCE SHEET ITEMS****Contingent liabilities**

16.4

**1,070,752,530****1,026,942,358**

Acceptance and endorsements

-

-

Acceptance for FC guarantee

340,370,238

340,370,238

Letters of credit

368,842,751

399,980,377

Bills for collection

306,346,914

248,571,936

Other contingent liabilities

55,192,627

38,019,807

**Other commitments**

-

-

Documentary credits and other short term trade related transaction

-

-

Liability on account of outstanding forward exchange contract

-

-

Forward assets purchased and forward deposit placed

-

-

Undrawn note issuance and revolving underwriting facilities

-

-

Undrawn formal stand by facilities, credit lines and other commitments

-

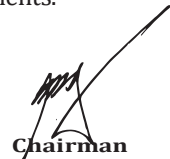
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**Total off-balance sheet items including contingent liabilities****1,070,752,530****1,026,942,358**

The accompanying notes from 1 to 35 form an integral part of these consolidated financial statements.


**Managing Director & CEO**

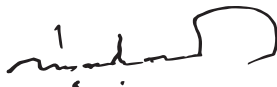
**Director**

**Director**

**Chairman**

This is the balance sheet referred to in our separate report of even date.

Signed for & on behalf of  
**K. M. HASAN & CO.**  
Chartered Accountants

Signed for & on behalf of  
**ACNABIN**  
Chartered Accountants


**Md. Amirul Islam FCA**  
**Senior Partner**ICAB Enrollment No. 331  
DVC: 2106230331AS333121

**Md Moniruzzaman FCA**  
**Partner**ICAB Enrollment No. 787  
DVC: 2106240787AS979865

Dhaka, Bangladesh  
Dated: 21 June, 2021

## Bangladesh Development Bank Limited

### Profit and Loss Account

#### For the year ended 31 December 2020

	Notes	2020 Taka	2019 Taka
Interest income	18	1,928,321,715	2,348,367,160
Interest paid on borrowings, deposits, etc	19	(1,588,268,863)	(1,689,041,868)
<b>Net Interest Income</b>		<b>340,052,852</b>	<b>659,325,292</b>
Income from investments	20	514,035,398	307,473,542
Commission, exchange and brokerage	21	35,805,023	28,906,780
Other operating income	22	410,619,129	487,873,074
		<b>960,459,550</b>	<b>824,253,396</b>
<b>Total operating income</b>		<b>1,300,512,402</b>	<b>1,483,578,688</b>
<b>Operating expenses</b>			
Salaries and allowances	23	924,662,912	791,954,531
Rent, taxes, insurance, lighting, etc	24	58,045,493	56,480,792
Legal expenses	25	1,760,964	1,125,631
Postage, telecommunication, etc	26	6,725,033	6,419,367
Stationery, printing, advertisement, etc	27	8,841,768	9,063,368
Managing Director's/Chief Executive's remuneration		3,700,000	1,746,184
Directors' fees	28	1,336,800	1,512,157
Auditors' fees		1,179,500	1,143,500
Depreciation and repair of Bank's assets	29	60,249,617	53,626,826
Other expenses	30	123,395,422	125,386,152
<b>Total operating expenses</b>		<b>1,189,897,509</b>	<b>1,048,458,508</b>
<b>Profit before provision</b>		<b>110,614,893</b>	<b>435,120,180</b>
Provision for loans and advances	31	-	34,000,000
Provision for diminution in value of investments		-	-
Other provisions		-	216,500,000
<b>Total provision</b>		<b>-</b>	<b>250,500,000</b>
<b>Total profit before taxes</b>		<b>110,614,893</b>	<b>184,620,180</b>
<b>Provision for taxation</b>			
Current tax		70,394,491	120,000,000
Deferred tax		(4,669,198)	(929,898)
		<b>65,725,292</b>	<b>119,070,102</b>
<b>Net profit after tax</b>		<b>44,889,600</b>	<b>65,550,078</b>
<b>Appropriations:</b>			
Statutory reserve		22,150,000	37,000,000
General reserve		-	-
Start up fund		448,896	-
Dividend to Government		-	-
		<b>22,598,896</b>	<b>37,000,000</b>
<b>Retained surplus</b>		<b>22,290,704</b>	<b>28,550,078</b>
<b>Earnings per share (EPS)</b>	33	<b>1.12</b>	<b>1.64</b>

The accompanying notes from 1 to 35 form an integral part of these consolidated financial statements.



**Managing Director & CEO**



**Director**



**Director**



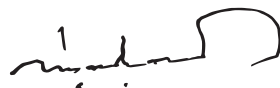
**Chairman**

This is the profit and loss account referred to in our separate report of even date.

Signed for & on behalf of

**K. M. HASAN & CO.**  
Chartered Accountants

Signed for & on behalf of  
**ACNABIN**  
Chartered Accountants



**Md. Amirul Islam FCA**  
Senior Partner  
ICAB Enrollment No. 331  
DVC: 2106230331AS333121



**Md Moniruzzaman FCA**  
Partner  
ICAB Enrollment No. 787  
DVC: 2106240787AS979865

Dhaka, Bangladesh  
Dated: 21 June, 2021

**Bangladesh Development Bank Limited**  
**Cash Flow Statement**  
**For the year ended 31 December 2020**

	Notes	2020 Taka	2019 Taka
<b>A. Cash flows from operating activities</b>			
Interest receipts in cash		1,947,366,712	2,396,514,355
Interest payments		(1,751,117,741)	(1,689,094,043)
Dividend receipts		141,430,645	671,212,999
Fees and commission receipts in cash		35,805,023	28,906,780
Recoveries on loans previously written-off		92,454,986	185,424,935
Cash payments to employees		(895,284,890)	(883,986,380)
Cash payments to suppliers		9,394,668	(9,451,143)
Income taxes paid		(133,142,323)	(268,593,078)
Receipts from other operating activities	22(b)	634,113,419	413,322,897
Payments for other operating activities	30(b)	(222,473,929)	(213,696,270)
<b>Operating profit before changes in operating assets and liabilities</b>		<b>(141,453,430)</b>	<b>630,561,052</b>
<b>Increase/(Decrease) in operating assets and liabilities</b>			
Loans and advances		(1,374,783,790)	(724,889,825)
Other assets		(1,237,600,534)	(149,112,122)
Deposits from other banks		-	-
Deposits from customers and others		(3,426,975,881)	(666,408,859)
Other liabilities		292,894,054	(22,818,754)
<b>Cash flows used in operating assets and liabilities</b>		<b>(5,746,466,151)</b>	<b>(1,563,229,560)</b>
<b>Net cash used in operating activities</b>		<b>(5,887,919,582)</b>	<b>(932,668,508)</b>
<b>B. Cash flows from investing activities</b>			
Proceeds from sale of securities		1,946,830,470	410,131,357
Payments for purchase of securities		(630,780,827)	(316,574,077)
Purchase of property, plant and equipment		(41,892,441)	(16,236,789)
<b>Net cash flow from investing activities</b>		<b>1,274,157,202</b>	<b>77,320,491</b>
<b>C. Cash flows from financing activities</b>			
Increase in long term borrowing		296,366,328	(72,656,166)
Dividend paid		-	-
<b>Net cash flow from / (used in) financing activities</b>		<b>296,366,328</b>	<b>(72,656,166)</b>
<b>D. Net increase/(Decrease) in cash and cash equivalents (A+B+C)</b>		<b>(4,317,396,052)</b>	<b>(928,004,183)</b>
<b>E. Effects of changes in exchange rate</b>		3,988,237	9,517,070
<b>F. Cash and cash equivalents at beginning of the year</b>		<b>16,482,469,002</b>	<b>17,400,956,115</b>
<b>G. Cash and cash equivalents at end of the year (D+E+F)</b>	32	<b>12,169,061,187</b>	<b>16,482,469,002</b>
<b>Cash and cash equivalents at end of the year</b>			
Cash in hand (including foreign currency)		83,850,821	76,966,682
Balance with Bangladesh Bank and its agent bank(s)		2,278,779,161	2,303,783,841
Balance with other banks and financial institutions		9,806,431,205	14,101,718,479
		<b>12,169,061,187</b>	<b>16,482,469,002</b>

The accompanying notes from 1 to 35 form an integral part of these consolidated financial statements.

  
Managing Director & CEO

  
Director

  
Director

  
Chairman

Dhaka, Bangladesh  
Dated: 21 June, 2021

**Bangladesh Development Bank Limited**  
**Statement of Changes in Equity**  
**For the year ended 31 December 2020**

Particulars	Paid-up capital	Quasi equity	Statutory reserve	General reserve	Revaluation reserve	Other reserves	Retained earnings	Profit/(loss)	Total equity
<b>Balance as at 01 January 2020</b>	4,000,000,000	134,744,560	2,592,421,336	4,347,755,114	6,505,569,700	1,065,907,514	425,435,452	-	19,071,833,676
Surplus/deficit on revaluation of properties	-	-	-	-	-	-	-	-	-
Surplus/deficit on revaluation of investments	-	-	-	-	-	-	-	-	-
Adjustment for sold assets	-	-	-	-	-	-	-	-	-
Depreciation during the year	-	-	-	-	(107,588,731)	-	-	-	(107,588,731)
Adjustment for deferred tax	-	-	-	-	13,986,582	-	-	-	13,986,582
Difference arises in currency transaction	-	-	-	-	-	-	-	-	-
Net gain and losses not recognised in the profit and loss account	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	22,150,000	-	-	-	22,290,704	(44,440,704)	44,889,600
Appropriations made during the year	-	-	-	-	-	-	-	-	-
Appropriations of profit to other liability for Start up fund	-	-	-	-	-	-	-	(448,896)	(448,896)
Dividend to Govt.	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 December 2020</b>	<b>4,000,000,000</b>	<b>134,744,560</b>	<b>2,614,571,336</b>	<b>4,347,755,114</b>	<b>6,411,967,551</b>	<b>1,065,907,514</b>	<b>447,726,157</b>	<b>-</b>	<b>19,022,672,232</b>
<b>Balance as at 31 December 2019</b>	<b>4,000,000,000</b>	<b>134,744,560</b>	<b>2,592,421,336</b>	<b>4,347,755,114</b>	<b>6,505,569,700</b>	<b>1,065,907,514</b>	<b>425,435,452</b>	<b>-</b>	<b>19,071,833,676</b>

Dhaka, Bangladesh  
 Dated: 21 June, 2021

  
 Managing Director & CEO

  
 Director

  
 Director

  
 Chairman



**Bangladesh Development Bank Limited**  
**Liquidity Statement (Analysis of Maturity of Assets and Liabilities)**  
**For the year ended 31 December 2020**

(Amount in Taka)

Particulars	Not more than 1 month term	1-3 months term	3-12 months term	1-5 years term	Above 5-years term	Total
<b>Assets</b>						
Cash in hand	83,850,821	-	-	-	-	83,850,821
Balance with Bangladesh Bank and Sonali Bank (incl. foreign currencies)	177,500,000	-	-	-	2,101,279,161	2,278,779,161
Balance with other banks and financial institutions and agents	3,197,400,000	5,563,000,000	946,031,205	-	-	9,706,431,205
Money at call and on short notice	100,000,000	-	-	-	-	100,000,000
Investments	1,300,000	5,900,000	4,007,000,000	1,458,600,000	2,931,723,997	8,404,523,997
Loans and advances	1,141,300,000	1,744,600,000	3,707,300,000	11,579,300,000	3,117,151,005	21,289,651,005
Fixed assets including premises, furniture and fixtures	-	-	-	-	7,754,832,735	7,754,832,735
Other assets	83,600,000	644,400,000	454,900,000	2,256,800,000	2,243,868,219	5,683,568,219
Non-banking assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>4,784,950,821</b>	<b>7,957,900,000</b>	<b>9,115,231,205</b>	<b>15,294,700,000</b>	<b>18,148,855,117</b>	<b>55,301,637,143</b>
<b>Liabilities</b>						
Borrowing from Bangladesh Bank, Other banks, financial institutions and agents	27,400,000	82,300,000	219,500,000	2,992,781	-	332,192,781
Deposits and other accounts	1,939,000,000	8,037,300,000	2,954,300,000	11,288,302,631	-	24,218,902,631
Provision and other liabilities	-	163,000,000	998,800,000	2,415,100,000	8,150,969,499	11,727,869,499
<b>Total Liabilities</b>	<b>1,966,400,000</b>	<b>8,282,600,000</b>	<b>4,172,600,000</b>	<b>13,706,395,412</b>	<b>8,150,969,499</b>	<b>36,278,964,911</b>
<b>Net liquidity gap</b>	<b>2,818,550,821</b>	<b>(324,700,000)</b>	<b>4,942,631,205</b>	<b>1,588,304,588</b>	<b>9,997,885,618</b>	<b>19,022,672,232</b>

  
Managing Director & CEO

Director

Director

Chairman

Dhaka, Bangladesh  
Dated: 21 June, 2021

- i) Balance with other banks and financial institutions, Money at call and on short notice are on the basis of their maturity.  
ii) Investments are on the basis of their maturity.  
iii) Loans and advances are on the basis of their maturity.  
iv) Fixed assets including premises land and buildings, furniture and fixtures are on the basis of their useful life.  
v) Other assets are on the basis of their adjustment.  
vi) Borrowings from Bangladesh Bank, other banks, financial institutions and agents are on the basis of their payment.  
vii) Deposits and other accounts are on the basis of their maturity and payment.  
viii) Provision and other liabilities are on the basis of their adjustment.

## Bangladesh Development Bank Limited and Its Subsidiaries

### Notes to the consolidated and separate financial statements

### As at & for the year ended 31 December 2020

#### 1. Status of the Bank

##### 1.1 Legal form of the Bank

Bangladesh Development Bank Limited (“BDBL” or the “Bank”) a state owned Bank was incorporated in Bangladesh on 16th November, 2009 under the Companies Act, 1994 to acquire and take-over, as a going concern, the undertakings and business of two specialized Banks i.e.. Bangladesh Shilpa Bank (BSB) and Bangladesh Shilpa Rin Sangstha (BSRS) constituted respectively under the Bangladesh Shilpa Bank Order, 1972 (President Order No.129 of 1972) and Bangladesh Shilpa Rin Sangstha Order, 1972 (President Order No.128 of 1972) with all of their assets, benefits, rights, powers, authorities, privileges, liabilities, borrowings and obligations and to carry on with the same business. Two vendors agreements were executed between the Government Bangladesh and Bangladesh Development Bank Limited on 31 December 2009 in this regard. The Bank has 46 Branches & two 100% owned subsidiaries named BDBL Securities Limited (BSL) and BDBL Investment Services Limited (BISL).

The registered office of the Bank is located at 8 Rajuk Avenue, Motijheel, Dhaka-1000 and the website address is [www.bdbl.com.bd](http://www.bdbl.com.bd)

##### 1.2 Nature of business

Bangladesh Development Bank Limited extends financial assistance both in local and foreign currencies for setting up of new industries and provides all kinds of commercial banking services to its customer through its branches in Bangladesh.

The principal activities of the bank are to vastly involved to provide a comprehensive range of financial services:

- (a) personal and commercial banking, including accepting deposits, remittance, money transfer, foreign exchange transaction, guarantee, commitments, trade and services, cash management, etc. to its customers.
- (b) Fund based services include short term & long term loans, Project wise industrial credit, discounting and purchasing bills, consumers and staff loans, House & car loans etc.

##### 1.3 BDBL Securities Limited (BSL)

BDBL Securities Limited, a fully owned subsidiary company which was incorporated on 23 May 2011 with the Registrar of Joint Stock Companies & Firms with an authorised and paid up capital of BDT 500 million and BDT 200 million respectively. The company is a member of Dhaka Stock Exchange Ltd. (DSE) and Chittagong Stock Exchange Ltd. and obtained Stock Broker and Stock Dealer Licenses of DSE on 18 January 2012 and CSE on 15 May 2012.

##### 1.4 BDBL Investment Services Limited (BISL)

BDBL Investment Services Limited, another fully owned subsidiary company which was incorporated on 06 August, 2014 with authorised and paid up capital of BDT 500 million and BDT 200 million respectively. A vendor's Agreement was signed on 11 September, 2014 between BDBL and BISL for transfer of membership of DSE Trading Right Entitlement Certificate (TREC) # 152 and shares (7,215,106 share of BDT 10 each). DSE approved conversion of DSE TREC # 152 and shares in favor of BISL at its 813th Board Meeting held on 26 November 2015 and then BSEC issued Stock Dealer and Stock Broker Registration Certificate in favor of BISL on 19 January 2016.

#### 2. Significant accounting policies

##### 2.1 Basis of preparation of the financial statements

The consolidated financial statements of the Group and separate financial statements the Bank have been prepared under the historical cost convention in accordance with International Financial Reporting Standards (IFRSs) with reference to the provisions of the Bank Companies Act, 1991 (as amended) and other circulars/instructions of Bangladesh Bank and the Companies Act, 1994.

## Bangladesh Development Bank Limited and Its Subsidiaries

### Notes to the consolidated and separate financial statements

#### As at & for the year ended 31 December 2020

In case any requirement of the Bank Companies Act 1991 (as amended) and provisions and circulars issued by Bangladesh Bank differ with those of IFRSs as adopted, the requirements of the Bank Companies Act 1991 and provisions and circulars issued by Bangladesh Bank shall prevail.

As such the Group and the Bank has departed from those which are the requirements of IAS and IFRS in order to comply with the rules and regulations of Bangladesh Bank are disclosed below:

#### i) **Presentation of financial statements**

**IFRS:** As per IAS 1, a complete set of financial statements comprises a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity, a statement of cash flows, notes comprising a summary of significant accounting policies and other explanatory information and comparative information. IAS 1 has also stated the entity to disclose assets and liabilities under current and non-current classification separately in its statement of financial position.

**Bangladesh Bank:** A format of financial statements (i.e. balance sheet, profit and loss account, cash flow statement, statement of changes in equity, liquidity statement) is prescribed in the “First Schedule” of section 38 of the Bank Company Act 1991 (amended up to 2018) and BRPD circular no. 15 dated 09 November 2009 of Bangladesh Bank. Assets and liabilities are not classified under current and non-current heading in the prescribed format of financial statements.

#### ii) **Investment in shares and securities**

**IFRS:** As per requirements of IFRS 9, classification and measurement of investment in shares and securities will 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 or loss account” or under “at fair value through other comprehensive income” where any change in the fair value (as measured in accordance with IFRS 13) at the year-end is taken to profit and loss account or other comprehensive income respectively.

**Bangladesh Bank:** As per 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 book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; otherwise investments are recognised at cost.

#### iii) **Revaluation gains/losses on Government securities**

**IFRS:** As per requirement of IFRS 9 “Financial Instruments: where securities will fall under the category of fair value through profit or loss account and any change in fair value of the asset is recognised through profit or loss account. Held for Trading (HFT), any change in the fair value of held for trading assets is recognised through profit and loss account. Securities designated as amortized cost are measured at effective interest rate method and interest income is recognized through the profit and loss account.

**Bangladesh Bank:** 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 recognized in other reserves as a part of equity and any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortized at the year end and gains or losses on amortization are recognized in other reserve as a part of equity.

#### iv) **Provision on investments and off-balance sheet items**

**IFRS:** As per IFRS 9 an entity shall recognise an impairment allowance on investments (loan) based on expected credit losses. At each reporting date, an entity shall measure the impairment allowance for investment (loan) at an amount equal to the lifetime expected credit losses if the credit risk on these investments 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 investments (loans) for which the 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 investments that are possible within 12 months after reporting date.

## Bangladesh Development Bank Limited and Its Subsidiaries

### Notes to the consolidated and separate financial statements

#### As at & for the year ended 31 December 2020

**Bangladesh Bank:** As per BRPD circular No.14 (23 September 2012), BRPD circular No. 19 (27 December 2012), BRPD circular No. 05 (29 May 2013), BRPD circular No. 16 (18 November 2014), BRPD Circular No. 15 (27 September 2017), BRPD Circular No. 01 (20 February 2018), BRPD Circular No. 03 (21 April 2019) and BRPD Circular No. 07 (19 March 2020) a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively (except short-term agricultural and micro-credits where 5% for sub-standard and doubtful investments and 100% for bad & loss investments) for loans and advances depending on the duration of overdue. Again as per BRPD circular no. 10 dated 18 September 2007 and BRPD circular no. 14 dated 23 September 2012, a general provision at 1% is required to be provided for all off-balance sheet exposures (except LC issued against Fast Track Electricity Project & Bills for Collection according to BRPD circular letter no. 01 dated 03 January 2018 & BRPD circular no. 07 dated 21 June 2018 respectively). Such provision policies are not specifically in line with those prescribed by IFRS 9 “Financial Instruments”.

v) **Recognition of investment income in suspense**

**IFRS:** Investments (Loans) to customers are generally classified at amortised cost as per IFRS 9 and interest income is recognised by using the effective interest rate method to the gross carrying amount over the term of the loan. Once a loan subsequently become credit-impaired, the entity shall apply the effective interest rate to the amortised cost of these Investments (Loans).

**Bangladesh Bank:** As per BRPD circular no. 14 dated 23 September 2012, once an investment (loan) is classified, investment income on such investments are not allowed to be recognised as income, rather the corresponding amount needs to be credited to an investment income in suspense account, which is presented as liability in the balance sheet.

vi) **Other comprehensive income**

**IFRS:** As per IAS 1 Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single other comprehensive income statement.

**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 the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity.

vii) **Financial instruments – presentation and disclosure**

In several cases Bangladesh Bank guidelines categorise, recognise, measure and present financial instruments differently from those prescribed in IFRS 9. As such full disclosure and presentation requirements of IFRS 7 and IAS 32 cannot be made in the financial statements.

viii) **Financial guarantees**

**IFRS:** As per IFRS 9, financial guarantees are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtors fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee liabilities are recognised initially at their fair value plus transaction costs that are directly attributable to the issue of the financial liabilities. The financial guarantee liability is subsequently measured at the higher of the amount of loss allowance for expected credit losses as per impairment requirement and the amount initially recognised less, income recognised in accordance with the principles of IFRS 15. Financial guarantees are included within other liabilities.

**Bangladesh Bank:** As per BRPD 14 dated 25 June 2003, financial guarantees such as letter of credit, letter of guarantee will be treated as off-balance sheet items. No liability is recognised for the guarantee except the cash margin.

ix) **Cash and cash equivalent**

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

## Bangladesh Development Bank Limited and Its Subsidiaries

### Notes to the consolidated and separate financial statements

#### As at & for the year ended 31 December 2020

**Bangladesh Bank:** Some cash and cash equivalent items such as ‘money at call on short notice’, treasury bills, Bangladesh Bank bills and prize bond are not shown as cash and cash equivalents. Money at call and on short notice presented on the balance sheet, and treasury bills, prize bonds are shown in investments.

**x) Non-Banking assets**

**IFRS:** No indication of Non-Banking asset is found in any IFRS.

**Bangladesh Bank:** As per BRPD 14 dated 25 June 2003, there must exist a face item named Non-Banking asset.

**xi) Cash flow statement**

**IFRS:** The Cash flow statement can be prepared using either the direct method or the 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 14 dated 25 June 2003 and BRPD 15 dated 09 November 2009, cash flow is the mixture of direct and indirect methods.

**xii) Balance with Bangladesh Bank: (Cash Reserve Requirement)**

**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.

**xiii) Presentation of intangible asset**

**IFRS:** An intangible asset must be identified and recognised, and the disclosure must be given as per IAS 38 “Intangible Assets”.

**Bangladesh Bank:** There is no regulation for intangible assets in BRPD 14 dated 25 June 2003.

**xiv) Off-balance sheet items**

**IFRS:** There is no concept of off-balance sheet items in any IFRS; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.

**Bangladesh Bank:** As per BRPD 14 dated 25 June 2003, off balance sheet items (e.g. Letter of credit, Letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.

**xv) Disclosure of appropriation of profit**

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

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

**xvi) Investments net off provision**

**IFRS:** Loans and advances/Investments should be presented net off provision.

**Bangladesh Bank:** As per BRPD 14 dated 25 June 2003, provision on loans and investments are presented separately as liability and cannot be net-off against loans and advances.

**xvii) Recognition of Interest in Suspense**

**IFRS:** Loans and advances/Investments to customers are generally classified as “loans and receivables” as per IFRS 9 and interest income is recognised through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognised in profit and loss account on the same basis based on revised carrying amount.

**Bangladesh Bank:** As per BRPD Circular No. 14 dated 23 September 2012, once a investment is classified, profit on such investments are not allowed to be recognised as income, rather the corresponding amount needs to be credited to an profit in suspense account, which is presented as liability in balance sheet.

## Bangladesh Development Bank Limited and Its Subsidiaries

### Notes to the consolidated and separate financial statements

#### As at & for the year ended 31 December 2020

#### 2.2 Consolidation

The consolidated Financial Statements include the Financial Statements of Bangladesh Development Bank Limited (BDBL) including and the Financial Statements of its subsidiaries named BDBL Securities Limited (BSL) and BDBL Investment Services Limited (BISL) made up to the end of the financial year.

The consolidated Financial Statements have been prepared in accordance with IFRS 10. 'Consolidated Financial Statements'. The consolidated Financial Statements are prepared to a common financial year ending 31 December 2020.

#### 2.3 Subsidiary

Subsidiary is that enterprise which is controlled by the Bank. Control exists when the Bank has the power, directly or indirectly, to govern the financial and operating policies of an enterprise to obtain benefits from its activities from the date that control commences until the date that control ceases. The Financial Statements of subsidiary are included in the consolidated Financial Statements from the date that control effectively commences until the date the control effectively ceases.

#### 2.4 Transactions eliminated on consolidation

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Profit & Loss resulting from transaction between groups are also eliminated on consolidation.

#### 2.5 Use of estimates and judgments

"The preparation of Financial Statements requires the Bank to make certain estimates and to form judgments about the application of accounting policies which may affects the reported amounts of assets, liabilities, income and expenses; due to that actual results may differ to reasonable extent.

Estimates and underlying assumptions are reviewed on an ongoing basis and recognized its effects on present and future financial positions. The most significant areas where estimates and judgments have been made are on provision for investments, Income Taxes, Deferred Taxation & liquidity Statement.

#### 2.6 Fixed assets and depreciation

Fixed assets, except land building are stated at cost less accumulated depreciation as per IAS-16. Land and building are shown at revalued amount.

Depreciation is charged on fixed assets other than motor vehicles and computer on reducing balance method. Depreciation on motor vehicles and computer is charged on straight line method. Depreciation is charged when the assets are ready to use. The relevant rates for depreciation are as follows:

Assets	Rates
Building / Premises	2.5%
Furniture and Fixtures, Interior Decoration	10%
Electric / Gas Installation	20%
Typewriters, Ceiling Fans, Office Equipment (including Computer) and SBBL Gun	20%
Motor Cars, Other Vehicles	20%
Software	25%

Depreciation at the applicable rates is charged proportionately on additions made during the year from the date when the assest are ready to use after their acquisition.

Upon disposal of items of fixed assets the net book values are eliminated from the accounts and the resulting gains or losses, if any, are transferred to Profit and Loss Account.

Repairs and maintenance costs of fixed assets are charged to Profit and Loss Account when incurred.

##### 2.6.1 Revalued depreciation

Depreciation on revalued assets are being charged against revaluation reserve/ surplus as per Bangladesh Bank instruction since 2015 consistently.

## Bangladesh Development Bank Limited and Its Subsidiaries

### Notes to the consolidated and separate financial statements

#### As at & for the year ended 31 December 2020

#### 2.6.2 Impairment of assets

An asset is impaired when its carrying amount exceeds its recoverable amount as per IAS 36 "Impairment of Assets". The Bank assesses at the end of each reporting period whether there is any indication that an asset may be impaired and/or whenever events or changes in circumstances indicate that the carrying value of the asset may not be recovered. If any such indication exists, the Bank makes an estimate of the recoverable amount of the assets. The carrying amount of the asset is reduced to its recoverable amount, if the recoverable amount is less than its carrying amount and impairment losses are recognized in the profit and loss account. However, impairment of financial assets is guided by the relevant Bangladesh Bank Circulars/Instructions and IAS 36.

#### 2.6.3 Disposal of fixed assets

On the disposal of fixed assets, the cost and accumulated depreciation are eliminated from the fixed assets schedule and gains or losses on such disposal are reflected in the statement of comprehensive income (profit and loss account) as per provision of IAS 16 "Property, Plant and Equipment".

#### 2.6.4 IFRS 16: Leases

Bangladesh Development Bank Limited has applied IFRS 16: "Leases" for the first time with the date of initial application of 01 January 2020 using modified retrospective approach where the bank measured the lease liability at the present value of the remaining lease payments and recognized a right-of-use asset at the date of the initial application on a lease by lease basis.

In according to IFRS 16 Leases, a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Control is conveyed where the customer has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use.

"An asset is typically identified by being explicitly specified in a contract, but an asset can also be identified by being implicitly specified at the time it is made available for use by the customer. Upon lease commencement the bank recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the Bank. Adjustments may also be required for lease incentives, payments at or prior to commencement and restoration obligations or similar. After lease commencement, the Bank measures the right-of-use asset using a cost model. Under the cost model a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment.

The lease liability is initially measured at the present value of the lease payments payable over the lease term.

The Bank has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term. Bank only has recognised the leases for those agreements those complied the criteria of IFRS 16 Lease in the financial statements.

#### 2.7 Investments

##### Investment in subsidiaries

Investment in subsidiary is accounted for under the cost method of accounting in the Bank's financial statements in accordance with the IAS 27 "Separate Financial Statements", IFRS 3 "Business Combination", IAS 36 "Impairment of Assets" and IFRS 10 "Consolidated Financial Statements".

#### 2.8 Loans and advances

- i. Loans and advances have been stated at gross value as per requirement of the Bangladesh Bank.
- ii. Interest on unclassified loans and advances are calculated on a daily product basis but charged and accounted for on quarterly basis and in some cases on monthly basis.
- iii. No interest is charged on loan classified as bad loss.
- iv. Interest is charged on classified loans and advances other than bad loss as per BCD Circular no. 34 of 1989, BCD Circular no. 20 of 1994, BCD Circular no.12 of 1995, BRPD Circular no. 16 of 1998 and BRPD Circular no.9 of 2001, BRPD Circular no. 05 of 2006, BRPD Circular no.08 of 2007, BRPD Circular no.10 of 2007 and such interest is not included in income and credited to interest suspense account. This interest is credited to income on realisation.

## Bangladesh Development Bank Limited and Its Subsidiaries

### Notes to the consolidated and separate financial statements

#### As at & for the year ended 31 December 2020

v. Interest and penal interest, if any, calculated on classified loans and advances are taken as income in the year of its receipt from the defaulting borrowers.

vi. Interest on Special Mention Account (SMA) loan is charged and credited to interest income account as per Bangladesh Bank BRPD Circular no.14 dated 23 September 2012, BRPD Circular no. 05 dated 29 May 2013.

vii. Provision for loans and advances are made on the basis of information furnished by the branches and of instructions contained in Bangladesh Bank BRPD Circular no.14 dated 23 September 2012, BRPD Circular no.19 dated 27 December 2012 and BRPD Circular 8 dated 02 August 2015, BRPD Circular no. 05 dated 29 May 2013, BRPD Circular no. 01 dated 20 February 2018, BRPD Circular no. 03 dated 21 April 2019 and other applicable circulars issued during the year 2020 at the following rates:

vii. Loans and advances are written-off as per BRPD Circular no. 2 dated 13 January 2003.

viii. The provision of the loans and advances were maintained as follows and also considering the relevant circulars issued by the year 2020.

Types of loans	Provision				
	STD	SMA	SS	DF	BL
House Finance	1%	1%	20%	50%	100%
Loan to Professionals	2%	2%	20%	50%	100%
Consumer Finance	2%	2%	20%	50%	100%
Loans to BHs/MBs/SDs	2%	2%	20%	50%	100%
Short term Agri. Credit and Micro Credit	1%	-	5%	5%	100%
SME	0.25%	0.25%	5%	20%	100%
Others	1%	1%	20%	50%	100%

\* 1% Special general provision COVID-19 were maintained duly as per circular.

#### 2.9 Rental income

Rental income is accounted for on accrual basis.

#### 2.10 Revenue recognition

The revenue is recognized as follows complying the conditions of revenue recognition as provided in IFRS 15.

- Income from investments has been accounted for on accrual basis.
- Income from investment in Securities is recognized at the time of sale.
- Dividend income is recognised when shareholders' right to receive is established.
- Income from bills purchased and discounted is recognized at the time of realization.
- Fees and commission income are recognized when earned.

#### 2.11 Cash flow statement

Cash flow statement is prepared principally in accordance with IAS 7 "Cash Flow Statement"; and as prescribed by BRPD Circular No. 14 dated 25 June 2003.

#### 2.12 Off-balance sheet items

Under general Banking transactions, liabilities against acceptance, endorsement and other obligations and bills against which acceptances have been given and claims exist there against, have been shown as Off Balance Sheet items.

#### 2.13 Foreign currency transactions

The transactions in foreign currencies are converted into equivalent Taka currency using the ruling exchange rates on the dates of such transactions. At the Balance Sheet date related assets and liabilities are converted to Taka using exchange rates prevailing on that date.



## Bangladesh Development Bank Limited and Its Subsidiaries

### Notes to the consolidated and separate financial statements

#### As at & for the year ended 31 December 2020

#### 2.14 Statement of changes in equity

Statement of changes in equity is prepared principally in accordance with IAS-1 "Presentation of Financial Statements" and under the guidelines of Bangladesh Bank BRPD Circular No.14 dated 25 June 2003.

#### 2.15 Statement of liquidity

The liquidity statement has been prepared in accordance with the remaining maturity-wise grouping of the value of the assets and liabilities as on the reporting date.

- i. Balance with other banks and financial institutions, money at call and on short notice, etc. are on the basis of their maturity term.
- ii. Investment is on the basis of their respective maturity.
- iii. Loans and advances are on the basis of their repayment schedule.
- iv. Property, plant and equipment (lined assets) are on the basis of their useful lives.
- v. Other assets are on the basis of their realisation/amortisation.
- vi. Borrowing from government and other agencies, etc. are as per their maturity.
- vii. Deposits and other accounts are on the basis of their maturity and payment.
- viii. Provisions and other liabilities are on the basis of their payment/adjustment schedule.

#### 2.16 Retirement benefit scheme

The Bank has number of retirement benefit schemes as applicable for the employees of Bangladesh Development Bank Limited and erstwhile Bangladesh Shilpa Bank and Bangladesh Shilpa Rin Sangstha:

- i. Gratuity and CPF Scheme:
  - (a) Contributory Provident Fund
  - (b) Gratuity Scheme
- ii. GPF and Pension and Death cum Retirement Benefit Scheme:
  - (a) General Provident Fund (GPF)
  - (b) Pension and Death cum Retirement Benefit Scheme

Contribution to the above retirement benefit schemes is made by the Bank as per rules and regulations of the respective schemes and outcome of actuarial valuation. These schemes are managed and administered by separate trust formed for that purpose.

#### 2.17 Capital/ Shareholders' equity

##### 2.17.1 Authorised capital

Authorised capital is the maximum amount of share capital that the Bank is authorised by its Memorandum and Articles of Association.

##### 2.17.2 Paid-up capital

Paid up capital represents total amount of share capital that has been paid in full by the Govt. Holders of ordinary shares are entitled to receive dividends as declared from time to time.

#### 2.18 Statutory reserve

The Bank Companies Act, 1991 requires the Bank to transfer from its current year's profit before tax to reserve until such reserve together with share premium account equals to its paid up capital. Accordingly 20% of the current year's profit before tax (PBT) has been transferred to this reserve.

## Bangladesh Development Bank Limited and Its Subsidiaries

### Notes to the consolidated and separate financial statements

### As at & for the year ended 31 December 2020

#### 2.19 Asset revaluation reserve

This represent the differences between the book value and the re-valued amount of premises (Land, Building and Vehicles) of the bank as assessed by professional valuers in the year 2010. To calculate Capital Adequacy Ratio (CAR), 50% of the same was considered as a component of supplementary capital as per Bangladesh Bank BRPD circular no.24 dated 03 August 2010 up to 2014. However, as per BRPD circular 18 dated December 21,2014, the revaluation reserve for Fixed Assets (Property, Plant and Equipment) will gradually be deducted from Tier-2 capital with phase starting from 2015. Accordingly, 20% of the revaluation reserve that qualified for Tier-2 capital has been deducted while calculation eligible capital at the year ended 2015, 40% of the revaluation reserve that qualified for Tier-2 capital has been deducted while calculation eligible capital at the year ended 2016, 60% of the revaluation reserve that qualified for Tier-2 capital has been deducted while calculation eligible capital at the year ended 2017, 80% of the revaluation reserve that qualified for Tier-2 capital has been deducted while calculation eligible capital at the year ended 2018 and 100% of the revaluation reserve that qualified for Tier-2 capital has been deducted while calculation eligible capital at the year ended 2019.

#### 2.20 Taxation

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity.

##### 2.20.1 Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Provision for current tax has been made as under as per the Income Tax Ordinance, 1984 and the Finance Act, 2020.

- On business income, rental income and interest from bond at 40%;
- On dividend income at 20%;
- On capital gain from sale of shares at 10%;
- On capital gain from sale of assets at 15%; and
- On 82C related income as per provisions of Section 82C of the Income Tax Ordinance, 1984.

##### 2.20.2 Deferred tax

Deferred tax is accounted for all temporary timing differences arising between the tax base of assets and liabilities and their carrying value for financial reporting purpose. Tax rate (@ 40%) prevailing at the balance sheet date is used to determine deferred tax. Deferred tax assets are reviewed at each reporting date and are changed to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax relating to unrealised surplus on revaluation of Land & Building is recognised directly in revaluation reserve.

#### 2.21 Earnings per share

This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the period as per IAS - 33 "Earnings Per Share". Diluted Earnings per Share is not required to be calculated for the year, as there exist no dilution possibilities during the year.

#### 2.22 Reconciliation position

##### a. Nostro A/C:

There are five NOSTRO accounts being maintained with Foreign Banks and all those accounts are reconciled at year end. There is NO outstanding entry for more than one month.

##### b. Inter-branch transactions:

As CBS-Core Banking System has been established, inter-branch transactions are performed reciprocally and the balance is netted-off at a particular point of time. The position of inter branch outstanding entries as on 31 December 2020 is as under:

**Bangladesh Development Bank Limited and Its Subsidiaries**  
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Outstanding Period	Debit Entry		Credit Entry		Total Entry
	No. of entry	BDT '000'	No. of entry	BDT '000'	
Less than 3 months	11	19819	1	0	12
3 months to 6 months	-	-	-	-	-
6 months to 9 months	-	-	-	-	-
9 months to 12 months	-	-	-	-	-
More than 12 months	54	1,979	70	1743	124
<b>Total</b>	<b>65</b>	<b>21,798</b>	<b>71</b>	<b>1,743</b>	<b>136</b>
<b>Unadjusted amount (Dr.)</b>	-	<b>20,055</b>	-	-	-

\*Adequate provision has been made for the amount of outstanding entries for six months and above.

### 2.23 Core risk management

Risk Management has become one of the most sensitive and crucial factors in the banking business all over the world. Banking sector environment of Bangladesh has undergone a monumental change in recent years. In the course of banking operations, banks are invariably faced with different types of risks that may have a potentially adverse effect on their business. Banks are obliged to establish a comprehensive and reliable risk management system in line with the established risk propensity.

To mitigate those risk factors, appropriate steps are being taken under the supervision of the top management of BDBL continuously. The overall focus of Risk Management of the bank in 2020 was on maintaining the risk profile in line with its strategy, strengthening its capital base and supporting the strategic goals. Besides, the objective of risk management policy of BDBL is to build up a strong shield against risk throughout the bank and to minimize risk by developing an early alert system and avoiding internal and external vulnerabilities.

"The Credit Policy, ALM Manual, SME Manual, Credit Risk Management Manual, Comprehensive Risk Management Manual of the bank and other core risk manuals cover identification and mitigation of risk associated with commercial lending activities, project loan, SME loan and all other risk associated with credit, market and operational activities of the bank.

However, the bank has continued its effort for upgrading the initiatives taken to manage various risks of bank in a prudent manner. Core risk management manuals and other risk related policies have been revised in the previous year. Moreover, modification of the prudential regulations is done on regular basis. As part of this endeavor, Core Risk Management Committees have been reconstructed for ensuring sound risk management culture effectively in the bank. As core Risk Management is vital for continuous and harmonious improvement of the bank, BDBL is managing core risks which are as follows:

#### a. Credit risk management

Credit risk is one of the major risks faced by the Bank. This can be described as potential loss arising from contractual failure of the borrower with the Bank. The failure may result from unwillingness or inability of the counter party in discharging financial obligation. Therefore, bank's Credit risk management activities have been designed to address all these issues. The bank reviews Credit Risk Management manual as per updated Credit Policy (Board approved) and the updated Credit Risk Management Guideline of the Bangladesh Bank. Credit risk in the Bank's Portfolio is monitored, reviewed and analyzed by the Loan Operation Department, SME Department and General Advances Department. Credit Risk Management Committee of the Bank independently coordinates the overall Credit Risk Management activities of the Bank. Internal Credit Risk Rating system (ICRRs) is followed by BDBL as per Bangladesh Bank's instruction following all the criteria. BDBL also follows Bangladesh Bank guidelines regarding CIB reporting, Loan Classification & provisioning, bad debts written-off and interest suspense.

## Bangladesh Development Bank Limited and Its Subsidiaries Notes to the consolidated and separate financial statements As at & for the year ended 31 December 2020

### b. Asset liability risk management

The Asset Liability Committee (ALCO) of the Bank identifies, monitors, mitigates and controls the risks associated with overall asset liability management i.e. balance sheet risk, liquidity risk, advance deposit ratio (ADR), deposit mix, credit mix, gap analysis etc. under the leadership of Managing Director of the Bank. The Asset Liability Committee prepares monthly ALCO paper as per guidelines of Bangladesh Bank and reviews liquidity requirement of the Bank, the maturity of assets and liabilities, deposit and credit pricing strategy, sensitivity of assets and liabilities, management indicators/ratios and the liquidity contingency plan. As a result, the Bank always maintains optimum liquidity with required regulatory compliance. BDBL has its own Manual / Guideline for asset and liability management and the bank reviews / updates its Asset Liability Risk Management Manual & Checklist as per the updated ALM guideline of the Bangladesh Bank.

### c. Foreign exchange risk management

Foreign Exchange Risk is defined as the possibility of losses due to change in exchange rates according to market forces. The Foreign Exchange Risk of the bank is minimal as all the transactions are carried out on behalf of the customers against underlying Foreign Exchange transactions. Treasury Section independently conducts the transactions and the Back Office of Treasury is responsible for verification of the deals and passing of their entries in the books of account. All foreign exchange transactions are revalued at Mark-to-Market rate as determined by the Bangladesh Bank at the month-end. All Nostro accounts are reconciled on monthly basis and outstanding entries beyond 30 days are reviewed by the Management for settlement. On the basis of Bangladesh Bank's Foreign Exchange Risk Management Policy and Guideline, a manual of Foreign Exchange Risk Management has been approved by BDBL's Board of Directors. The Bank plays vital role in assessing, monitoring and mitigating Foreign Exchange Risks.

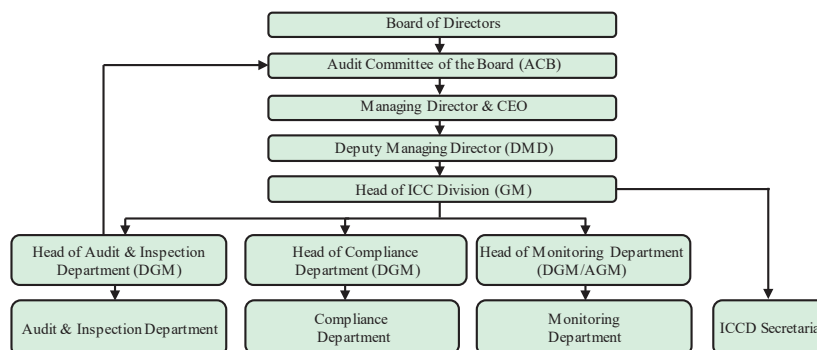
### d. Money laundering and terrorist financing risk management

Money Laundering and Terrorist Financing Risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering and terrorist financing. For mitigating the risk, the Bank has designated Chief Compliance Officer at Head Office and Compliance Officer at Branches, who independently review the transactions of the accounts to verify suspicious transactions. Risk Management Guideline & Manual for Prevention of Money Laundering and Terrorist Financing has been prepared and uniform Know Your Customer (KYC) and Transaction Profile (TP) have been introduced. Moreover, In-house, BIMB and Bangladesh Bank training sessions/workshops are carried out continuously for all Executives and Officers in order to develop awareness and skill for identifying suspicious transactions and other Money Laundering related activities.

BDBL has a Central Compliance Committee (CCC) headed by the Chief Anti Money Laundering Compliance Officer (CAMLCO) designated as Deputy Managing Director to supervise the overall Anti Money Laundering (AML) and Combating Financing of Terrorism (CFT) activities.

### e. Internal control and compliance risk management

"Internal Control and Compliance Risk Management Manual-2020" of BDBL has been approved by Board of Directors in August, 2020 to address the Internal Control and Compliance Risks. The main objective of the policy is to ensure uniformity and consistency in audit compliance procedure and establish a set of standard in this regard. The manual will help to establish pragmatic control environment and robust compliance culture within the bank to address all sorts of operational risks. Operational loss may arise from errors and fraud due to regulatory failure of Internal Control and Compliance. Internal Control and Compliance (ICC) structure of BDBL is shown below:



## Bangladesh Development Bank Limited and Its Subsidiaries

### Notes to the consolidated and separate financial statements

### As at & for the year ended 31 December 2020

Internal Control and Compliance (ICC) Division comprises with Compliance Department to manage the cross divisional and cross regional operational risk as well as risk concentrations at branch level.

Audit & Inspection Department performs risk-oriented reviews of the design and operating effectiveness of BDBL's system of internal controls. Internal audit is conducted at periodic intervals to ensure compliance of the policies of the Bank and regulatory bodies. The Head of Audit & Inspection Department, although being a part of ICC Division administratively, shall submit the audit report directly to Audit Committee of the Board (ACB) and keep the management informed. He/she shall be accountable to the ACB for his/her audit related activities. The Bank has designed Internal Control and Compliance Risk Management Manual as per Bangladesh Bank's respective guideline. For oversight of Internal Control and Compliance Risk in Bank, Bank's Internal Control & Compliance Risk Management Committee plays crucial role in assessing, monitoring, mitigating and controlling the risk(s) associated with Internal Control and Compliance (ICC).

Monitoring Department is formed to conduct effective monitoring on the proper implementation of various control tools (DCFCL, QOR, LDCL and Self Assessment Anti-Fraud Internal Control Checklist) in all branches and divisions/departments at head office of the bank to strengthen internal check and internal control system of the bank. It conduct effective monitoring for timely submission of regulatory returns as per the calendar of returns to avoid regulatory imposition. It identify, assess and control the risks involved in manifold operational activities of the bank and prepare the Self-Assessment Anti-Fraud Internal Control Checklist for signature by the MD and counter signature by the Chairman of the Audit Committee of the Board for submission of the same to the Department of Offsite Supervision of Bangladesh Bank.

#### **f. Information and communication technology security risk management**

Information technology has improved over the years and the Bank is gradually becoming dependent on it for performing our most of the activities. Information & Communication Technology (ICT) encompasses all fields of data / information processing, transmission and communications by means of computers and telecommunication techniques.

For smooth operation of the bank's activities with desirable efficiency, a network-based computerized system is established in the bank. A reliable computer-based information system is essential for efficient management and operation of all the areas of the organization and the Bank is moving towards that direction.

In order to govern and control the ICT areas, covering the functions of all the Departments in the Head Office, the Zonal Offices and the Branches located in different Districts of Bangladesh, the Bank follows the Guidelines of the Bangladesh Bank. These policies are strictly followed at each level in the Bank.

Risk management is an important business discipline that an organization should embrace to minimize the effects of risks on its returns and capitals. Bank has introduced two different departments namely IT Operation and IT System Department to manage all the IT activities in sound, compliant and standard way/manner. IT Operation Department is assigned to develop IT infrastructure and IT System Department is responsible for deployment and secure operation of different software including Core Banking System (CBS). The Bank has a standard and compliant Data Centre (DC) in its Head Office premises. Also, a near Disaster Recovery Site (DRS) has been placed at Bank's Karwan Bazar Bhaban, Dhaka. Far DRS is being planned to set up at Jashore high-tech park in association with the High-tech park Authority, BCC, ICB, Sonali Bank Ltd, Janata Bank Limited, Agrani Bank Ltd, Rupali Bank Ltd and CDBL. For the interim period we will keep sensitive data at our Khulna Branch also. There are sufficient physical as well as logical access control systems to protect the Bank's IT assets and client interest usefully. The sensitive information is kept in the restricted area in the networking environment.

For oversight of ICT Security Risk in Bank, there is an ICT Security Risk Management Committee which plays vital role in assessing and mitigating ICT Security Risks.

#### **g. Environmental risk management and green Banking**

Environmental risk is a facilitating element of credit risk arising from environmental issues. These increase risks as they bring an element of uncertainty or possibility of loss in the context of a financing transaction. "Environmental and Social Risk Management Policy-2019" of BDBL has been approved by Board of Directors in January, 2019 to address the Environmental and Social Risks. The main objective of the policy is to contribute in establishing an environment friendly banking business system which may be achieved through proper utilization of human &

## Bangladesh Development Bank Limited and Its Subsidiaries

### Notes to the consolidated and separate financial statements

#### As at & for the year ended 31 December 2020

physical resources and encouraging channeling of fund to projects/businesses those expose no or very little risk to the environment/climate. Besides, Sustainable Finance Committee is working to mitigate risks arising from business operation.

- i. "To promote sustainable environment friendly initiatives undertaking through adoption of a set of principles and strict adherence to those principles;"
- ii. "To contribute to the national/global interest through avoidance of financing in specific industry(ies) being harmful or tend to be causing harm to the environment even if they are financially viable;"
- iii. To create an atmosphere for the bank and its clients to work within an ideal business environment through innovative marketing of innovative banking products;
- iv. To encourage the employees, the existing and potential clients and other stakeholders to develop, practice & promote for developing & using Environment friendly/Green Technology/products/ production process;
- v. To develop the attitude among the employees to motivate, encourage the stakeholders through initialization of appropriate in-house environmental risk management system through introduction of appropriate technology;
- vi. To sponsor awareness programs for environment friendly products/technology through practice of Corporate Social Responsibilities (CSR);

"In order to identify, monitor, manage and control Environmental risk and the risk related to Green banking, Sustainable Finance Committee and Sustainable Finance Unit of the Bank play key role."

#### **Sustainable Finance Committee**

Sustainable financing mainly focuses on core banking practices especially green banking, corporate social responsibility, financial inclusion and financial education. The society and environment oriented banking practices gradually created the concept of sustainable banking. BDBL has a thirteen (13) member "Sustainable Finance Committee" headed by Deputy Managing Director-1 and a six (06) member "Sustainable Finance Unit" headed by Deputy General Manager of General Advances Department. The committee plays vital role in sustainable improvement of bank.

The functional areas of the committee are as follows:

- A. Taking necessary approval, monitoring and supervision of activities of Sustainable Finance Unit at management level.
- B. Setting annual target for the unit and evaluating it; and
- C. Ensuring proper coordination and cooperation on the activities of the unit among the related divisions.

#### **2.24 Implementation of Basel-III**

##### **Calculation of MCR**

Bangladesh Development Bank Limited is regularly reporting The Risk Based Capital Adequacy under Basel-III. The Bank is complying the minimum capital requirement under Master Circular of Capital Adequacy issued and amended from time to time by the Central Bank.

##### **Implementation of ICAAP**

The key principle of the Supervisory Review process (SRP) as per Bangladesh Bank Guidelines is that "banks have a process for assessing overall capital adequacy in relation to their risk profile and a strategy for maintaining their capital at an adequate level". The Board approved the 'Supervisory Review Process Team' of the bank and the 'ICCAP Manual & Checklist' to establish the Internal Capital Adequacy Assessment Process (ICCAP). The Bank is periodically (annually) reporting "ICAAP Report and Supervisory Review Process Documents (i.e. Supplementary Documents)" to Bangladesh Bank. The latest ICAAP Report-2019 of BDBL (based on audited accounts as on 31 December 2019).

## Bangladesh Development Bank Limited and Its Subsidiaries

### Notes to the consolidated and separate financial statements

#### As at & for the year ended 31 December 2020

#### Stress testing

The Bank is periodically reporting “Stress Testing Report” to Bangladesh Bank. In fact, Stress Testing is a simulation technique being used on asset and liability portfolios to determine their sensitivity to different financial situations. The stress testing report of BDBL on the basis of financial statement as on 31 December 2020 depicts very strong position of the bank’s capability to absorb any sort of shock relating to Capital Adequacy.

#### Risk management report

The bank, as per Bangladesh Bank instruction, prepares and submits ‘Monthly Risk Management Report’ and ‘Half-Yearly Comprehensive Risk Management Report (CRMR)’ to the Bangladesh Bank. The reports are prepared by the Risk Management Department and reviewed by the Management-Level Risk Management Committee and the Board level Risk Management Committee of the bank. Here it is to be noted that, Comprehensive Risk Management Report (CRMR) covers the core risk issues of the Bank. RMD also prepares “Credit Risk Assessment & Resolution Report” focusing Top 20 borrowers of the bank. The report is prepared on quarterly basis and reviewed by Managing Director & BoD of the Bank.

Besides, the department prepares “Risk Appetite Statement” in line with bank’s board approved strategic planning in order to minimize risks being under a strategic business planning. The department also prepares “A Review report of Risk Management Policies and effectiveness of risk management functions” on yearly basis with a view to examining what amendments required in the existing policies.

#### Market discipline

Market discipline is a market based promotion of the transparency and disclosure of the risks associated with the business or entity. BDBL has already complied with the requirement of ‘Market Discipline’ under Basel-III Capital Adequacy Guideline. The aim of the market discipline is to inform all concerned stakeholders like depositors, creditors, shareholders, Government, Central Bank and the others about the overall risk profile and risk mitigating position of the Bank.

### 2.25 Audit committee

#### 2.25.1 Member

An audit committee has been reconstituted by the Board of Directors of the Bank in its 228th meeting held on 12 March, 2019. The members of the Audit Committee are as under:

Sl. No.	Name	Qualification	Designation in the Bank	Designation in the Committee
1	Md. Ekhlashur Rahman	MSS	Director	Chairman
2	Md. Abu Hanif Khan	MSC	Director	Member
3	Kazi Tariqul Islam	MSC	Director	Member
4	Subhash Chandra Sarker	MSS	Director	Member

#### 2.25.2 Activities

The committee reviews the policy and planning executed by the Board of Directors for smooth operation of the bank. The committee acknowledges their responsibility for the system of internal controls, effectiveness and suitable monitoring procedures, proper accounting policies, compliance with the regulations, computerization system, management information system, different risk management of the bank, etc. The committee also ensures the implementation of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted in Bangladesh as IAS and IFRS and other applicable laws at the time of preparation of the annual financial statements. The committee meets with the external auditors and top management of the bank at the time of reviewing the annual financial statements. The committee also reports to the Board of Directors on the findings detected by the Internal Audit Division, External Auditors and Bangladesh Bank Inspection Team on a regular basis.

During the year 2020 the committee conducted 10 (Ten) meetings in which among others, the following issues were discussed:

- Review of present status of internal audit activities;
- Approval of audited accounts of BDBL for the year 2019;
- Review of key performance indicators of the branches
- Review of compliance and implementation of comprehensive inspection report as on 31 December 2018 by Bangladesh Bank
- Approval of internal audit plan of BDBL for the year 2020.

## Bangladesh Development Bank Limited and Its Subsidiaries

### Notes to the consolidated and separate financial statements

#### As at & for the year ended 31 December 2020

#### 2.26 Board of directors

Name of the directors and the entities in which they have interest during as on 31 December 2020 are as under:

Sl. No.	Name	Designation in the Bank	Name of the firms/companies in which interest as proprietor, partner, director, managing agent, guarantor, employee.	Remarks
1.	Mohammad Mejbahuddin	Director and Chairman	Nil	Appointed as Chairman from 24 February 2019
2.	Md. Ekhlasur Rahman	Director	Nil	Appointed on 06 January 2016 & Re-appointed on 06 January 2019
3.	Md. Abu Hanif Khan	Director	Nil	Appointed on 14 January 2016 & Re-appointed on 14 January 2019
4.	Kazi Tariqul Islam	Director	Nil	Appointed on 30 May 2018
5.	Subhash Chandra Sarker	Director	Nil	Appointed on 14 January 2019
6.	Md. Abu Yusuf	Director	Nil	Appointed on 10 February 2019
7.	Quazi Shairul Hassan	Director	Nil	Appointed on 29 December 2019
8.	Kazi Alamgir	Managing Director & CEO	Nil	Appointed on 27 November 2019

#### 2.25 Credit Rating of the Bank

As per the BRPD circular no. 6 dated 5 July 2006, the Bank has done its credit rating by Emerging Credit Rating Limited based on the financial statements of Bangladesh Development Bank Limited dated 31 December 2019. The following ratings had been awarded:

Date of Declaration	Valid till	Rating Mode	Long Term	Short Term	Outlook
July 31, 2020	July 30, 2021	Govt. Support	AAA	ST-1	Stable
		Without Govt. Support	A-	ST-3	Developing

#### 2.27 Liquidity Coverage Ratio (LCR)

LCR or Liquidity Coverage Ratio is a new liquidity standard introduced by the Basel Committee. This standard is built on the methodologies of traditional liquidity coverage ratio used by banks to assess exposure to contingent liquidity events. LCR aims to ensure that a bank maintains an adequate level of unencumbered, high-quality liquid assets that can be converted into cash to meet its liquidity needs for 30 calendar days. LCR goes beyond measuring the need for liquid assets over the next 30 days in a normal environment. It measures the need for liquid assets in a stressed environment, in which deposits and other sources of funds (both unsecured and secured) run off, to various extents, and unused credit facilities are also drawn down in various magnitudes. These runoffs are in addition to contractual outflows.

$$\text{LCR} = \frac{\text{Stock of quality liquid assets}}{\text{Total net cash outflows over the next 30 calendar days}} \geq 100\%$$



## Bangladesh Development Bank Limited and Its Subsidiaries

### Notes to the consolidated and separate financial statements

#### As at & for the year ended 31 December 2020

#### 2.28 Net Stable Funding Ratio (NSFR)

NSFR or Net Stable Funding Ratio is another new standard introduced by the Basel Committee. The NSFR aims to limit over-reliance on short-term wholesale funding during times of abundant market liquidity and encourage better assessment of liquidity risk across all on off-balance sheet items. The minimum acceptable value of this ratio is 100 percent, indicating that available stable funding (ASF) should be at least equal to required stable funding (RSF). ASF consists of various kinds of liabilities and capital with percentage weights attached given their perceived stability. RSF consists of assets and off-balance sheet items, also with percentage weights attached given the degree to which they are illiquid or “long-term” and therefore requires stable funding. The time horizon of the NSFR is one year. Like the LCR, the NSFR calculations assume a stressed environment.

$$\text{NSFR} = \frac{\text{Available amount of stable funding (ASF)}}{\text{Required amount of stable funding (RSF)}} \geq 100\%$$

#### 2.29 Loan Write off

Write off describes a reduction in recognized value. It refers to recognition of the reduced or zero value of an asset. Generally, it refers to loan for which a return on the loan is now impossible or unlikely. The item’s potential return is thus cancelled and removed from (Written off) the banks statement of financial position. recovery against debts written off / provided for is credited to provision or revenue considering the previous position of the loans.

#### 2.30 Related Party Transaction

All the directors of the Bank are appointed by the Government of Bangladesh. There was no related party transaction involved with the directors and they have no loan liability with the Bank during the year. The following transactions related with fully owned two subsidiaries for deputed employees salaries and claim for share sale.

SL No.	Particulars	BSL	BISL
1.	Receivable against salaries	15,239,389	20,644,049
2.	Receivable against shares	19,956,262	88,757,024

#### 2.31 Reporting Period

The Financial Statements cover one calendar year from 01 January to 31 December 2020.

#### 2.32 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

#### 2.33 Corporate Governance

The Bank has given the priority to the compliance of the rules, regulations and guidelines of Bangladesh Bank, National Board of Revenue & Bangladesh Securities and Exchange Commission (BSEC). The Bank has also complied with all related International Financial Reporting Standards (IFRS).

#### 2.34 Investment Property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Bank for its own use, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

##### Initial Recognition

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. There is two model of the initial recognition of Investment property:

- a. Cost model
- b. Fair Value model

## Bangladesh Development Bank Limited and Its Subsidiaries

### Notes to the consolidated and separate financial statements

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##### Subsequent recognition

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the cost of the replacement is included in the carrying amount of the property, and the fair value is reassessed.

If the Investment property is measured at cost model then it shall follow the criteria as applicable IAS 16. and if the entity follow the fair market value, after initial recognition, investment property is carried at fair value.

##### Disposal

Changes in fair values are recognised in the income statement. Investment properties are derecognised when they have been disposed of. Where the entity disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the income statement within net gain from fair value adjustment on investment property.

##### Transfer of Fixed Assets to Investment Property

When an entity uses the cost model, transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

\*The Bank's has decided to reclassify the property, plant and equipment to Investment Property those actually met the criteria of Investment Property as per International Accounting Standard (IAS) 40- Investment Property from the financial year 2020 at cost model.

#### 2.35 Regulatory & Legal Compliance

"The bank has complied with the requirement of following regulatory & legal authority:

- (a) The Bank Companies Act, 1991 (amended 2018)
- (b) The Companies Act, 1994
- (c) Rules, Regulation and Directives issued by Bangladesh Bank
- (d) Security & Exchange Rules, 1987
- (e) Security & Exchange Ordinance, 1969
- (f) Security & Exchange Commission Act, 1993
- (g) The Income-Tax Ordinance, 1984
- (h) The Value Added Tax and Supplementary Duty Act, 2012
- (i) The Value Added Tax and Supplementary Duty Rules, 2016
- (i) Labor Act, 2006 (Amended 2013)
- (j) Other applicable laws and regulations"

#### 2.36 Workers profit Participation and Welfare Fund (WPPF) :

As per the Bangladesh Labour Act, 2006 and employer is required to pay 5% of its net profit to the (1) Worker participation Fund (2) Worker Welfare Fund and (3) Labour Trust Foundation Fund for further appropriate disbursement to the beneficiaries as defined under the Act. There is significant ambiguity around the inclusion of Bank, Financial Institutions and Insurance Companies within the scope of chapter XV: Workers profit participation Fund (WPPF) under the Labour Act 2006 as amendment in 2013. As such the Bank and Financial Institution Division, Ministry of Finance Government of the People Republic of Bangladesh vide its letter dated February 14, 2017 requested the Ministry of Labour and Employment not to apply chapter XV: Workers Profit Participation Fund (WPPF) under the Labour Act 2006 as amended is 2013 for bank and financial institution. On the basis of the facts as stated above the management of the company believes that the possibility of a legal obligation to pay for Workers' Profit Participation Fund is bleak at the present stage. Therefore, in Consistent with the widely accepted industry practice no provision for workers participation fund has been made by the company in the reporting period for the WPPF.

#### 2.37 Contingent liabilities and Contingent assets

A contingent liability is any possible obligation that arises from the past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank; or any present obligation that arises from past events but is not recognized because:

## Bangladesh Development Bank Limited and Its Subsidiaries

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"• it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

• the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is reliably estimated. Contingent assets are not recognized in the financial statements as this may result in the recognition of income which may never be realized. "

#### 2.38 Events after the Reporting Period

Events after the reporting period that provide additional information about the company's position at the balance Sheet date are reflected in the financial statements in accordance with IAS 10 "Events after the Reporting Period".

##### Impact of COVID-19

"Subsequent to year-end, on 11 March 2020, World Health Organization (WHO) declared a global pandemic due to Corona Virus related respiratory disease commonly called as COVID-19. To contain the spread of this disease, along with many other countries of the world, Government of Bangladesh has also taken a number of measures such as declaration of general holiday, enforcement of lock down, social distancing etc. As a result of these measures, all business and economic activities were adversely affected and those also impacted the Group and the Bank as well. Management considered COVID-19 as a subsequent event and in accordance with IAS 10 this is a non-adjusting event (i.e. an event after the reporting period that is indicative of a condition arising after the end of the reporting period); because the significant changes in business activities and economic conditions as a result of COVID-19 had taken place well after the reporting date of 31 December 2019 and continued till reporting period 31 December 2020. Although the business operation and profitability of the Bank were affected due to COVID-19, the situation is constantly changing and there is no certainty at present as to how long the situation will prevail. The bank is continuously trying to recover from the impact of COVID-19 and it also assessed its going concern concept and found no threat upon its existence due to COVID-19.

##### Operating income & Net profit

There was significant impact on the operating income and net profit of the Bank due to the impact of COVID 19. The Bank's operating income and subsequent profit was reduced. But they Bank is trying to increase its recoverability and bring some positive earning within the pandemic situation maintaining all the instructions of regulators.

##### Other aspects of the operation

Bank is continuously assessing the impact of COVID 19 in other areas of the operations and will bring to the attention to the users if there is any significant issues arised thereon.

#### 2.39 Going Concern

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The accompanying financial statements do not include any adjustments should the bank be unable to continue as a going concern. The management also continuously assessing its going concern with the impact of COVID-19 and currently there is no possible threat on it.

#### 2.40 General

i. Figures appearing in these Financial Statements have been rounded off to the nearest Taka.

ii. Figures of previous year have been rearranged whenever necessary to conform to current year's presentation.

#### 2.41 Compliance of International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs)

The Institute of Chartered Accountants of Bangladesh (ICAB) is the sole authority for adoption of International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs). While preparing the financial statements, the Bank applied most of IASs and IFRSs as adopted by ICAB. Details are given below:

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Sl. No.	IASs No.	IAS Title	Compliance Status
1	1	Presentation of Financial Statements	Complied *
2	2	Inventories	Complied
3	7	Statement of Cash Flows	Complied
4	8	Accounting policies, Changes in accounting Estimates and Errors	Complied
5	10	Events after the Reporting Period	Complied
6	12	Income Taxes	Complied
7	16	Property, Plant and Equipment	Complied
8	19	Employees Benefits	Complied
9	20	Accounting for Government Grants and Disclosure of Government Assistance	N/A
10	21	The Effects of Changes in Foreign Exchange Rates	Complied
11	23	Borrowing Costs	Complied
12	24	Related Party Disclosures	Complied
13	27	Separate Financial Statements	Complied
14	28	Investment in Associates & joint venture	N/A
15	33	Earning Per Share	Complied
16	34	Interim Financial Reporting	N/A
17	36	Impairment of Assets	Complied
18	37	Provision, Contingent Liabilities and Contingent Assets	Complied
19	38	Intangible Assets	Complied
20	40	Investment Property	Complied *
21	41	Agriculture	N/A
Sl. No.	IFRS No.	IFRS Title	Compliance Status
1	1	First-time Adoption of Bangladesh Financial Reporting	Complied
2	2	Share-based Payment	N/A
3	3	Business Combinations	N/A
4	4	Insurance contracts	N/A
5	5	Non-Current Assets Held for Sale and Discontinued	N/A
6	6	Exploration for and Evaluation of Mineral	N/A
7	7	Financial Instruments: Disclosures	Complied *
8	8	Operating Segments	Complied
9	9	Financial Instruments	Complied *
10	10	Consolidated Financial Statements	Complied
11	11	Joint Arrangements	N/A
12	12	Disclosure of Interest in other Entities	Complied
13	13	Fair Value Measurement	Complied
14	14	Regulatory Deferral Accounts	N/A
15	15	Revenue from Contract with Customers	Complied
16	16	Leases	Complied

\* Relevant disclosures are made according to the requirement of Bangladesh Bank.

**Bangladesh Development Bank Limited and Its Subsidiaries**  
**Notes to the consolidated and separate financial statements**  
**For the year ended 31 December 2020**

Notes	31.12.2020 Taka	31.12.2019 Taka
<b>3. Cash</b>		
<b>3.1 Cash in hand</b>		
In local currency	83,850,821	76,966,682
In foreign currencies	-	-
<b>Balance with Bangladesh Bank and Sonali Bank Limited</b>	Note: 3.2	2,303,783,841
	<b>2,278,779,161</b>	<b>2,380,750,523</b>
	<b>2,362,629,982</b>	<b>2,380,750,523</b>
<b>3(a) Consolidated cash in hand</b>		
Bangladesh Development Bank Limited	Note: 3.1	2,380,750,523
BDBL Securities Limited	-	-
BDBL Investment Services Limited	-	6,417
	<b>2,362,629,982</b>	<b>2,380,756,940</b>
<b>3.2 Balance with Bangladesh Bank and Sonali Bank Limited</b>		
Local currency - Bangladesh Bank	1,374,060,767	1,779,589,959
Local currency - Sonali Bank Limited	10,501,151	9,742,894
Foreign currency - Bangladesh Bank	894,217,242	514,450,988
	<b>2,278,779,160</b>	<b>2,303,783,841</b>
<b>3.3 Cash reserve ratio (CRR)</b>		
Required reserve (3.5% of demand and time liabilities)	840,346,000	1,474,265,000
Actual reserve held with Bangladesh Bank	960,784,000	1,665,081,000
Excess reserve (average/day)	<b>120,438,000</b>	<b>190,816,000</b>
<p>Cash reserve ratio (CRR) has been calculated and maintained in accordance with the Section 33 of the Bank Companies Act 1991 and subsequent BCD circular no. 13 dated 24 May 1992; BRPD circular no. 12 dated 20 September 1999, BRPD circular no. 22 dated 06 November 2003, BRPD circular no. 11 dated 25 November 2005, BRPD circular no. 01 dated 12 January 2009 &amp; MPD circular no. 04 dated 01 December 2010, MPD circular no. 01 dated 23 June 2014 and MPD circular 03, Dated 06 April 2020.</p>		
<b>3.3.1 Statutory liquidity ratio (SLR)</b>		
<p>This is not applicable for Bangladesh Development Bank Limited, since both Bangladesh Shilpa Bank and Bangladesh Shilpa Rin Sangstha were exempted from maintaining SLR vide Notification from Ministry of Finance.</p>		
<b>4. Balance with other banks and financial institutions</b>		
In Bangladesh	Note: 4.1	11,733,588,340
Outside Bangladesh	Note: 4.2	598,130,139
	<b>9,706,431,205</b>	<b>12,331,718,479</b>
<b>4.1 In Bangladesh</b>		
<b>Current and other accounts:</b>		
Current account	75,642,205	109,153,102
Term deposit	Note: 4.1.1	9,482,138,464
Term deposit - depreciation fund	Note: 4.1.2	72,000,000
Term deposit - building fund	Note: 4.1.3	503,800,000
Term deposit - loan redemption fund	Note: 4.1.4	204,959,500
Short term deposit	Note: 4.1.5	1,361,537,274
	<b>8,688,402,386</b>	<b>11,733,588,340</b>

**4.1.1 Term deposit**

Notes	31.12.2020 Taka	31.12.2019 Taka
AB Bank Limited	200,000,000	80,000,000
The Premier Bank Limited	-	60,000,000
ICB Islami Bank Limited	5,146,156	5,146,156
National Bank limited	200,000,000	-
Padma Bank Limited	500,000,000	521,992,308
Al-Arafa Islami Bank Limited	100,000,000	1,050,000,000
Standard Bank Limited	365,000,000	645,000,000
EXIM Bank Limited	1,100,000,000	1,600,000,000
Union Bank Limited	200,000,000	400,000,000
Phoenix Finance and Investment Limited	150,000,000	150,000,000
Reliance Finance Limited	500,000,000	500,000,000
Mercantile Bank Limited	-	20,000,000
Peoples Leasing and Financial Services Limited	50,000,000	50,000,000
Karmasangsthan Bank	40,000,000	40,000,000
The Community Bank Limited	-	20,000,000
NCC Bank Limited	-	200,000,000
Social Islami Bank Limited	10,000,000	10,000,000
NRB Global Bank Limited	210,000,000	310,000,000
South Bangla Agriculture and Commerce Bank Limited	20,000,000	20,000,000
Islamic Finance and Investment Limited	50,000,000	50,000,000
IFIC Bank Limited	-	900,000,000
ONE Bank Limited	-	50,000,000
Investment Corporation of Bangladesh	2,800,000,000	2,800,000,000
	<b>6,500,146,156</b>	<b>9,482,138,464</b>

**4.1.2 Term deposit - depreciation fund**

NRB Global Bank Limited	<b>72,000,000</b>	<b>72,000,000</b>
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Depreciation fund was created by erstwhile BSB with a view to meet capital replacement obligation of the organisation as per directive of Ministry of Finance through office memorandum no. MF(ABW-3)MISC-17/85/94(13) dated 15 August 1985. The Board of Directors of that Bank in its 100th ordinary meeting held on the 19 January 1988 approved the creation and investment of the fund in Government approved securities/term deposit, when necessary, for the purpose mentioned above.

**4.1.3 Term deposit - building fund**

Union Bank Limited	10,000,000	10,000,000
South Bangla Agriculture and Commerce Bank Limited	200,000,000	350,000,000
The Premier Bank Limited	100,000,000	100,000,000
First Security Islami Bank Limited	143,800,000	43,800,000
Social Islami Bank Ltd	100,000,000	-
	<b>553,800,000</b>	<b>503,800,000</b>

\*Building fund was made to build up a building in Uttara, Dhaka.

**4.1.4 Term deposit - loan redemption fund**

ICB Islamic Bank Limited	4,959,500	4,959,500
One Bank Limited	50,000,000	50,000,000
Union Bank Limited	150,000,000	150,000,000
	<b>204,959,500</b>	<b>204,959,500</b>

Loan redemption fund was created by erstwhile BSB by transferring BDT 50 million (60 million subsequently) per month from the loan recovery amount in order to capacitate the Bank to repay the Bangladesh Bank borrowings.

Notes	31.12.2020 Taka	31.12.2019 Taka	
<b>4.1.5 Short term deposit</b>			
Agrani Bank Limited	23,495,519	22,278,268	
First Finance Limited	136,000,000	137,000,000	
Premier Leasing and Finance Limited	119,500,000	119,700,000	
Peoples Leasing and Financial Services Limited	230,400,000	230,400,000	
The Farmers Bank Limited	198,700,000	250,000,000	
Bangladesh Industrial Finance Company Limited	221,359,006	221,359,006	
FAS Finance and Investment Limited	158,500,000	158,500,000	
International Leasing and Financial Services Limited	11,800,000	11,800,000	
Phoenix Finance and Investment Limited	14,500,000	20,600,000	
Union Capital Limited	88,800,000	91,300,000	
Reliance Finance Limited	40,000,000	54,000,000	
GSP Finance Co. Bangladesh Limited	38,800,000	44,600,000	
	<b>1,281,854,525</b>	<b>1,361,537,274</b>	
<b>4.2 Outside Bangladesh</b>			
Modhumoti Bank Limited	4,756,469	4,756,469	
Mashreq Bank, USA	847,226,561	515,241,375	
BHF Bank AG, Germany	9,332,171	1,306,181	
Sonali Bank Limited, India	71,218,394	20,544,898	
Axis Bank, India	85,495,224	56,281,216	
	<b>1,018,028,819</b>	<b>598,130,139</b>	
Foreign currency transactions have been converted into BDT at the rates prevailing on the transaction dates. At the balance sheet date the monetary assets and liabilities are converted into BDT using exchange rate prevailing on that date. The resultant gain during and at the end of year has been reflected in the profit and loss account of the Bank.			
A Schedule of Balance with other banks - outside Bangladesh (nostro account) is given in <b>Annexure-D</b> .			
<b>4.3 Maturity-wise grouping</b> (balance with other banks and financial institutions)			
On demand	99,600,000	101,700,000	
Less than three months	8,660,800,000	11,463,900,000	
More than three months but less than one year	946,031,205	766,118,479	
More than one year but less than five years	-	-	
More than five years	-	-	
	<b>9,706,431,205</b>	<b>12,331,718,479</b>	
<b>4(a) Consolidated balance with other banks and financial institutions</b>			
<b>In Bangladesh</b>			
Bangladesh Development Bank Limited	Note: 4.1	8,688,402,386	11,733,588,340
BDBL Securities Limited		111,567,723	79,134,069
BDBL Investment Services Limited		114,409,712	53,731,885
		<b>8,914,379,821</b>	<b>11,866,454,294</b>
<b>Outside Bangladesh</b>			
Bangladesh Development Bank Limited	Note: 4.2	1,018,028,819	598,130,139
BDBL Securities Limited		-	-
BDBL Investment Services Limited		-	-
		<b>1,018,028,819</b>	<b>598,130,139</b>
		<b>9,932,408,641</b>	<b>12,464,584,433</b>
<b>5. Money at call and on short notice</b>			
In Bangladesh		100,000,000	1,770,000,000
Outside Bangladesh		-	-
		<b>100,000,000</b>	<b>1,770,000,000</b>
<b>6. Investments</b>			
Government securities	Note: 6.1	548,300	1,514,000
Other investment	Note: 6.2	8,403,975,697	9,719,059,640
		<b>8,404,523,997</b>	<b>9,720,573,640</b>

A Schedule of Statement of Investment (for cost) is given in **Annexure-F**.

Notes	31.12.2020 Taka	31.12.2019 Taka
<b>6.1 Government securities</b>		
Treasury bonds	-	-
Prize bond	548,300	1,514,000
	<b>548,300</b>	<b>1,514,000</b>
<b>6.2 Other investments</b>		
Shares	7,341,044,438	7,546,081,657
Debentures	2,931,259	32,977,983
Investment in bonds	-	80,000,000
Investment in Bangladesh fund	1,060,000,000	1,060,000,000
Investment in subsidiaries	-	1,000,000,000
	<b>8,403,975,697</b>	<b>9,719,059,640</b>
<b>6.2.1 Investment in shares by listing status</b>		
Quoted shares	7,138,260,244	7,423,712,221
Unquoted shares	151,872,094	71,457,336
Others*	50,912,100	50,912,100
	<b>7,341,044,438</b>	<b>7,546,081,657</b>
Market value	<b>(Annexure -F) 23,760,060,281</b>	<b>16,855,637,468</b>
Investment in quoted and unquoted shares are recorded at cost. At 31 December 2020 market value/fair value of this investment is above cost, thus no provision is required to make for the year.		
<b>6.3 Maturity-wise grouping of investments</b>		
On demand	1,300,000	1,514,000
Less than three months	5,900,000	7,286,000
More than three months but less than one year	4,007,000,000	3,828,500,000
More than one year but less than five years	1,458,600,000	1,574,900,000
More than five years	2,931,723,997	4,308,373,640
	<b>8,404,523,997</b>	<b>9,720,573,640</b>
<b>6.4 Provision for investment</b>		
Required provision	93,643,359	139,690,083
Provision maintained	93,643,359	139,690,083
<b>Provision excess/(shortage)</b>	-	-
<b>6(a) Consolidated investment</b>		
<b>(i) Government securities</b>		
Bangladesh Development Bank Limited	548,300	1,514,000
BDBL Securities Limited	-	-
BDBL Investment Services Limited	-	-
	<b>548,300</b>	<b>1,514,000</b>
<b>(ii) Other investments</b>		
Bangladesh Development Bank Limited	8,403,975,697	9,719,059,640
<u>Less:</u> Investment in Subsidiaries	-	(1,000,000,000)
BDBL Securities Limited	1,078,404,804	929,766,718
BDBL Investment Services Limited	591,138,589	593,953,601
	<b>10,073,519,090</b>	<b>10,242,779,959</b>
	<b>10,074,067,390</b>	<b>10,244,293,959</b>
<b>7. Loans and advances</b>		
<b>Loans, cash credits, overdrafts, etc</b>		
In Bangladesh	20,896,874,555	19,342,341,040
Outside Bangladesh	-	-
	<b>20,896,874,555</b>	<b>19,342,341,040</b>
<b>Bills purchased and discounted :</b>		
In Bangladesh	392,776,450	641,562,264
Outside Bangladesh	-	-
	<b>392,776,450</b>	<b>641,562,264</b>
	<b>21,289,651,005</b>	<b>19,983,903,304</b>



Notes	31.12.2020 Taka	31.12.2019 Taka
<b>7.1 Nature-wise loans and advances</b>		
Cash credits	3,852,528,454	4,628,203,534
Long term (amount due and not due)	10,692,784,625	8,864,223,330
Overdrafts	442,001,858	315,177,017
Local documentary bill purchased	392,776,450	641,562,264
Bridge loan	-	-
Consumer loan	356,440,730	277,126,351
Loan against trust receipt and others	1,824,966,780	1,629,876,147
Staff loan	3,728,152,107	3,627,734,661
	<b>21,289,651,005</b>	<b>19,983,903,304</b>
<b>7.2 Maturity-wise grouping of loans and advances</b>		
On demand	-	-
Not more than three months	2,885,900,000	3,298,200,000
Over three months but not more than one year	3,707,300,000	3,871,800,000
Over one year but not more than five years	11,579,300,000	9,858,400,000
Over five years	3,117,151,005	2,955,503,304
	<b>21,289,651,005</b>	<b>19,983,903,304</b>
<b>7.3 Particulars of advances</b>		
i. Debts considered good in respect of which the Bank is fully	15,327,058,940	12,321,381,713
ii. Debts considered good for which the Bank hold no other security than the debtors personal security.	749,217,180	918,688,614
iii. Debts considered good and secured by the personal liabilities of one or more persons in addition to the personal security of the debtors.	-	-
iv. Debts considered doubtful or bad provision not provided for.	-	-
v. Debts due by directors or officers, employees of the banking company or any of them either severally or jointly with any other persons and debt due by companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or in the case of private companies, as members, directors.	3,728,152,107	3,627,734,661
vi. Maximum total amount of advances, including temporary advances made any time during the year to directors or managers or officers of the banking company or any of them either severally or jointly with any other persons.	10,385,000	10,385,000
vii. Debts due from companies or firms in which the directors of the Bank are interested as directors, partners, or managing agents or in case of private companies, as members.	-	-
viii. Maximum total amount of advances including temporary advances granted during the year to the company or firm in which the directors of the banking company are interested as directors, partners, managing agents or in the case of private companies as members.	-	-
ix. 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 are interested as directors, partners or managing agents or in the case of private companies as members.	-	-
x. Due from Banking Companies	-	-
xi. Classified advances on which no interest has been charged.	5,517,753,441	7,241,427,568
(a) The balance of bad loan written-off is BDT 15,44,77,71,959.34 which has been written-off as per Bangladesh Bank's Circular No. 02 dated 13 January 2003 and a debt collection department has been established to take initiative for recovery of that bad loan.	15,447,771,959	17,573,604,499

Notes	31.12.2020 Taka	31.12.2019 Taka
<b>7.4 Movement of loans and advances</b>		
Opening balance	19,983,903,304	19,307,160,674
Add: Disbursed during the year	5,116,200,000	5,262,481,113
Add: Interest charged during the year	1,335,887,960	1,015,592,440
	<b>26,435,991,264</b>	<b>25,585,234,227</b>
Less: Recovery during the year	5,146,340,259	5,601,330,923
	<b>21,289,651,005</b>	<b>19,983,903,304</b>
Add/Less: Written-off and adjustment during the year	-	-
	<b>21,289,651,005</b>	<b>19,983,903,304</b>

As at 31 December 2019, accumulated written-off loans stood at 17,573,604,499. During the year under reporting no further loans have been written-off, but a waiver of BDT 2,033,377,554 and recovery of BDT 92,454,986 have been provided/made for the written-off loans of BDT 1,5447,771,959 as at 31 December 2020.

<b>7.5 Significant concentration-wise grouping</b>		
Other executives and officers of the Bank	3,728,152,107	3,627,734,661
Customers	2,623,409,368	2,222,179,515
Industries	14,938,089,530	14,133,989,128
	<b>21,289,651,005</b>	<b>19,983,903,304</b>
<b>7.6 Division-wise loans &amp; advances</b>		
Dhaka Division	9,673,951,005	9,519,800,000
Mymensingh Division	1,414,200,000	1,404,200,000
Chittagong Division	2,840,800,000	1,007,800,000
Khulna Division	1,136,200,000	2,766,200,000
Rajshahi Division	2,675,800,000	2,404,100,000
Sylhet Division	560,000,000	439,200,000
Barisal Division	518,200,000	479,400,000
Rangpur Division	2,470,500,000	1,963,203,304
	<b>21,289,651,005</b>	<b>19,983,903,304</b>
<b>7.7 Classification status of loans and advances</b>		
<b>Unclassified loan:</b>		
Standard	7,804,969,281	6,892,135,163
Standard (C.F)	281,423,494	192,373,596
Special mention account	3,524,542,095	1,621,170,960
Staff loan	3,716,124,070	3,615,701,994
	<b>15,327,058,940</b>	<b>12,321,381,713</b>
<b>Classified:</b>		
Sub-standard	243,306,899	264,801,239
Doubtful	201,531,725	156,292,784
Bad/Loss	5,517,753,441	7,241,427,568
	<b>5,962,592,065</b>	<b>7,662,521,591</b>
	<b>21,289,651,005</b>	<b>19,983,903,304</b>

As at 31 December 2020 bad/loss loans includes staff loan of BDT 12 million. These loans have been classified as bad/loss due to non-payment of loans resulting from death of employees or discontinuance of unemployment with the bank. Most of the loans are recoverable as the employees have retirement benefits unsettled with the bank.

#### Provisions required against loans and advances

<b>Unclassified loan:</b>		
Standard	490,635,430	43,765,266
Standard (C.F)	5,628,470	9,618,680
Special mention account	869,501,037	15,888,160
Staff loan	37,161,194	36,157,020
Special General Provision-COVID-19	15,383,224	-
<b>Classified:</b>		
Sub-standard	8,022,298	16,453,236
Doubtful	33,340,441	19,594,860
Bad/Loss	2,437,827,906	3,754,957,003
<b>Total</b>	<b>3,897,500,000</b>	<b>3,896,434,225</b>
<b>Provisions maintained</b>	<b>3,897,529,735</b>	<b>3,897,529,735</b>
<b>Provisions surplus/(deficit)</b>	<b>29,735</b>	<b>1,095,510</b>

In response to the request of the Bank dated 18 April 2021, Bangladesh Bank allowed deferral through vide no- DBI-2(UB-6)/2640/2021-780 dated 22 April 2021 to maintain required provision of Taka 389.75 crore against unclassified and classified loans & advances. Remaining 101.6 million required provision as per Bangladesh Bank quick summary shall be maintained in the year 2021, 2022 & 2023 by 35%, 35% and 30% respectively. Bank has complied that accordingly.

Notes	31.12.2020 Taka	31.12.2019 Taka
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## 7.8 Sector-wise loans & advances

Food and allied products	3,701,223,854	3,629,788,047
Jute and allied fibre products	176,154,206	199,385,320
Cotton woolen and synthetic textile	5,107,663,369	5,032,537,701
Paper, paper products and printing	109,936,881	113,041,347
Tannery and its products	40,393,959	40,763,769
Non-metallic mineral products	278,376,867	205,717,289
Forest, wood products & saw mills	198,404,223	161,170,666
Metal products	1,458,034,036	1,092,386,833
Electrical machinery and goods	133,209,025	121,924,201
Machinery and spare parts	54,159,832	40,231,404
Transport sector	93,577,569	91,706,351
Chemicals and pharmaceuticals	308,721,473	261,337,318
Petro-chemicals	130,032,581	103,584,392
Service industries	790,275,400	683,516,490
Rubber goods sector	18,291,468	15,476,596
Miscellaneous sector	8,691,196,262	8,191,335,580
	<b>21,289,651,005</b>	<b>19,983,903,304</b>

## 7.9 Loans written-off

As per Bangladesh Bank circular no. 02 dated January 2003 and Bangladesh Bank letter no. BRPD(P)661/13(chha)/2003-2230, dated 1 June 2003 classified loans and advances have been written-off from the books as and when necessary. The balance position of the written-off loans as on 31 December 2020 is BDT 15,447,771,959. The movement of the written-off loans is as follows:

Opening balance	17,573,604,499	17,789,429,750
<u>Add:</u> Addition during the year	-	-
	17,573,604,499	17,789,429,750
<u>Less:</u> Recovery during the year	(92,454,986)	(185,424,935)
<u>Less:</u> Waiver during the year	(2,033,377,554)	(30,400,316)
Closing balance	<b>15,447,771,959</b>	<b>17,573,604,499</b>

Recovery of loans for the year under reporting is BDT 9,24,54,986 and waived during the year with outstanding balance of BDT 2,03,33,77,554.

Notes	31.12.2020 Taka	31.12.2019 Taka
<b>7(a) Consolidated loans and advances</b>		
<b>(i) Loans, cash credits, overdrafts, etc</b>		
Bangladesh Development Bank Limited	20,896,874,555	19,342,341,040
<u>Less:</u> Inter group loan (BDBL Securities Limited)	(394,673,450)	(257,557,330)
BDBL Securities Limited	72,869,642	64,035,975
BDBL Investment Services Limited	46,841,741	19,537,291
	<b>20,621,912,488</b>	<b>19,168,356,976</b>
<b>(ii) Bills purchased and discounted</b>		
Bangladesh Development Bank Limited	392,776,450	641,562,264
BDBL Securities Limited	-	-
BDBL Investment Services Limited	-	-
	<b>392,776,450</b>	<b>641,562,264</b>
	<b>21,014,688,938</b>	<b>19,809,919,240</b>
<b>8. Fixed assets including premises, furniture and fixtures</b>		
<b><u>Owner Occupied Property (IAS-16)</u></b>		
Opening balance	564,961,080	954,573,749
<u>Add:</u> Addition during the year	52,894,403	19,252,457
<u>Less:</u> Disposal/adjustment during the year	16,884,213	3,015,668
	600,971,270	970,810,538
<u>Less:</u> Accumulated depreciation at the year end	410,116,412	634,643,499
	<b>190,854,858</b>	<b>336,167,039</b>
<u>Add:</u> Revaluation balance at the year end	4,426,520,002	7,479,253,428
<b>Written Down Value (A+B)</b>	<b>4,617,374,861</b>	<b>7,815,420,467</b>
<b><u>Investment property (IAS-40)</u></b>		
Opening balance	-	-
Add: Transfer of Property, plant and equipment to Investment Property	4,207,153,381	-
Adjusted opening balance	4,207,153,381	-
Add: Addition during the year	5,882,251	-
	4,213,035,632	-
Less : Disposal during the year	-	-
	4,213,035,632	-
<u>Less:</u> Accumulated depreciation at the year end	1,102,506,163	-
<b>Written Down Value (C)</b>	<b>3,110,529,469</b>	<b>-</b>
<b><u>Lease Assets</u></b>		
Opening balance	-	-
Add: Addition during the year	31,319,507	-
	31,319,507	-
Less: Disposal during the year	-	-
	31,319,507	-
<u>Less:</u> Accumulated depreciation at the year end	4,391,101	-
<b>Written Down Value (D)</b>	<b>26,928,406</b>	<b>-</b>
<b>Total Fixed Assets including Investment property and Lease (A+B+C+D)</b>	<b>7,754,832,735</b>	<b>7,815,420,467</b>
A Schedule of Fixed Assets is given in <b>Annexure- A</b> .		
<b>8(a) Consolidated fixed assets including premises, furniture and fixtures</b>		
Bangladesh Development Bank Limited	Note: 8	7,754,832,735
BDBL Securities Limited		3,127,680
BDBL Investment Services Limited		8,528,541
		5,676,594
		<b>7,766,488,956</b>
		<b>7,824,704,883</b>

\*The Bank has decided to reclassify the property, plant and equipment to Investment Property those actually met the criteria of Investment Property as per International Accounting Standard (IAS) 40- Investment Property from the financial year 2020. The Bank used the cost model, for the transfer of owner- occupied property to investment property. For this reason, there is no change in the carrying amount of the property transferred and there is no change in the cost of that property for measurement or disclosure purposes (as per Para 59 of IAS 40). If there is any changes in fair market value, the adjustment will be given subsequently in future for the impairment loss.

Notes	31.12.2020 Taka	31.12.2019 Taka
<b>9. Other assets</b>		
Stationery and stamps in hand	5,496,149	4,924,604
Tax paid in advance	Note: 9.1	3,519,914,787
Prepaid expenses and security deposit	22,363,063	27,405,853
Accrued income (CAD and Branches)	Note: 9.2	414,860,563
Suspense A/C (CAD and branches)	4,252,641	6,041,339
Exchange risk adjustment account	11,345,062	61,359,262
Depreciation fund - interest receivable	26,462,500	26,462,500
Sanchaya patra encashment A/C	360,996,799	151,105,419
Legal expenses realizable A/C	52,901,687	52,894,055
Misc. receivable and sundry for adjustment purpose	14,860,789	27,462,784
Inter office adjustment	Note: 12.10.1	-
Temporary advance	5,557,999	6,648,176
Investment in subsidiaries	1,000,000,000	-
Receivable from securities-Salary & Allowances	35,883,438	32,631,870
Receivable from BSL	19,956,262	27,058,760
Receivable from BISL	88,757,024	33,854,118
Interest receivable on bond	-	667,778
*Receivable from forfeited CPF	1,164,986	-
Deferred tax asset (for ROU Assets)	394,491	-
Other charges receivables from write-off project	8,577	8,577
	<b>5,683,568,219</b>	<b>4,393,300,445</b>

\* The balance represents the portion of employer's contribution to those employee who have left service before completion of 05 (Five) years as per FRC circular No 179/FRC/FRM/Proggapan/2020/2 dated 07 July 2020. This forfeited fund shown as Miscellaneous income in the Profit & Loss statement. The PF audit is completed upto 2018 and 2019 & 2020 audit is under process.

#### 9.1 Tax paid in advance

Movement of the advance tax paid during the year is as follows:

Opening balance	3,519,914,787	3,251,321,709
<u>Add:</u> Addition during the year	133,142,323	268,593,078
	3,653,057,110	3,519,914,787
<u>Less:</u> Adjustment during the year	-	-
	<b>3,653,057,110</b>	<b>3,519,914,787</b>

Year wise break-up of the above amount is shown as follows:

#### A: Erstwhile BSRS:

Accounting year	Assessment year	Corporate advance tax	Deducted at source	Total BDT
1997 - 1998	1998 - 1999	-	5,666,165	5,666,165
1998 - 1999	1999 - 2000	-	6,620,718	6,620,718
1999 - 2000	2000 - 2001	12,500,000	4,731,041	17,231,041
2000 - 2001	2001 - 2002	45,473,000	4,391,185	49,864,185
2001 - 2002	2002 - 2003	16,000,000	5,558,725	21,558,725
2002 - 2003	2003 - 2004	4,500,000	7,314,644	11,814,644
2003 - 2004	2004 - 2005	10,000,000	7,020,445	17,020,445
2004 - 2005	2005 - 2006	-	6,936,472	6,936,472
2005 - 2006	2006 - 2007	-	13,412,159	13,412,159
2006 - 2007	2007 - 2008	20,000,000	18,913,584	38,913,584
2007 - 2008	2008 - 2009	10,000,000	20,865,579	30,865,579
2008 - 2009	2009 - 2010	34,848,614	22,489,729	57,338,343
2009 - 2010	2010 - 2011	-	13,223,817	13,223,817
<b>Total (A)</b>		<b>153,321,614</b>	<b>137,144,263</b>	<b>290,465,877</b>

**B: Erstwhile BSB:**

Accounting year	Assessment year	Corporate advance tax	Deducted at source	Total BDT
1994-95	1995-1996	-	223,455,120	223,455,120
1995-96	1996-1997	-	1,388,566	1,388,566
1996-97	1997-1998	-	101,091,067	101,091,067
1997-98	1998-1999	-	69,230,875	69,230,875
1998-99	1999-2000	-	18,911,461	18,911,461
1999-00	2000-2001	-	12,737,817	12,737,817
2000-01	2001-2002	-	13,926,730	13,926,730
2001-02	2002-2003	-	25,698,639	25,698,639
2002-03	2003-2004	-	30,948,020	30,948,020
2003-04	2004-2005	-	32,943,494	32,943,494
2004-05	2005-2006	-	22,924,846	22,924,846
2005-06	2006-2007	-	25,020,846	25,020,846
2006-07	2007-2008	-	24,016,003	24,016,003
2007-08	2008-2009	50,000,000	24,546,660	74,546,660
2008-09	2009-2010	-	18,992,160	18,992,160
2009-10	2010-2011	-	7,727,587	7,727,587
<b>Total (B)</b>		<b>50,000,000</b>	<b>653,559,891</b>	<b>703,559,891</b>

**C: BDBL**

Accounting year	Assessment year	Corporate advance tax	Deducted at source	Total BDT
2010	2011-2012	10,000,000	73,748,710	83,748,710
2011	2012-2013	61,232,451	89,333,534	150,565,985
2012	2013-2014	82,370,218	120,350,190	202,720,408
2013	2014-2015	60,735,632	194,793,491	255,529,123
2014	2015-2016	-	289,235,544	289,235,544
2015	2016-2017	154,782,467	244,926,149	399,708,617
2016	2017-2018	41,371,000	242,688,379	284,059,380
2017	2018-2019	15,000,000	228,700,911	243,700,911
2018	2019-2020	64,617,766	283,409,498	348,027,264
2019	2020-2021	-	268,593,078	268,593,078
2020	2021-2022	-	133,142,323	133,142,323
<b>Total (C)</b>		<b>490,109,534</b>	<b>2,168,921,807</b>	<b>2,659,031,343</b>

**Total advance tax paid (A+B+C)**
**3,653,057,110**

	Notes	31.12.2020 Taka	31.12.2019 Taka
<b>9.2 Accrued income (CAD and Branches)</b>			
<b>CAD, Head office</b>			
Dividend		127,703,849	75,036,609
Interest on debenture/other		-	25,749,141
Rent		115,720,976	89,542,518
Accrued income on FDR		116,628,879	224,532,295
		<b>360,053,704</b>	<b>414,860,563</b>
<b>Branch Offices</b>		-	-
		<b>360,053,704</b>	<b>414,860,563</b>
<b>9.3 Deferred tax asset on ROU assets</b>			
WDV of ROU		26,928,406	-
Closing balance of Lease liability		27,914,633	-
Deductible temporary difference		986,227	-
Tax Rate		40.00%	-
<b>Deferred tax asset</b>		<b>394,491</b>	-
<b>9(a) Consolidated other assets</b>			
Bangladesh Development Bank Limited	Note:9	5,683,568,219	4,393,300,445
Less: Receivable from BSL		35,195,651	46,309,242
Less: Receivable from BISL		109,401,073	47,235,506
Less: Investment in subsidiaries		(1,000,000,000)	-
BDBL Securities Limited		80,623,020	68,398,108
BDBL Investment Services Limited		64,810,769	35,045,821
		<b>4,684,405,284</b>	<b>4,403,199,626</b>

\*Investment in subsidiaries was rearranged from Investment to Other assets.

	Notes	31.12.2020 Taka	31.12.2019 Taka
<b>10. Borrowing from other banks, financial institutions and agents</b>			
In Bangladesh	Note:10.1	332,192,781	35,826,453
Outside Bangladesh		-	-
		<b>332,192,781</b>	<b>35,826,453</b>
<b>a) Security based segregation</b>			
Secured		-	-
Un-secured		332,192,781	35,826,453
		<b>332,192,781</b>	<b>35,826,453</b>
<b>b) Maturity based segregation</b>			
On demand		-	-
On maturity		332,192,781	35,826,453
		<b>332,192,781</b>	<b>35,826,453</b>
<b>10.1 In Bangladesh</b>			
DM 3.00 million K.F.W. loan		3,085,466	3,697,594
SME refinance from BB		119,107,315	32,128,859
*Call borrowing		210,000,000	-
		<b>332,192,781</b>	<b>35,826,453</b>
*The call loan is taken from Agrani Bank Limited for fund requirement. The rate of interest is 1.00%.			
<b>11. Deposits and other accounts</b>			
Current and other accounts	Note: 11.1	2,727,213,713	2,743,641,350
Bills payable	Note: 11.2	132,101,882	128,914,922
Saving bank deposits		1,713,722,396	1,451,212,270
Fixed deposits		19,645,864,640	23,322,109,970
		<b>24,218,902,631</b>	<b>27,645,878,512</b>
<b>11.1 Current and other accounts</b>			
Short term deposit account		1,453,508,987	1,291,329,376
Scheme deposit		513,079,550	646,922,256
Sundry deposit		170,052,365	315,237,105
Current account		393,076,058	371,645,954
Margin deposits		63,911,789	10,588,511
Guarantee margin security deposits		65,767,781	54,462,296
Earnest money		72,200	72,200
Payable under investment scheme		67,625,093	52,591,558
Deposit in foreign currency		119,890	792,094
		<b>2,727,213,713</b>	<b>2,743,641,350</b>
<b>11.2 Bills payable</b>			
Payment order		131,383,053	128,020,562
Drafts payable		718,829	894,360
		<b>132,101,882</b>	<b>128,914,922</b>
<b>11.3 Deposits and other accounts by maturity</b>			
On demand		156,000,000	103,200,000
Repayable within one month		1,783,000,000	1,312,800,000
More than one month but not more than six months		8,037,300,000	2,649,400,000
More than six months but not more than one year		2,954,300,000	6,543,100,000
More than one year but not more than five years		11,288,302,631	17,037,378,512
More than five years but not more than ten years		-	-
Unclaimed deposits held by the bank more than ten years		-	-
		<b>24,218,902,631</b>	<b>27,645,878,512</b>
<b>11(a) Consolidated deposit and other accounts</b>			
<b>(i) Current and other accounts</b>			
Bangladesh Development Bank Limited	Note:11.1	2,727,213,713	2,743,641,350
Less: BDBL Securities Limited		(111,774)	(86,154)
Less: BDBL Investment Services Limited		(2,500,904)	(200,833)
		<b>2,724,601,035</b>	<b>2,743,354,363</b>
<b>(ii) Bills payable</b>			
Bangladesh Development Bank Limited	Note:11.2	132,101,882	128,914,922
BDBL Securities Limited		-	-
BDBL Investment Services Limited		-	-
		<b>132,101,882</b>	<b>128,914,922</b>
<b>(iii) Savings bank deposit</b>			
Bangladesh Development Bank Limited		1,713,722,396	1,451,212,270
BDBL Securities Limited		-	-
BDBL Investment Services Limited		-	-
		<b>1,713,722,396</b>	<b>1,451,212,270</b>
<b>(iv) Fixed deposit</b>			
Bangladesh Development Bank Limited		19,645,864,640	23,322,109,970
BDBL Securities Limited		-	-
BDBL Investment Services Limited		-	-
		<b>19,645,864,640</b>	<b>23,322,109,970</b>
		<b>24,216,289,953</b>	<b>27,645,591,525</b>

**12. Other liabilities**

	Notes	31.12.2020 Taka	31.12.2019 Taka
Provision for income tax	Note: 12.1	3,139,782,702	3,013,591,487
Provision for deferred tax	Note: 12.2	1,035,007,918	1,053,269,209
Accrued expenses	Note: 12.3	630,035,040	774,647,482
Others funds	Note: 12.4	148,195,326	181,209,371
Provision for B/D equity		48,412,100	48,412,100
Provision for B/D debenture		2,931,259	32,977,983
Provision for investment and share		42,300,000	58,300,000
Other provisions	Note: 12.5	621,641,707	598,814,677
Provision for unclassified loan	Note: 12.6	1,402,926,131	105,429,126
Special General Provision-COVID-19	Note: 12.6.1	15,383,224	-
Provision for classified loan	Note: 12.7	2,479,220,380	3,792,100,609
Interest suspense	Note: 12.8	1,852,950,187	1,555,729,518
Advance deposit receipts	Note: 12.9	181,724,809	265,362,888
Lease Liability (*)		27,914,633	-
Start up fund (**)		448,896	-
Miscellaneous	Note: 12.10	98,995,187	162,283,767
		<b>11,727,869,499</b>	<b>11,642,128,217</b>

\*The Bank has recognised the IFRS 16 Lease from this financial year 2020 and it measured lease liability in respect of the appropriate criteria. The lease liability will be paid within the lease term to the lessor. The interest was capitalised and charged accordingly.

\*\*As per Bangladesh Bank SMESPD circular no. 05 dated 26 April 2021, this fund was created through compulsory appropriation of 1% Net profit after tax of 2020 and bank has to maintain it from 2020 to following five years to facilitate/finance start up entrepreneurs.

**12.1 Provision for income tax**

Opening balance	3,013,591,487	2,893,591,487
Add: Provision made during the year	126,191,215	120,000,000
	<b>3,139,782,702</b>	<b>3,013,591,487</b>
Less: Adjustment made during the year	-	-
	<b>3,139,782,702</b>	<b>3,013,591,487</b>

**12.1.1 Income tax assessment status**
**A) Erstwhile BSB**

Financial Year	Assessment Year	Assessment Status
2003-2004	2004-2005	Settled upto AY 2004-05 and Tax refundable is BDT 12.65 Crore.
2004-2005	2005-2006	Final as per under section 82BB of ITO 1984
2005-2006	2006-2007	Final as per under section 82BB of ITO 1984
2006-2007	2007-2008	Final as per under section 82BB of ITO 1984
2007-2008	2008-2009	Final as per under section 83(2) of ITO 1984
2008-2009	2009-2010	Pending with Appeal tribunal
2009-2010	2010-2011	ADR Revised order and Appeal order yet to be received

**B) Erstwhile BSRS**

Financial Year	Assessment Year	Assessment Status
1995-1996	1996-1997	Tax cases settled. No demand by tax authority.
1996-1997	1997-1998	
1997-1998	1998-1999	
1998-1999	1999-2000	
1999-2000	2000-2001	Tax assessment order has not yet been revised as per tribunal order.
2000-2001	2001-2002	"do"
2001-2002	2002-2003	"do"
2002-2003	2003-2004	"do"
2003-2004	2004-2005	Refundable BDT 17,020,445
2004-2005	2005-2006	Not yet assessed refundable BDT 6,936,472
2005-2006	2006-2007	Tax assessment has not yet been revised as order CT appeal
2006-2007	2007-2008	Self assessment
2007-2008	2008-2009	To be revised as per CT appeal
2008-2009	2009-2010	Appealed before the commissioner of taxes.
2009-2010	2010-2011	Appealed before the commissioner of taxes.



## C) BDBL

Financial Year	Assessment Year	Assessment Status
2010	2011-2012	DP BDT 7,47,000.00 not credited. The taxes Appellate Tribunal order dated 29 April 2015 available but revised order is yet to be received.
2011	2012-2013	DP BDT 11,000,000.00 not credited. The taxes Appellate Tribunal order disposed dated 30 April 2015.
2012	2013-2014	TDS BDT 1,948,242 not credited. The appeal filed on 27 June 2016 for rectification.
2013	2014-2015	TDS BDT 542,649 not credited. The appeal filed on 18 October 2016 for rectification.
2014	2015-2016	Return file normal in procedure.
2015	2016-2017	Return filed
2016	2017-2018	Return filed
2017	2018-2019	Return filed
2018	2019-2020	Return filed
2019	2020-2021	Return filed
2020	2021-2022	Not yet filed

	Notes	31.12.2020 Taka	31.12.2019 Taka
<b>12.2 Provision for deferred tax</b>			
<b>A. Deferred tax on fixed asset</b>			
Deferred tax liabilities have been computed in accordance with IAS-12 based on taxable temporary difference in carrying amount of the fixed assets and its tax base as follows:			
WDV of fixed assets as per tax records		167,962,700	137,203,337
WDV of fixed assets as per accounts		356,239,632	336,167,039
Taxable temporary difference		(188,276,932)	(198,963,702)
Applicable tax rate		40.00%	40.00%
<b>Deferred tax liabilities</b>		<b>(75,310,773)</b>	<b>(79,585,481)</b>
<b>B. Deferred tax on asset revaluation reserve</b>			
Asset revaluation reserve on 01 January 2020*		6,505,569,700	6,601,572,270
Less: Adjustment for depreciation during the year		107,588,731	110,347,417
		<b>6,397,980,969</b>	<b>6,491,224,853</b>
Applicable tax rate		15%	15%
<b>Deferred tax liability</b>		<b>(959,697,145)</b>	<b>(973,683,728)</b>
<b>Total deferred tax liability (A+B)</b>		<b>(1,035,007,918)</b>	<b>(1,053,269,209)</b>
*Detail of the revaluation reserve given in Annexure A and Note: 16.2(a).			
<b>12.3 Accrued expense</b>			
Accrued interest		544,040,029	706,888,907
Accrued expense		85,995,011	67,758,575
		<b>630,035,040</b>	<b>774,647,482</b>
<b>12.4 Other funds</b>			
Pension and death cum retirement fund		58,455,265	79,692,052
Employees provident fund		28,432,777	55,313,400
Employees gratuity fund		54,380,625	42,089,152
Employees benevolent fund		6,926,659	4,114,767
		<b>148,195,326</b>	<b>181,209,371</b>
<b>12.5 Other provisions</b>		<b>621,641,707</b>	<b>598,814,677</b>
<b>12.5.a Other provisions (Miscellaneous)</b>			
Provision for bonus		73,124,030	40,046,008
Provision for unadjusted inter branch current account		2,800,000	2,800,000
Dividend payable to Govt.		100,000,000	100,000,000
Payable to Govt. against share dividend		46,050,207	30,551,199
		<b>221,974,237</b>	<b>173,397,207</b>
<b>12.5.b Provision for other assets</b>			
Provision for realisable legal expenses		52,898,000	51,002,000
Provision for interest on depreciation fund		26,462,500	26,462,500
Provision for off balance sheet items		10,707,525	10,270,000
Provision for exchange risk adjustment A/C		11,345,000	61,359,262
Provision for investment in other bank and financial institution*		213,611,300	213,300,000
Provision for other assets		84,643,145	63,023,708
		<b>399,667,470</b>	<b>425,417,470</b>

\* Bangladesh Bank classified the investment with People's Leasing and Financial Services Ltd., FAS Finance & Investment Ltd, Premier Leasing, First Finance Ltd, Union Capital Ltd, International Leasing and Bangladesh Industrial Finance Company Ltd. on qualitative judgement and objective criteria. As a result, total required provision against these investments stood at Taka 977.5 million for the year ended 31 December 2020. Bank maintained provision for investment in other bank and financial institutions amounting to Taka 213.3 million in the year 2019. As per Bank's application, Bangladesh Bank vide its letter no. DBI-2(UB-6)/2640/2021-780 dated 22 April 2021 has given relief (deferral) to the Bank for the remaining amount of Taka 764.2 million against the required provision and advised the Bank to provide this shortfall in the next 3 years (2021, 2022 and 2023 by 35%, 35% and 30% respectively). Bank has complied that accordingly.

Notes	31.12.2020 Taka	31.12.2019 Taka
<b>12.6 Provision for un-classified loan</b>		
Provision held at the beginning of the year	105,429,126	107,000,000
<u>Less:</u> Fully provided debts written-off	-	-
<u>Add:</u> Recoveries of amount previously written-off	-	-
<u>Add:</u> Specific provision for the year	427,995,969	-
Less: Excess provision transferred to provision to CL loan	-	(1,570,874)
<u>Add:</u> Specific provision for special mentioned A/C	869,501,037	-
<b>Provision held at the end of the year</b>	<b>1,402,926,131</b>	<b>105,429,126</b>
<b>12.6.1 Special General Provision-COVID-19</b>	<b>15,383,224</b>	<b>-</b>
As per BRPD circular letter no-56 of Bangladesh Bank dated 10 Dec, 2020 Bank has to maintain additional 1% Special General provision COVID-19 for unclassified loans. Which includes in the provision for un-classified loans.		
<b>12.7 Provision for classified loan</b>		
Provision held at the beginning of the year	3,792,100,609	3,697,631,825
<u>Less:</u> Fully provided debts written-off/loan liquidated	-	-
<u>Add:</u> Recoveries of amount previously written-off	-	-
<u>Add:</u> Specific provision for the year	-	34,000,000
<u>Add:</u> Recoveries and provision no longer required	-	58,897,910
<u>Less:</u> Excess provision transferred to provision for Unclassified (SMA) Special Rescheduling and one time exit and Writ projects	(1,312,880,229)	-
<u>Add:</u> Excess provision transferred from un-classified loan	-	1,570,874
<b>Provision held at the end of the year</b>	<b>2,479,220,380</b>	<b>3,792,100,609</b>
<b>Total provision maintained</b>	<b>3,897,529,735</b>	<b>3,897,529,735</b>
<b>Required provision</b>	<b>3,897,500,000</b>	<b>3,896,434,225</b>
<b>(Shortfall)/Excess</b>	<b>29,735</b>	<b>1,095,510</b>
Bangladesh Bank classified the loan & advances amounting to 596.26 crore and instructed to maintain total provision of Taka 3999.1 million. Bank has maintained 389.75 crore for the year ended 31 December 2020. As per Bank's application, Bangladesh Bank vide its letter no. DBI-2(UB-6)/2640/2021-780 dated 22 April 2021 has given relief/deferral to the Bank for the remaining amount of Taka 101.6 million against the required provision and advised the Bank to maintain this shortfall in the next 3 years (@35%, 35% and 30% for the year 2021, 2022 and 2023 respectively). Bank has complied that accordingly.		
<b>12.8 Interest suspense</b>		
Opening balance	715,344,666	717,443,561
<u>Add:</u> Credited/Added during the year	482,860,323	129,927,221
<u>Less:</u> Transferred to interest income	123,227,689	120,165,983
<u>Less:</u> Written-off during the year	-	-
<u>Less:</u> Adjustment during the year	57,003,741	11,860,133
	1,017,973,559	715,344,666
<u>Add:</u> Interest suspense A/C (IDCP)	834,976,628	840,384,852
	<b>1,852,950,187</b>	<b>1,555,729,518</b>
<b>12.9 Advance deposits receipts</b>		
Other deposits received in advance	44,563,820	43,597,817
L/C Charges Received in Advance	665,130	487,779
Advance rent received on Bank's premises	661,422	2,219,354
Sundry - unadjusted recovery from loan	95,413,575	86,981,142
Sundry deposits( write-off)	40,420,862	132,076,796
	<b>181,724,809</b>	<b>265,362,888</b>
<b>12.10 Miscellaneous</b>		
FCTA exchange premium	46,028,469	46,028,469
FCTA penal premium	7,446,350	7,446,350
Liabilities towards BSB and EPF	6,394,900	6,394,900
Sanchaya patra sold	14,940,000	1,400,000
Special adjustment account	8,495,120	8,378,996
Managed fund	725,542	725,542
Exchange equalization account	-	50,014,200
Liability for other finance	1,444	1,444
Other payable	2,636,600	50,348
Suspense others	1,700,771	-
Liability for other expenses	4,545,630	4,541,510
Employees Income Tax	6,080,361	6,251,689
Inter office adjustment account	-	31,050,319
Note: 12.10.1	<b>98,995,187</b>	<b>162,283,767</b>

Notes	31.12.2020 Taka	31.12.2019 Taka
<b>12.10.1 Inter office adjustment account</b>		
CAD current account in branch office book	(5,916,543,834)	(10,218,669,959)
Branch office current account in CAD's book	5,896,256,330	10,249,488,711
LAD's current account in CAD's book	(435,847,499)	(342,969,323)
CAD's current account in LAD's book	435,364,185	342,486,009
LAD's current account in branch office book	(532,943,253)	531,747,180
Branch office current account in LAD's book	532,995,591	(531,694,841)
Brokerage house C/A in Pr. Br.	136,000	136,000
Inter branch current account	526,542	526,542
	<b>(20,055,938)</b>	<b>31,050,319</b>
*The balance of 2020 of inter office adjustment account is transferred to Other Assets for having negative balance.		
<b>12(a) Consolidated other liabilities</b>		
Bangladesh Development Bank Limited	Note: 12	11,727,869,499
BDBL Securities Limited		305,291,411
BDBL Investment Services Limited		236,349,228
Less: Payable to BDBL (BSL)		(35,195,651)
Less: Payable to BDBL (BISL)		(109,401,073)
		<b>12,124,913,414</b>
		<b>11,948,508,221</b>
<b>12.a.i Consolidated current tax</b>		
Bangladesh Development Bank Limited		70,394,491
BDBL Securities Limited		7,058,496
BDBL Investment Services Limited		11,917,148
		<b>89,370,135</b>
		<b>132,683,962</b>
<b>12.a.ii Consolidated deferred tax</b>		
Bangladesh Development Bank Limited		(4,669,198)
BDBL Securities Limited		71,708
BDBL Investment Services Limited		(38,090)
		<b>(4,635,580)</b>
		<b>(902,568)</b>
<b>13 Share Capital</b>		
<b>Authorised capital:</b>		
100,000,000 shares of Taka 100 each		<b>10,000,000,000</b>
<b>Issued, subscribed and paid-up capital:</b>		
40,000,000 Shares of Taka 100 each fully paid by the government and government nominated shareholders		<b>4,000,000,000</b>
		<b>4,000,000,000</b>
<b>13.1 Capital to risk weighted asset ratio (CRAR)</b>		
<b>Consolidated CRAR</b>		
<b>i) Core capital (Tier-i)</b>		
Paid-up capital	4,000,000,000	4,000,000,000
General reserve	4,347,755,114	4,347,755,114
Statutory reserve	2,614,571,336	2,592,421,336
Retained earnings	676,125,964	612,690,929
Less: Provision shortfall as per RBCA (Basel-III)	217,530,805	1,910,291,676
	<b>11,420,921,609</b>	<b>9,642,575,703</b>
<b>ii) Supplementary capital (Tier-ii)</b>		
General provision	126,670,734	115,699,126
Assets revaluation reserves	-	-
	<b>126,670,734</b>	<b>115,699,126</b>
<b>iii) Additional supplementary capital (Tier-iii)</b>		
Total supplementary capital (ii+iii)	-	-
	<b>126,670,734</b>	<b>115,699,126</b>
<b>A Total eligible capital (Tier-i+ii+iii)</b>	<b>11,547,592,343</b>	<b>9,758,274,829</b>
<b>B Total risk weighted assets</b>	<b>48,833,878,989</b>	<b>45,605,788,827</b>
<b>C Required capital (10% of risk weighted assets)</b>	<b>4,883,387,899</b>	<b>4,560,578,883</b>
<b>D Capital conservation buffer (2.5% on risk weighted assets)</b>	<b>1,220,846,975</b>	<b>1,140,144,721</b>
<b>E Total required capital with conservation buffer (C+D)</b>	<b>6,104,234,874</b>	<b>5,700,723,604</b>
<b>F Capital surplus (A-E)</b>	<b>5,443,357,469</b>	<b>4,057,551,225</b>
<b>Capital adequacy ratio</b>	<b>23.65%</b>	<b>21.40%</b>
Core capital to risk weighted assets	23.39%	21.15%
Supplementary capital to risk weighted assets	0.26%	0.25%
<b>Solo CRAR</b>		
<b>i) Core capital (Tier-i)</b>		
Paid-up capital	4,000,000,000	4,000,000,000
General reserve	4,347,755,114	4,347,755,114
Statutory reserve	2,614,571,336	2,592,421,336
Retained earnings	447,726,157	425,435,452
Less: Provision shortfall as per RBCA (Basel-III)	964,050,849	1,485,777,363
	<b>10,446,001,758</b>	<b>9,879,834,539</b>

Notes	31.12.2020 Taka	31.12.2019 Taka
<b>ii ) Supplementary capital (Tier-ii)</b>		
General provision	126,670,734	115,699,126
Assets revaluation reserves	-	-
	<b>126,670,734</b>	<b>115,699,126</b>
<b>iii) Additional supplementary capital (Tier-iii)</b>		
<b>Total supplementary capital (ii+iii)</b>	-	-
<b>A Total eligible capital (Tier-i+ii+iii)</b>	<b>10,572,672,492</b>	<b>9,995,533,665</b>
<b>B Total risk weighted assets</b>	<b>46,204,960,323</b>	<b>45,068,219,896</b>
<b>C Required capital (10% of risk weighted assets)</b>	<b>4,620,496,032</b>	<b>4,506,821,990</b>
<b>D Capital conservation buffer (2.5% on risk weighted assets)</b>	<b>1,155,124,008</b>	<b>1,126,705,497</b>
<b>E Total required capital with conservation buffer</b>	<b>5,775,620,040</b>	<b>5,633,527,487</b>
<b>F Capital surplus (A-E)</b>	<b>4,797,052,452</b>	<b>4,362,006,178</b>
<b>Capital adequacy ratio</b>	<b>22.88%</b>	<b>22.18%</b>
Core capital to risk weighted assets ratio	22.61%	21.92%
Supplementary capital to risk weighted assets ratio	0.27%	0.26%
<b>14. Quasi equity</b>	<b>134,744,560</b>	<b>134,744,560</b>
This was created as per government decision in 1982 by converting the 3rd, 5th, 6th and 8th UK credits received by erstwhile BSB. This liability has been waived by the Government of Bangladesh.		
<b>15. Statutory reserve</b>		
Opening balance	2,592,421,336	2,555,421,336
Add: Addition made for the year	22,150,000	37,000,000
	<b>2,614,571,336</b>	<b>2,592,421,336</b>
<b>16. General, revaluation and other reserve</b>	<b>11,825,630,179</b>	<b>11,919,232,328</b>
This is the cumulative reserve maintained in notes General reserve 16.1, Asset revaluation reserve 16.2 & Other reserves in 16.3 accordingly.		
<b>16.1 General reserve</b>		
Opening balance	4,347,755,114	4,347,755,114
Add: Addition during the year	-	-
	<b>4,347,755,114</b>	<b>4,347,755,114</b>
<b>16.2 Asset revaluation reserve</b>		
Opening balance	6,505,569,700	6,601,572,270
Less: Adjustment for depreciation for the year	107,588,731	110,347,417
Add/(Less): Adjustment for deferred tax	13,986,582	14,344,847
	<b>6,411,967,551</b>	<b>6,505,569,700</b>

Asset-wise break-up of revaluation surplus is as under:

Particulars	Land Taka	Building Taka	Motor vehicle Taka	Total Taka
Valuation surplus	2,761,481,869	3,744,087,829	1	6,505,569,700
Less: Adjustment for disposal of asset	-	-	-	-
Less: Adjustment for depreciation	-	107,588,731	-	107,588,731
Add: Adjustment for deferred tax liabilities @15%	18	13,986,564	-	13,986,582
<b>Balance as at 31 December 2020</b>	<b>2,761,481,887</b>	<b>3,650,485,662</b>	<b>1</b>	<b>6,411,967,551</b>

**16.2(a) Consolidated asset revaluation reserve**

Bangladesh Development Bank Limited	Note: 16.2	6,411,967,551	6,505,569,700
BDBL Investment Services Limited		-	-
		<b>6,411,967,551</b>	<b>6,505,569,700</b>

**16.2.1** Deferred tax liabilities on asset revaluation reserve has been computed in accordance with IAS-12, on the assumption that this will be taxable in the form of capital gain and hence relevant tax rate is applied.

Notes	31.12.2020 Taka	31.12.2019 Taka
<b>16.3 Other reserve</b>	<b>1,065,907,514</b>	<b>1,065,907,514</b>
<b>Capital reserve</b>		
Opening balance	66,503,915	66,503,915
Add: Appreciation made for the year	-	-
	<b>66,503,915</b>	<b>66,503,915</b>
<b>Reserve for unforeseen losses</b>		
Opening Balance	560,000	560,000
Add: Appreciation made during the year	-	-
	<b>560,000</b>	<b>560,000</b>
<b>Building fund</b>		
Opening balance	639,241,000	639,241,000
Add: Appropriation made for the year	-	-
	<b>639,241,000</b>	<b>639,241,000</b>
<b>Special assistance fund</b>		
Opening balance	109,161,572	109,161,572
Add: Appreciation made for the year	-	-
	<b>109,161,572</b>	<b>109,161,572</b>
In accordance with the Industrial Policy 1986, a Special Assistance Fund (SAF) was created by erstwhile BSB as the prime DFI of the country to provide concessional loans to projects:		
a. Based on local innovation and invention of product and process;		
b. Utilizing locally manufactured capital goods; and		
c. For production of capital machinery and other non-traditional items.		
<b>Equity adjustment reserve</b>		
Opening balance	43,206,475	43,206,475
Add: Appreciation made for the year	-	-
Less: Adjustment during the year	-	-
	<b>43,206,475</b>	<b>43,206,475</b>
<b>Exchange equalisation reserve</b>		
Opening Balance	131,518,243	131,518,243
Add: Addition/adjustment for the year	-	-
	<b>131,518,243</b>	<b>131,518,243</b>
<b>Special reserve</b>		
Opening balance	75,716,308	75,716,308
Add: Appreciation made for the period	-	-
Less: Adjustment during the year	-	-
	<b>75,716,308</b>	<b>75,716,308</b>
Special reserve was created by erstwhile BSRS as per section 29(1)(V) of the Income Tax Ordinance, 1984.		
<b>16.3(a) Consolidated other reserve</b>		
Bangladesh Development Bank Limited	1,065,907,514	1,065,907,514
BDBL Securities Limited	6,436,584	5,581,872
BDBL Investment Services Limited	3,784,418	2,861,856
	<b>1,076,128,516</b>	<b>1,074,351,242</b>
<b>16.4 Contingent liabilities</b>		
Acceptance for FC guarantee	340,370,238	340,370,238
Letters of credit	368,842,751	399,980,377
Irrevocable letter of credits	-	-
Bills for collection	306,346,914	248,571,936
Other contingent liabilities	55,192,627	38,019,807
	<b>1,070,752,530</b>	<b>1,026,942,358</b>
<b>16.5 Retained earnings</b>		
Opening Balance	425,435,452	396,885,374
Add: Appropriation during the year	22,290,704	28,550,078
Add: Adjustment during the year	-	-
	<b>447,726,157</b>	<b>425,435,452</b>
<b>16(a) Consolidated current year retained earnings</b>		
Bangladesh Development Bank Limited	22,290,704	28,550,078
BDBL Securities Limited	20,251,247	8,547,115
BDBL Investment Services Limited	22,670,356	9,225,615
	<b>65,212,307</b>	<b>46,322,808</b>
<b>16(a.i) Consolidated retained earnings</b>		
Bangladesh Development Bank Limited	447,726,157	425,435,452
BDBL Securities Limited	140,303,198	120,906,662
BDBL Investment Services Limited	88,096,610	66,348,815
	<b>676,125,965</b>	<b>612,690,929</b>

Note: 16.5

Notes	2020 Taka	2019 Taka
<b>17. Profit and loss account</b>		
Profit before tax during the year	110,614,893	184,620,180
<u>Less:</u> Provision for income tax	70,394,491	120,000,000
<u>Less:</u> Provision for Deferred Tax	(4,669,198)	(929,898)
<u>Less:</u> Statutory Reserve	22,150,000	37,000,000
<u>Less:</u> General Reserve	-	-
<u>Less:</u> Start up Fund	448,896	-
<u>Less:</u> Dividend to Government	-	-
<u>Less:</u> Retained Surplus	22,290,704	28,550,078
	-	-
<b>18. Interest income</b>		
Interest on taka loans	227,497,309	249,090,183
Interest on amount due	64,640,588	12,808,309
Interest on money at call and on short notice	120,055,960	160,599,145
Interest on term deposit	766,391,859	1,169,274,299
Interest on F.C. A/C. with Bangladesh Bank	8,614,829	12,662,515
Interest on advances	561,649,536	550,662,292
Interest on staff loan	121,420,522	123,647,634
Interest on LTR	24,749,886	21,842,758
Interest on LDBP	33,301,226	47,780,025
	<b>1,928,321,715</b>	<b>2,348,367,160</b>
<b>18(a) Consolidated interest income</b>		
Bangladesh Development Bank Limited	1,928,321,715	2,348,367,160
BDBL Securities Limited	11,445,187	18,001,845
BDBL Investment Services Limited	4,918,317	5,993,577
<u>Less:</u> Interest income from Subsidiaries	26,876,001	26,833,904
	<b>1,917,809,218</b>	<b>2,345,528,678</b>
<b>19. Interest paid on borrowing, deposit</b>		
Interest on L/C borrowing from GOB	97,476	114,309
Interest on borrowing from B. Bank	1,321,692	4,404,259
Interest on deposit at call	2,574,028	11,800,972
Interest on F.D. account	1,426,529,025	1,508,320,655
Interest on S.B account and schemes	118,933,825	117,359,477
Interest on deposit pension scheme and SND	36,437,013	47,042,196
Interest expense on Lease	2,375,804	-
	<b>1,588,268,863</b>	<b>1,689,041,868</b>
<b>19 (a) Consolidated interest paid on borrowing, deposit</b>		
Bangladesh Development Bank Limited	1,588,268,863	1,689,041,868
BDBL Securities Limited	26,876,001	26,833,904
<u>Less:</u> Interest paid to BDBL	26,876,001	26,833,904
	<b>1,588,268,863</b>	<b>1,689,041,868</b>
<b>20. Investment income</b>		
Profit on sale of shares/securities	265,437,156	104,491,835
Dividend on shares/securities	194,097,885	187,081,714
Interest on debentures	48,018,135	379,544
Interest on bond	6,482,222	15,520,449
	<b>514,035,398</b>	<b>307,473,542</b>
<b>20(a) Consolidated investment income</b>		
Bangladesh Development Bank Limited	514,035,398	307,473,542
BDBL Securities Limited	64,544,180	47,247,026
BDBL Investment Services Limited	33,113,204	31,163,596
	<b>611,692,782</b>	<b>385,884,164</b>

Notes	2020 Taka	2019 Taka	
<b>21. Commission, exchange and brokerage</b>			
Other fees commission and charges	2,332,822	3,555,386	
Commission on F.C./L/C	5,839,106	5,817,620	
Commission on bills for collection	894,072	2,571,861	
Acceptance commission	3,035	-	
Exchange commission	16,322,117	15,967,299	
Brokerage commission	10,091,794	826,115	
Commission on remittance	9,699	4,478	
Commission on Taka guarantee	312,378	164,021	
	<b>35,805,023</b>	<b>28,906,780</b>	
<b>21(a) Consolidated commission, exchange and brokerage</b>			
Bangladesh Development Bank Limited	Note: 21	35,805,023	28,906,780
BDBL Securities Limited		10,597,266	10,097,495
BDBL Investment Services Limited		19,551,936	8,390,462
		<b>65,954,225</b>	<b>47,394,737</b>
<b>22. Other operating income</b>			
Rent on Bank's premises	263,755,841	269,738,611	
Profit on sale of assets	114,256	-	
Technical examination fees	5,008,535	2,907,416	
Legal amount and documentation charges	183,450	177,876	
Gain or loss on re-valuation of F.C A/C	3,988,237	9,517,070	
Income from write-off loan account	92,454,986	185,424,935	
Miscellaneous earnings	45,113,824	20,107,166	
	<b>410,619,129</b>	<b>487,873,074</b>	
<b>22(a) Consolidated other operating income</b>			
Bangladesh Development Bank Limited	Note: 22	410,619,129	487,873,074
BDBL Securities Limited		807,573	1,093,514
BDBL Investment Services Limited		897,730	899,765
		<b>412,324,432</b>	<b>489,866,353</b>
<b>22(b) Receipt from other operating activities</b>			
Profit on sale of securities	265,437,156	104,491,835	
Interest on bond	54,500,357	15,899,993	
Rent on Bank's premises	263,755,841	269,738,611	
Others	50,420,065	23,192,458	
	<b>634,113,419</b>	<b>413,322,897</b>	
<b>23. Salaries and allowances</b>			
Salary and allowances	508,067,409	503,134,721	
Bank's contribution to employees P.F and gratuity fund	23,501,521	20,031,382	
Staff salary (outsourcing)	56,634,968	56,795,755	
Staff overtime allowances	10,080,398	11,287,930	
Employees pension fund	Note: 23.1	176,670,161	133,373,022
Staff welfare facilities	12,709,820	12,511,300	
Staff education expenses	60,500	50,750	
Incentive Bonus	Note: 23.2	78,372,961	-
Festival Bonus	58,565,174	54,769,671	
	<b>924,662,912</b>	<b>791,954,531</b>	
<b>Managing Director/Chief Executive's remuneration</b>	<b>3,700,000</b>	<b>1,746,184</b>	
<b>Breakup of the remuneration includes in the total Salary and allowances</b>			
Basic	1,500,000	567,473	
House rent	1,050,000	471,748	
Medical allowance	300,000	134,785	
House maintenance	300,000	134,785	
Entertainment	150,000	67,393	
Bonus	400,000	370,000	
	<b>3,700,000</b>	<b>1,746,184</b>	

**23.1** An actuarial valuation had been carried out by a professional actuarial firm as at 31 December 2017 to determine any surplus or deficit for these defined benefit plans. A shortfall of BDT 2,164 million has been reported in the said valuation report. However, as per bank's board decision in this regard Tk. 250.00 million lumpsum to be contributed in the pension and death cum retirement fund each year on the profitability of the Bank. Whereas Tk. 50.00 million has been provided for the said fund to meet the shortfall in the year 2020 due to insufficiency of profitability. The left will be maintained accordingly in the following years.

	Notes	2020 Taka	2019 Taka
<b>23.2</b>	Incentive bonus represents three months basic salary of the employees.		
<b>23(a) Consolidated salary and allowances</b>			
Bangladesh Development Bank Limited	Note: 23	924,662,912	791,954,531
BDBL Securities Limited		13,676,551	14,094,020
BDBL Investment Services Limited		7,744,392	6,028,619
		<b>946,083,855</b>	<b>812,077,170</b>
<b>24. Rent, taxes, insurance, lighting</b>			
Rent and property taxes		35,681,158	45,217,389
Electricity, light and gas		11,621,981	3,302,242
Insurance, telex and rental		10,742,354	7,961,161
		<b>58,045,493</b>	<b>56,480,792</b>
<b>24(a) Consolidated rent, taxes, insurance, lighting</b>			
Bangladesh Development Bank Limited	Note: 24	58,045,493	56,480,792
BDBL Securities Limited		3,363,236	3,848,560
BDBL Investment Services Limited		1,863,635	2,423,850
		<b>63,272,364</b>	<b>62,753,202</b>
<b>25. Legal and professional expenses</b>			
Legal and documentation charges		1,484,214	902,131
Professional charges		276,750	223,500
		<b>1,760,964</b>	<b>1,125,631</b>
<b>25(a) Consolidated legal and professional expenses</b>			
Bangladesh Development Bank Limited	Note: 25	1,760,964	1,125,631
BDBL Securities Limited		146,500	183,100
BDBL Investment Services Limited		57,500	51,750
		<b>1,964,964</b>	<b>1,360,481</b>
<b>26. Postage, telecommunication, etc</b>			
Postage and telegram		3,789,874	3,338,584
Telephone - local and trunk call		2,935,159	3,080,783
		<b>6,725,033</b>	<b>6,419,367</b>
<b>26(a) Consolidated postage, telegram and telephone</b>			
Bangladesh Development Bank Limited	Note: 26	6,725,033	6,419,367
BDBL Securities Limited		61,425	78,457
BDBL Investment Services Limited		80,332	61,627
		<b>6,866,790</b>	<b>6,559,451</b>
<b>27. Stationery, printing and advertisement</b>			
Printing and stationery		6,674,616	7,351,401
Advertisement		2,167,152	1,711,967
		<b>8,841,768</b>	<b>9,063,368</b>
<b>27(a) Consolidated stationery, printing and advertisement</b>			
Bangladesh Development Bank Limited	Note: 27	8,841,768	9,063,368
BDBL Securities Limited		361,296	474,932
BDBL Investment Services Limited		59,227	73,304
		<b>9,262,291</b>	<b>9,611,604</b>
<b>28. Directors' fees</b>		<b>1,336,800</b>	<b>1,512,157</b>
Each director is paid BDT 8,000 per board meeting for per attendance.			



Notes	2020 Taka	2019 Taka	
<b>28(a) Consolidated Director fees</b>			
Bangladesh Development Bank Limited	Note: 28	1,336,800	1,512,157
BDBL Securities Limited		483,140	809,404
BDBL Investment Services Limited		487,600	607,200
		<b>2,307,540</b>	<b>2,928,761</b>
<b>(b) Consolidated auditor fees</b>			
Bangladesh Development Bank Limited		1,179,500	1,143,500
BDBL Securities Limited		69,000	60,000
BDBL Investment Services Limited		69,000	69,000
		<b>1,317,500</b>	<b>1,272,500</b>
<b>29. Depreciation and repair of Bank's assets</b>			
Depreciation of fixed assets (including lease)		39,060,668	30,854,655
Repair and maintenance of Bank's properties		21,188,949	22,772,171
		<b>60,249,617</b>	<b>53,626,826</b>
<b>29(a) Consolidated Depreciation and repair of Bank's assets</b>			
Bangladesh Development Bank Limited	Note: 29	60,249,617	53,626,826
BDBL Securities Limited		1,586,344	1,680,644
BDBL Investment Services Limited		1,294,584	1,010,332
		<b>63,130,545</b>	<b>56,317,802</b>
<b>30. Other expenses</b>			
Entertainment		6,144,445	8,230,250
Donation and subscription		350,000	1,814,000
Sundries		8,517,030	8,318,865
Books and periodicals		65,726	71,625
Lunch subsidy		28,988,266	32,668,700
Business development expenditure		1,124,807	1,478,962
Expenditure in minor assets		134,253	99,741
Staff training expenses		4,513,749	5,267,491
Liveries and uniform		1,192,640	633,299
Local conveyance		3,428,616	4,300,245
Staff medical facilities		1,489,073	1,398,435
TA/DA and conveyances		3,686,690	5,616,959
TA/DA Directors		28,635	243,616
Motor car running expenses		4,147,233	4,891,063
Staff bus facilities		11,219,592	12,563,398
Honorarium		1,103,625	2,550,245
Branch opening expense		6,779	75,000
Other expenditure		29,052,931	13,672,174
Corporate Social Responsibility		-	340,000
Sports, culture and recreation		3,033,908	3,051,300
Executive car maintenance allowances		13,654,047	17,242,254
Generator & Substation		1,513,377	-
Interest waived		-	858,530
		<b>123,395,422</b>	<b>125,386,152</b>
<b>30(a) Consolidated other expenses</b>			
Bangladesh Development Bank Limited	Note: 30	123,395,422	125,386,152
BDBL Securities Limited		2,678,276	2,706,491
BDBL Investment Services Limited		5,701,822	5,573,098
		<b>131,775,521</b>	<b>133,665,741</b>

Notes	2020 Taka	2019 Taka
<b>30(b) Payment for other operating activities</b>		
Rent, taxes, insurance and lighting	58,045,493	56,480,792
Law charges	1,760,964	1,125,631
Postage, telegram and telephone	6,725,033	6,419,367
Audit fee	1,179,500	1,143,500
Stationary, printing and advertisement	8,841,768	9,063,368
Directors' fee	1,336,800	1,512,157
Repair & maintenance of Bank's properties	21,188,949	22,772,171
Motor car running expenses	4,147,233	4,891,063
Staff bus facilities	11,219,592	12,563,398
Staff canteen	28,988,266	32,668,700
Others	79,040,331	65,056,123
	<b>222,473,929</b>	<b>213,696,270</b>
<b>31. Provision for loans and advances and other investments</b>		
<b>Provision for loan and advances</b>		
For unclassified loans	-	-
For classified loans	-	34,000,000
	<b>-</b>	<b>34,000,000</b>
<b>Other provision</b>		
Off-Balance sheet items	-	-
Investment in shares	-	-
Others	-	216,500,000
	<b>-</b>	<b>216,500,000</b>
	<b>-</b>	<b>250,500,000</b>
<b>31(a) Consolidated provision for loans and advances</b>		
Bangladesh Development Bank Limited	-	34,000,000
BDBL Securities Limited (Margin Loan)	-	-
BDBL Investment Services Limited	-	-
	<b>-</b>	<b>34,000,000</b>
<b>Provision for investment &amp; others</b>		
Bangladesh Development Bank Limited	-	216,500,000
BDBL Securities Limited	10,710,986	11,941,110
BDBL Investment Services Limited	6,573,679	13,793,855
	<b>17,284,665</b>	<b>242,234,965</b>
<p>In response to the request of the Bank dated 18 April 2021, Bangladesh Bank allowed deferral through vide no- DBI-2(UB-6)/2640/2021-780 dated 22 April 2021 to maintain required provision of Taka 851.5 million against unclassified and classified loans &amp; advances which shall be maintained in the year 2021, 2022 &amp; 2023 by 35%, 35% and 30% respectively. Bank has complied that accordingly. There is no current year provision to be charged in the profit and loss accounts in respect of this response.</p>		
<b>32. Closing cash and cash equivalent</b>		
Cash in hand	83,850,821	76,966,682
Balance with Bangladesh Bank (including foreign currencies)	2,278,779,161	2,303,783,841
Balance held with other banks	9,806,431,205	14,101,718,479
	<b>12,169,061,187</b>	<b>16,482,469,002</b>
<b>32(a) Consolidated closing cash and cash equivalent</b>		
Bangladesh Development Bank Limited	12,169,061,187	16,482,469,002
BDBL Securities Limited	111,679,497	79,220,223
BDBL Investment Services Limited	116,910,616	53,939,135
<u>Less: Intergroup cash and cash equivalent (BSL)</u>	111,774	86,154
<u>Less: Intergroup cash and cash equivalent (BISL)</u>	2,500,904	200,833
	<b>12,395,038,622</b>	<b>16,615,341,373</b>
<b>33. Earnings per share (EPS)</b>		
a) Profit attributable to ordinary share holders	44,889,600	65,550,078
b) Weighted average number of outstanding shares	40,000,000	40,000,000
<b>Earnings per share (EPS) (a ÷ b)</b>	<b>1.12</b>	<b>1.64</b>
<p>Earnings per Share (EPS) has been calculated in accordance with "International Accounting Standard (IAS) - 33. Earnings per Share" which has been shown on the face of Profit &amp; Loss Account. This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year.</p>		
<b>33(a) Consolidated earnings per share</b>		
a) Profit attributable to ordinary equity holders	87,811,205	83,322,809
b) Weighted average number of outstanding shares	40,000,000	40,000,000
<b>Earnings per share (EPS) (a ÷ b)</b>	<b>2.20</b>	<b>2.08</b>

### 34 Related parties and its transactions

#### Name of the Directors of BDBL and their interest in the bank as at 31 December 2020

Name	Present Address	Date of Appointment	Number of Shares
Mohammad Mejbahuddin	Flat no-7N, Building No-02, National Housing Authority Complex, Block-A, Lalmatia, Dhaka.	24-02-19	1 Share
Md. Ekhlasur Rahman	Falguni-1, Eskaton Garden, Officers Colony, Dhaka-1000.	06/01/2019 (Re-appointment)	1 Share
Md. Abu Hanif Khan	Flat # D-2, 4/1, Dilu Road, New Eskaton, Dhaka-1000.	14/01/2019 (Re-appointment)	1 Share
Kazi Tariqul Islam	Asset Prophecy, Flat # E-2, 14-14/1, Dilu Road, New Eskaton, Dhaka.	30-05-18	1 Share
Subhash Chandra Sarker	Flat # C-1, Bosilia Asset, House No # 44, Road No # 4/A, Dhanmondi R/A, Dhaka	14-01-19	1 Share
Md. Abu Yusuf	Road: 7/a, House # 91/M, Flat # A/6,, Dhanmondi R/A, Dhaka-1209	10-02-19	1 Share
Quazi Shairul Hassan	House # 59, Flat # S 5, Road: 25/A, Banani, Dhaka-1213.	29-12-19	1 Share
Kazi Alamgir	Exora, Flat # 2 D, 35 lakecircus, Kalabagan, Dhaka-1205.	27-11-19	-

#### Particulars of directors and their interest in other entities as at 31 December 2020

Name	Status in Bank	Name of the firms/Companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Status
Mohammad Mejbahuddin	Director & Chairman	Government of the People's Republic of Bangladesh.	Ex- Senior Secretary
		BDBL Securities Ltd. (BSL)	Chairman
Md. Ekhlasur Rahman	Director	Government of the People's Republic of Bangladesh.	Additional Secretary
Md. Abu Hanif Khan	Director	Rajshahi Krishi Unnyan Bank	Ex-DMD
Kazi Tariqul Islam	Director	Government of the People's Republic of Bangladesh.	Ex- Joint Secretary
Subhash Chandra Sarker	Director	Government of the People's Republic of Bangladesh.	Ex-Additional Secretary
Md. Abu Yusuf	Director	Government of the People's Republic of Bangladesh.	Ex- Joint Secretary
Quazi Shairul Hassan	Director	SABINCO	Ex- Managing Director
Kazi Alamgir	Managing Director & CEO	BDBL Investment Services Ltd. (BISL)	Chairman

**Related party relationship disclosure during the year 2020 (in compliance of IAS-24)**

Name of related party	Relationship	Nature of Transaction	Balance as at 31 December 2020
BDBL Securities Ltd. (BSL)	Subsidiary Company	Investment in subsidiary Company	500,000,000
BDBL Investment Services Ltd. (BISL)	Subsidiary Company	Investment in subsidiary Company	500,000,000

**35. Events after the reporting period**
**35.1 Impact of COVID-19**

While the banking sector of Bangladesh as well as the whole world economy facing challenges from Covid-19 pandemic causing disruption in normal banking operations, lower operating profit, negative growth in recovery, BDBL reviewing, upgrading and formulating new strategies to harvest the best in the year 2020.

**35.2 Approval of financial statements**

The Board of Directors of the Bank in its 268<sup>th</sup> meeting held on 21 June 2021 approved the financial statements and authorised the same for issue.

**35.3 Others**

There is no other significant event that has occurred between the reporting date and the date when the financial statements were authorised for issue by the Board of Directors.


**Managing Director & CEO**

**Director**

**Director**

**Chairman**

Dhaka, Bangladesh

Dated: 21 June, 2021

**Bangladesh Development Bank Limited**  
**Schedule Of Fixed Assets**  
**For the year ended 31 December 2020**

Annexure-A

Particulars	Cost / Revaluation			Rate (%)	Depreciation			Written down value as at 31.12.2020
	Balance as at 01.01.2020	Addition during the year	Disposal/ adjustment during the year		Balance as at 31.12.2020	Charged during the year	Disposal/ adjustment during the year	
<b>Owner Occupied Property</b>								
<b>At cost</b>								
Land	13,854,848	-	-	-	-	-	-	13,854,848
Premises and Building	172,366,040	2,510,664	-	2.5	102,334,432	2,290,189	-	70,252,083
Building U/C	304,490	-	-	2.5	-	-	-	304,490
Vehicles	92,769,923	-	5,500,325	20	92,769,881	-	5,500,322	39
Equipments	52,924,469	2,459,262	930,340	20	42,207,754	2,333,100	360,879	10,273,416
Computer equipments and software	156,380,362	45,473,533	9,952,497	20	112,730,596	21,263,361	6,512,942	64,420,383
Furniture and fixtures	52,162,072	2,016,907	501,051	10	31,176,685	2,211,402	475,576	20,765,417
Sundry asset	1,051,399	2,489	-	20	1,051,394	-	-	2,494
Interior decorator	23,147,477	431,548	-	10	11,418,253	1,179,084	-	10,981,688
<b>Sub-Total (A)</b>	<b>564,961,080</b>	<b>52,894,403</b>	<b>16,884,213</b>		<b>393,688,995</b>	<b>29,277,136</b>	<b>12,849,719</b>	<b>190,854,858</b>
<b>At revaluation</b>								
Land	3,175,704,168	-	-	-	-	-	-	3,175,704,168
Premises and Building	1,614,430,402	-	-	2.5	331,542,368	32,072,201	-	1,250,815,833
Vehicles	8,620,180	-	-	20	8,620,179	-	-	1
<b>Sub-Total (B)</b>	<b>4,798,754,750</b>	<b>-</b>	<b>-</b>		<b>340,162,547</b>	<b>32,072,201</b>	<b>-</b>	<b>4,426,520,002</b>
<b>Investment Property</b>								
Premises and Buildings (at cost)	405,849,458	5,882,251	-	2.5	240,954,504	5,392,431	-	165,384,774
Revalued Premises & Buildings	3,801,303,923	-	-	2.5	780,642,698	75,516,530	-	2,945,144,695
<b>Sub-Total (C)</b>	<b>4,207,153,381</b>	<b>5,882,251</b>	<b>-</b>		<b>1,021,597,202</b>	<b>80,908,961</b>	<b>-</b>	<b>3,110,529,469</b>
<b>Lease Asset (IFRS-16)</b>								
Right of Use (ROU) Assets	-	31,319,507	-	Lease term	-	4,391,101	-	26,928,406
<b>Sub-Total (D)</b>	<b>-</b>	<b>31,319,507</b>	<b>-</b>		<b>-</b>	<b>4,391,101</b>	<b>-</b>	<b>26,928,406</b>
<b>Balance as at 31.12.2020 (A+B+C+D)</b>	<b>9,570,869,211</b>	<b>90,096,161</b>	<b>16,884,213</b>		<b>1,755,448,744</b>	<b>146,649,399</b>	<b>12,849,719</b>	<b>7,754,832,735</b>
<b>Balance as at 31.12.2019</b>	<b>9,554,632,422</b>	<b>19,252,457</b>	<b>3,015,668</b>		<b>1,614,252,708</b>	<b>141,202,072</b>	<b>6,036</b>	<b>7,815,420,467</b>

**Bangladesh Development Bank Limited**  
**Detail of information on advances More than 15% of bank's total capital (funded and non-funded)**  
**For the year ended 31 December 2020**

Annexure- B

Sl. No.	Name of the Borrower	Outstanding as at 31 December 2020			Remarks
		Funded	Non funded	Total	
	Nil	-	-	-	-
	<b>Total</b>	-	-	-	-

**Bangladesh Development Bank Limited**  
**Highlights on the overall activities of the Bank**  
**For the year ended 31 December 2020**

Annexure-C

Sl no.	Particulars	2020 Taka	2019 Taka
1	Paid-up capital	4,000,000,000	4,000,000,000
2	Total capital	19,022,672,232	19,071,833,676
3	Capital surplus / (deficit)	4,797,052,452	4,362,006,178
4	Total assets	55,301,637,143	58,395,666,858
5	Total deposits	24,218,902,631	27,645,878,512
6	Total loans and advances	21,289,651,005	19,983,903,304
7	Total contingent liabilities and commitments	1,070,752,530	1,026,942,358
8	Credit deposit ratio (%)	87.91%	72.29%
9	Percentage of classified loans against total loans and	28.01%	38.34%
10	Profit after tax and provision	44,889,600	65,550,078
11	Amount of classified loans during the year	5,962,592,065	7,662,521,591
12	Provisions kept against classified loans	2,479,220,380	3,792,100,609
13	Provision surplus / (deficit)	29,735	1,095,510
14	Cost of fund (%)	8.13%	7.85%
15	Interest earning assets	26,058,708,855	25,839,952,660
16	Non-interest earning assets	29,242,928,288	33,350,994,370
17	Return on investment (ROI)(%)	6.12%	3.16%
18	Return on assets (ROA)(%)	0.08%	0.11%
19	Income from investments	514,035,398	307,473,542
20	Earning per share	1.12	1.64
21	Net income per share	1.12	1.64
22	Price earning ratio	N/A	N/A

**Bangladesh Development Bank Limited**  
**Balance with other banks - outside Bangladesh (nostro account)**  
**For the year ended 31 December 2020**

Annexure-D

Name of the Bank	Name of the Country	Currency Name	2020			2019		
			Amount in FC	Conversion rate per unit FC	Amount in Taka	Amount in FC	Conversion rate per unit FC	Amount in Taka
Modhumoti Bank Limited	Bangladesh	USD	56,256.29	84.55	4,756,469	56,256.29	84.5500	4,756,469
Mashreq Bank Limited	USA	USD	10,020,420.59	84.55	847,226,561	6,093,925.18	84.5500	515,241,375
BHF Bank AG, Germany	Germany	EUR	89,189.63	104.63	9,332,171	13,793.73	94.6938	1,306,181
Sonali Bank Limited	India	ACU	842,322.81	84.55	71,218,394	242,991.11	84.5500	20,544,898
Axis Bank Limited	India	ACU	1,011,179.47	84.55	85,495,224	665,656.02	84.5500	56,281,216
<b>Total</b>					<b>1,018,028,819</b>			<b>598,130,139</b>

**Bangladesh Development Bank Limited**  
**Name of the Directors of BDBL and their interest in other different entities**  
**For the year ended 31 December 2020**

Annexure-E

Name	Status in Bank	Name of Firms/Companies in which interested
Mohammad Mejbahuddin	Chairman	Government of the People's Republic of Bangladesh
Md. Ekhlashur Rahman	Director	Government of the People's Republic of Bangladesh
Md. Abu Hanif Khan	Director	Rajshahi KrishiUnnyan Bank
Kazi Tariqul Islam	Director	Government of the People's Republic of Bangladesh
Subhash Chandra Sarker	Director	Government of the People's Republic of Bangladesh
Md. Abu Yusuf	Director	Government of the People's Republic of Bangladesh
Quazi Shairul Hassan	Director	SABINCO
Kazi Alamgir	Managing Director & CEO	BDBL Investment Services Ltd.

**Bangladesh Development Bank Limited**  
**Statement of Investment**  
**For the year ended 31 December 2020**

Annexure-F

Particulars	Cost Price Taka	Market Price Taka
<b>Investment in share</b>		
Quoted shares	7,138,260,244	23,608,188,187
Un-quoted share	151,872,094	151,872,094
<b>Sub total</b>	<b>7,290,132,338</b>	<b>23,760,060,281</b>
<b>Investment in Debenture &amp; Equity</b>		
Debenture	2,931,259	2,931,259
Other equity	50,795,000	50,795,000
EFAS-1983	117,100	117,100
<b>Sub total</b>	<b>53,843,359</b>	<b>53,843,359</b>
<b>Others</b>		
Bangladesh Bank prize bond	548,300	548,300
Bangladesh fund	1,060,000,000	1,060,000,000
<b>Sub total</b>	<b>1,060,548,300</b>	<b>1,060,548,300</b>
<b>Grand Total</b>	<b>8,404,523,997</b>	<b>24,874,451,940</b>

\* Market value of Taka 24,874,451,940 of the Investment has been disclosed Taka 23,760,060,281 for quoted & unquoted share investment and the left Taka 1,114,391,659 was shown for Debenture, Equity, Prize bond and Bangladesh Fund.



# BDBL Securities Limited (BSL)

## Auditor's Report and Financial Statements

### For the year ended 31 December 2020



**Mohammad Mejbahuddin**  
Chairman



**Md. Shafiqul Islam**  
Chief Executive Officer

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## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of BDBL Securities LTD., which comprise the statement of financial position as on December 31, 2020 and statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as on December 31, 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Securities and Exchange Rules 1987, BSEC's Risk Based Capital Adequacy Rules 2019, Companies Act, 1994 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 financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994, the Securities and Exchange Rules 1987, BSEC's Risk Based Capital Adequacy Rules 2019, and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- \* Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - \* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
  - \* Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - \* Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence

obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

\* Evaluate the overall presentation, structure and content of the Company' financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

In accordance with the Companies Act 1994, the Securities and Exchange Rules 1987 and BSEC's Risk Based Capital Adequacy Rules 2019, we also report the following:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of these books;
- c) the statements of financial position and statements of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns; and
- d) the capital to total risk requirement ratio as required by Bangladesh Securities & Exchange Commission has been maintained adequately during the year.
- e) the expenditure incurred was for the purposes of the Company's business.

Date: 15 March 2021

Sd/-

**Md. Amirul Islam FCA**  
Senior Partner  
K. M. HASAN & CO.  
Chartered Accountants

## BDBL Securities Limited

### Statement of Financial Position

#### For the year ended 31 December 2020

	<u>Notes</u>	<u>2020</u> <u>Taka</u>	<u>2019</u> <u>Taka</u>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Bank Balances	4	111,679,497	79,220,223
Receivable from Securities Trading	5	4,481,212	2,304,451
Receivable from Margin Clients	6	71,098,678	61,925,653
Receivable from other Clients-	7	1,770,964	2,110,322
Proprietary position in securities-Dealer Account	8	1,029,917,535	883,710,488
Other Receivables	9	10,855,249	8,582,264
Other Assets	10	64,996,401	57,149,527
<b>Total Current Assets</b>		<b>1,294,799,536</b>	<b>1,095,002,928</b>
<b>Non-Current Assets</b>			
Fixed Assets	11	3,083,625	3,543,817
Intangible Assets (Software)	12	44,055	64,005
Investment in Exchange Membership	13	7,970,000	7,970,000
Proprietary position in securities (strategic investment)	14	40,517,269	38,086,230
Other Long Term Assets	15	290,158	361,866
<b>Total Non-Current Assets</b>		<b>51,905,107</b>	<b>50,025,918</b>
<b>Total Assets</b>		<b>1,346,704,643</b>	<b>1,145,028,846</b>
<b>Liabilities &amp; Equity</b>			
<b>Current Liabilities</b>			
Payable to Clients	16	75,296,139	74,013,754
Short Term Business Liabilities	17	394,673,450	257,557,330
Other Liabilities & Provision	18	214,755,883	167,718,745
Others payable	19	15,239,389	19,250,482
<b>Total Liabilities</b>		<b>699,964,861</b>	<b>518,540,311</b>
<b>Shareholders' Equity:</b>			
Share Capital	20	500,000,000	500,000,000
Capital Reserve	21	2,436,584	1,581,872
Special Reserve	22	4,000,000	4,000,000
Retained Earnings	23	140,303,198	120,906,663
<b>Total Shareholders' Equity</b>		<b>646,739,782</b>	<b>626,488,535</b>
<b>Total Equity and Liabilities</b>		<b>1,346,704,643</b>	<b>1,145,028,846</b>
<b>Net Assets Value (NAV) per Share of Tk. 100 each</b>	24	<b>129.35</b>	<b>125.30</b>

The annexed notes from 1 to 42 form an integral part of these financial statements.

Sd/-  
\_\_\_\_\_  
Director

Sd/-  
\_\_\_\_\_  
Director

Sd/-  
\_\_\_\_\_  
Chief Executive Officer

Signed in terms of our separate report of even date annexed.

Place: Dhaka  
Date: 15 March, 2021

Sd/-  
Md. Amirul Islam FCA  
Senior Partner

Sd/-  
K. M. HASAN & CO.  
Chartered Accountants  
DVC No: 2103180331AS78961

## BDBL Securities Limited

### Statement of Profit or Loss and Other Comprehensive Income

#### For the year ended 31 December 2020

	<u>Notes</u>	2020 Taka	2019 Taka
<b>Operating Income</b>			
Brokerage Commission	25	10,597,266	10,097,495
Interest on Margin Loan		5,972,616	6,516,942
Dividend on Securities		29,199,711	26,662,473
Capital Gain on sale of Securities		35,344,469	20,584,553
Other Operating Income	26	807,573	1,093,514
<b>Total Operating Income</b>		<b>81,921,635</b>	<b>64,954,977</b>
<b>Operating Expenses</b>			
Salaries and Allowances	27	12,725,812	13,068,620
Festival bonus & incentive bonus		950,739	1,025,400
Rent, Rates, Taxes, Insurance and Lighting	28	3,363,236	3,848,560
Interest on Bank Overdraft		26,876,001	26,833,904
Brokerage Expenses	29	1,146,115	884,047
Legal and Professional Fees	30	146,500	183,100
Postage, Stamp and Telecommunication		61,425	78,457
Stationery, Printing and Advertisement	31	361,296	474,932
Expenses related with CDBL	32	500,158	465,491
Directors' Fees and Meeting Expenses	33	483,140	809,404
Audit Fees		69,000	60,000
Repairs and Maintenance Expenses	34	427,309	362,509
Network Connectivity Charges	35	678,892	655,620
Registration and Renewal Fees		340,467	400,089
Depreciation on Property, Plant and Equipment		460,193	605,566
Amortization on Intangible Assets		19,950	56,949
Other Operating Expenses	36	691,536	956,864
<b>Total Operating Expenses</b>		<b>49,301,769</b>	<b>50,769,512</b>
Net Operating Profit		32,619,866	14,185,465
Other Non-Operating Income	37	5,472,571	11,484,903
<b>Profit before Provision</b>		<b>38,092,437</b>	<b>25,670,368</b>
Less: Provision for Margin Loan		1,200,000	1,321,853
General Provision		710,986	619,257
Provision for proprietary positions in securities & other investment		8,800,000	10,000,000
		<b>10,710,986</b>	<b>11,941,110</b>
<b>Net Profit before Tax</b>		<b>27,381,451</b>	<b>13,729,258</b>
<b>Less: Provision for Taxation</b>			
Current Tax	18.4	7,058,496	5,117,282
Deferred Tax	15	71,708	64,860
		<b>7,130,204</b>	<b>5,182,142</b>
<b>Net Profit after Tax</b>		<b>20,251,247</b>	<b>8,547,116</b>
<b>Other Comprehensive Income</b>		-	-
<b>Total Comprehensive Income for the year</b>		<b>20,251,247</b>	<b>8,547,116</b>
<b>Earnings Per Share (EPS) of Tk. 100 each</b>	38	<b>4.05</b>	<b>1.71</b>

The annexed notes from 1 to 42 form an integral part of these financial statements.

Sd/-  
Director

Sd/-  
Director

Sd/-  
Chief Executive Officer

Signed in terms of our separate report of even date annexed.

Place: Dhaka  
Date: 15 March, 2021

Sd/-  
Md. Amirul Islam FCA  
Senior Partner

Sd/-  
K. M. HASAN & CO.  
Chartered Accountants  
DVC No: 2103180331AS78961

**BDBL Securities Limited**  
**Statement of Changes in Equity**  
**For the year ended 31 December 2020**

Particulars	<u>Amount in Taka</u>					
	Share Capital	Share Application Account	Special Reserve	Capital Reserve	Retained Earnings	Total
<b>Balance as on 01 January 2020</b>	500,000,000	-	4,000,000	1,581,872	120,906,663	626,488,535
Transfer to Share Capital	-	-	-	-	-	-
Transfer to Capital Reserve	-	-	-	854,712	(854,712)	-
Net profit for the year	-	-	-	-	20,251,247	20,251,247
<b>Balance as on 31 December 2020</b>	<b>500,000,000</b>	<b>-</b>	<b>4,000,000</b>	<b>2,436,584</b>	<b>140,303,198</b>	<b>646,739,782</b>

For the year ended 31 December 2019

Particulars						Total
	Share Capital	Share Application	Special Reserve	Capital Reserve	Retained Earnings	
<b>Balance as on 01 January 2019</b>	200,000,000	300,000,000	4,000,000		113,941,419	617,941,419
Transfer to Share Capital	300,000,000	(300,000,000)	-		-	-
Transfer to Capital Reserve	-	-	-	1,581,872	(1,581,872)	-
Net profit for the year	-	-	-		8,547,116	8,547,116
<b>Balance as on 31 December 2019</b>	<b>500,000,000</b>	<b>-</b>	<b>4,000,000</b>	<b>1,581,872</b>	<b>120,906,663</b>	<b>626,488,535</b>

Sd/-

Director

Sd/-

Director

Sd/-

Chief Executive Officer

Signed in terms of our separate report of even date annexed.

**Place: Dhaka**

Date: 15 March, 2021

 Sd/-  
**Md. Amirul Islam FCA**  
 Senior Partner

 Sd/-  
**K. M. HASAN & CO.**  
 Chartered Accountants  
 DVC No: 2103180331AS78961

## BDBL Securities Limited

### Statement of Cash Flows

#### For the year ended 31 December 2020

<u>Notes</u>	<b>2020</b> <b><u>Taka</u></b>	<b>2019</b> <b><u>Taka</u></b>
<b>A. Cash Flows from Operating Activities</b>		
Receipt from Brokerage Commission	10,597,266	10,097,495
Receipt from Interest on Margin loan	5,972,616	6,516,942
Receipt from Dividend Income	26,926,726	23,588,186
Receipt from Non-Operating Income	5,472,571	11,484,903
Receipt from Other Operating Income	807,573	1,093,514
Receipt/(Payment) from Security trading	(2,176,761)	12,327,592
Receipt/(Payment) for margin clients	(9,173,025)	49,148,347
Receipt/(Payment) for other client	339,358	190,076
Short Term Business Liabilities	137,116,120	(192,442,670)
Payment for Purchase of Securities	(269,605,761)	(206,861,519)
Receipt from Sale of Securities	156,312,144	107,498,816
Other (payment)/ Receipt	37,249,932	(28,991,789)
Payment for Operating Expenses	(59,532,612)	(62,048,107)
Income tax paid	(7,846,874)	(7,899,861)
<b>Net Cash (used in)/ Flow from Operating Activities</b>	<b>39 32,459,274</b>	<b>(276,298,074)</b>
<b>B. Cash Flows from Investing Activities</b>		
Purchase of Property, Plant and Equipment	-	(5,000)
<b>Net Cash used in Investing Activities</b>	<b>-</b>	<b>(5,000)</b>
<b>C. Cash Flows from Financing Activities</b>		
Dividend paid	-	-
<b>Net Cash Flow from Financing Activities</b>	<b>-</b>	<b>-</b>
Net cash (used in)/surplus for the year (a+b+c)	32,459,274	(276,303,074)
Cash and Bank Balances at the beginning of the year	79,220,223	355,523,297
<b>Cash and Bank Balances at the end of the year</b>	<b>111,679,497</b>	<b>79,220,223</b>
<b>Net Operating Cash Flow Per Share</b>	<b>6.49</b>	<b>(55.26)</b>

The annexed notes from 1 to 42 form an integral part of these financial statements.

Sd/-  
\_\_\_\_\_  
Director

Sd/-  
\_\_\_\_\_  
Director

Sd/-  
\_\_\_\_\_  
Chief Executive Officer

Place: Dhaka  
Date: 15 March, 2021

## BDBL Securities Limited

### Notes to the Financial Statements

### For the year ended 31 December 2020

#### 1. The Company and its Activities

##### 1.1 Legal status and nature of the company

BDBL Securities Limited was incorporated vide Reg. # C-92946/11 dated as on 23 May 2011 as a public company limited by shares under the Companies Act, 1994. The company obtained certificate for commencement of business as on 23 May 2011. The commercial operation of the company commencement as on 01 March 2012.

BDBL Securities Limited (BSL) is a subsidiary company of Bangladesh Development Bank Limited (BDBL) situated at BDBL Bhaban (Level-16), 12 Karwan Bazar, Dhaka-1215. BSL is constituted by acquiring and taking over membership No. 20 of Dhaka Stock Exchange Ltd. (held by erstwhile Bangladesh Shilpa Rin Sangastha now BDBL) and membership No.78 of Chittagong Stock Exchange Ltd. (held by erstwhile Bangladesh Shilpa Bank now BDBL). Afterwards, under Demutualization Act-2013 the membership converts as a Trading Right Entitle Certificate (TREC) 20 for Dhaka Stock Exchange & 78 for Chittagong Stock Exchange.

##### 1.2 Nature of business

The main object of BDBL Securities Limited is to act as a TREC holder of stock exchanges, the central depository system (CDS) companies and to carry on the business of broker, jobbers or dealers in stocks, shares, securities, bonds, debentures etc. The Company is also authorized to buy, sell, hold or otherwise acquire or invest the capital of the Company in shares, stocks and fixed income securities of public companies.

#### 2. Significant Accounting Policies

##### 2.1 Basis of Presentation of Financial Statements

The financial statements have been prepared on a going concern basis applying accrual basis of accounting except for statement of cash flows in accordance with and in compliance with International Financial Reporting Standards (IFRSs), the Companies Act 1994, Securities and Exchange Rules 1987, BSEC Notification dated 22 May 2019 on Risk Based Capital Adequacy Rules, 2019. Conditions and regulations issued by the Bangladesh Securities and Exchange Commission (BSEC) and other applicable laws and regulations.

##### 2.2 Basis of Measurement

The financial statements have been prepared based on historical cost convention basis. The accounting policies, unless otherwise stated, have been consistently applied by the Company and are consistent with those of the previous year.

##### 2.3 Use of Estimates and Judgments

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. It also requires disclosures of contingent assets and liabilities at the date of the financial statements. Provisions and accrued expenses are recognized in the financial statements in line with the International Accounting Standard (IAS) 37: "Provisions, Contingent Liabilities and Contingent Assets" when - The Company has a legal or constructive obligation as a result of past event.

i. it is probable that an outflow of economic benefit will be required to settle the obligation.

ii. a reliable estimate can be made for the amount of the obligation.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

However, the estimates and underlying assumptions are reviewed on an ongoing basis and the revision is recognized in the period in which the estimates are revised.

##### 2.4 Statement of Cash Flows

Statement of Cash Flows is prepared under direct method in accordance with International Accounting Standard (IAS) 7: "Statement of Cash Flows".

##### 2.5 Going Concern

The Company has adequate resources to continue its operation for foreseeable future. For this reasons the directors continue to adopt going concern basis in preparing the financial statements. The current credit facilities and adequate resources of the Company provide sufficient funds to meet the present requirements of its existing businesses and operations.



## 2.6 Recognition and measurement of financial assets

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term.

## 2.7 Revenue Recognition

Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the enterprise and in accordance with the International Financial Reporting Standard (IFRSs) 15: "Revenue from Contracts with Customers":

### a. Brokerage Commission

Brokerage commission is recognized as income when selling or buying order is signed and trade is executed.

### b. Interest Income from Margin Loan

Interest income from margin loan is recognized on accrual basis except margin loan having negative equity. Such income is calculated on daily margin loan balance of the respective clients. Income is recognized on quarterly basis.

### c. Dividend Income:

Dividend income is recognized when the right to receive payment is established.

### d. Gain or Loss on Sale of Marketable Securities:

Gain or loss arising from the sale of securities is accounted for only when securities are sold.

### e. Interest Income:

Interest income from bank deposit is recognized on accrual basis.

## 2.8 Earning Per Share

The Company calculates earning per share in accordance with International Accounting Standard (IAS) 33: "Earning per Share" which has been shown in the face of Statement of Profit or Loss and Other Comprehensive Income.

## 2.9 Net Asset Value (NAV) Per Share

NAV per share of the company is calculated on the basis of Net Asset Value divided by number of ordinary shares outstanding during the year.

## 2.10 Cash and Bank Balances

Cash and Bank Balances include cash in hand and cash at bank which are held and are available for use by the Company without any restriction. There is insignificant risk of change in the value of the above items.

## 2.11 Property, Plant and Equipment and Depreciation

Property, Plant and Equipment are stated at cost less accumulated depreciation. Depreciation is charged using the straight-line method on the acquisition cost of PPE and such cost is written off over the estimated useful lives of assets, in accordance with IAS 16.

Depreciation is calculated on the cost of fixed assets in order to write off such amounts over the estimated useful lives of such assets. The rates of depreciation used on a straight-line and reducing balance method are as follows:

Category of assets	Method	Rate
Furniture and Fixtures	Reducing Balance	10%
Office Equipment's	Reducing Balance	20%
Computer	Straight Line	20%
Motor Vehicles	Straight Line	20%
Office Decoration	Reducing Balance	10%

Depreciation is charged from the month in which the related assets are put into use. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in the Statement of Profit or Loss and Other Comprehensive Income.

## 2.12 Implementation of IFRS-16 (Leases).

The Company has only lease agreement for hiring office premises with the parent company the term of which is going to be expired on 2021, December which less than 01 year from the financial position. As such the company has elected not to apply the requirement of IFRS-16 "Leases" for this year. Mentionable that the Company has recognized the lease payment as an expense.

## 2.13 Intangible Assets

Intangible assets represent computer software which are being amortized @ 20% following straight line method.

## 2.14 Financial Instruments

Financial instruments have been presented as per IAS 32 "Financial Instruments: Presentation" and recognized as per IFRS 9- "Financial Instruments" and disclosure has been made in accordance with IFRS 7- "Financial Instruments: Disclosures".

## 2.15 Investment in DSE and CSE Shares

The subsequent measurement of Investment in DSE and CSE shares are made at cost as these have not a quoted market price in an active market and its fair value can not be reliably measured as per IFRS-9: "Financial Instrument".

## 2.16 Investment in Marketable Securities

Investment in securities are initially recognized at cost that are directly attributable to the acquisition of the shares. After initial recognition, the subsequent measurement of investment in securities has been made at fair value through Profit or Loss as per IFRS 9: "Financial Instrument" as these are acquired or held for trading purposes in dealer account.

## 2.17 Provision for Tax

### 2.17.1 Current Tax

Provision for current tax is made in accordance with the provision of Income Tax Ordinance, 1984 and subsequent amendments made thereto from time to time.

### 2.17.2 Deferred Tax

Deferred Tax is calculated as per International Accounting Standard (IAS) 12: "Income Taxes". Deferred Tax is recognized on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred Tax liabilities are recognized for all taxable temporary differences. Deferred Tax assets are generally recognized for all deductible temporary differences.

Deferred Tax is measured at the tax rate that is expected to be applied to the temporary differences when they reverse based on the laws that have been enacted or substantively enacted by the reporting date.

## 2.18 Provision for expenses

Provision for expenses is recognized when the Company 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 obligations and reliable estimate of the amount can be made.

## 2.19 Related Party Disclosures

As per IAS 24: "Related Party Disclosures", a related party is a person or entity that is related to the entity (i.e. BDBL Securities Limited) that is preparing its financial statements. Related party transaction is a transfer of resources, services, or obligations between a reporting entity and a related party, regardless of whether a price is charged as per IAS 24.

Related parties include the company's directors, key management personnel, associates, companies under common directorship etc. as per IAS 24 "Related Party Disclosures". All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible. Related party transactions have been disclosed under note-40.

## 2.20 Events after the Reporting Date

Events after the reporting date that provide additional information about the company's position at the balance sheet date are reflected in the financial statements. Events after the reporting date that are not adjusting event are disclosed in the notes when material.

## 2.21 Reporting Period

The accounting period of the Company has been determined to be from 01 January to 31 December each year. These financial statements cover the year from 01 January 2020 to 31 December 2020.

## 2.22 Comparative Information

Comparative Information has been disclosed in respect of the prior period for all amounts reported in the Financial Statements, both in the face of Financial Statements and Notes to the Financial Statements.

## 2.23 Reclassifications

To facilitate comparison, certain relevant balances pertaining to the previous year has been rearranged/reclassified, whenever considered necessary, to conform to current year's presentation.

## 3. General

The financial statements have been presented in Bangladesh Taka (BDT) currency, which is the Company's functional currency. All financial information presented in BDT has been rounded off to the nearest integer.

		<b>2020</b>	<b>2019</b>
		<b>Taka</b>	<b>Taka</b>
<b>4</b>	<b>Cash and Bank Balances</b>		
	Cash in Hand	-	-
	Cash at Banks (Note: 4.1)	111,679,497	79,220,223
		<b>111,679,497</b>	<b>79,220,223</b>
<b>4.1</b>	<b>Cash at Banks</b>		
	<b>Branch</b>		
	<b>Account No.</b>		
	<b>Company's A/C -</b>		
	Bangladesh Development Bank Ltd. Kawran bazar SND A/C #0670240000005	111,774	86,154
	<b>Stock Dealer A/C -</b>		
	IFIC Bank Ltd. Stock Exchange SND & CD A/C # 415778-001 & 041	2,309,177	1,818,167
	<b>Consolidated Customer A/C -</b>		
	IFIC Bank Ltd. Stock Exchange SND A/C # 1090397347041	93,187,624	76,941,200
	<b>IPO A/C -</b>		
	IFIC Bank Ltd. Stock Exchange SND A/c # 648920-041	16,057,630	319,352
	<b>Strategic A/C -</b>		
	IFIC Bank Ltd. Stock Exchange SND A/C # 017022990041	13,292	55,350
		<b>111,679,497</b>	<b>79,220,223</b>
	The bank balances are confirmed with respective bank statement and reconciled, where necessary.		
<b>5</b>	<b>Receivable from Securities Trading</b>		
	Receivable from DSE (Note: 5.1)	4,481,212	2,304,451
	Receivable from CSE	-	-
		<b>4,481,212</b>	<b>2,304,451</b>
<b>5.1</b>	<b>Receivable From DSE</b>		
	Receivable against A,B,G&N category	4,225,926	948,288
	Receivable against Z category	255,286	1,356,163
	Receivable against DVP category	-	-
		<b>4,481,212</b>	<b>2,304,451</b>
<b>6</b>	<b>Receivable from Margin Clients (Note: 6.1)</b>	71,098,678	61,925,653
		<b>71,098,678</b>	<b>61,925,653</b>
<b>6.1</b>	<b>Receivable from Margin Clients</b>		
	Receivable from Clients having no margin or full erosion of equity	24,832,251	31,277,765
	Receivable from clients fall under force sale condition (Equity is >DB but < 125% of DB)	2,992,251	977,937
	Receivable from clients fall under margin call (Equity is >125% of DB but <150% of DB)	2,994,446	5,743,939
	Receivable from regular margin clients (Equity is > 150% of debit balance)	40,279,730	23,926,012
		<b>71,098,678</b>	<b>61,925,653</b>
<b>7</b>	<b>Receivable from other Clients-</b>		
	Receivable after Securities Trading	480,442	754,754
	Receivable arises from fee,commission & charges	1,290,522	1,355,568
		<b>1,770,964</b>	<b>2,110,322</b>

## 8 Proprietary position in securities-Dealer Account

Proprietary position in equity securities (Note: 8.1)  
 Proprietary position in MFs (Note: 8.2)  
 Investment in share (Non-listed)  
 Subscription in IPOs but not yet allotted (Note: 8.3)

	<b>2020 Taka</b>	<b>2019 Taka</b>
	979,106,680	855,519,200
	26,274,554	14,809,537
	10,000,000	-
	14,536,300	13,381,750
	<b>1,029,917,535</b>	<b>883,710,486</b>
<b>8.1 Proprietary positions in equity securities</b>		
Opening Balance	855,519,200	782,460,649
Add: Investment made during the year	170,367,723	123,785,902
Share Receivable from BDBL	-	-
	1,025,886,923	906,246,551
Less: Sale/ Recovery during the year	(46,780,243)	(50,727,352)
<b>Closing Balance</b>	<b>979,106,680</b>	<b>855,519,200</b>
Value of "A" category instruments	862,742,837	805,526,422
Value of "B/N" category instruments	74,851,463	7,047,819
Value of "Z" category instruments	41,512,381	42,944,959
	<b>979,106,680</b>	<b>855,519,200</b>
<b>Market Value of Proprietary positions in equity securities</b>	<b>813,021,054</b>	<b>581,700,720</b>

These investments are classified by management at fair value through profit or loss as per IFRS 9: Financial Instruments. Accordingly, the unrealized loss has been recognized in profit or loss account. A statement of proprietary positions in securities is given in "Annexure:C-1".

## 8.2 Proprietary position in MFs

Opening Balance  
 Add: Investment made during the year  
 Less: Sale/ Recovery during the year  
 Value of listed funds

	14,809,537	6,205,118
	21,337,670	12,856,893
	36,147,207	19,062,011
	(9,872,653)	(4,252,474)
	<b>26,274,554</b>	<b>14,809,537</b>

## 8.3 Subscription in IPOs but not yet allotted

Opening Balance  
 Add: Investment made during the year  
 Less: Alloted/ Refund during the year  
**Closing Balance**

	13,381,750	9,994,270
	62,635,710	32,375,750
	76,017,460	42,370,020
	(61,481,160)	(28,988,270)
	<b>14,536,300</b>	<b>13,381,750</b>

## 9 Other Receivables

Dividend Receivable

	10,855,249	8,582,264
	<b>10,855,249</b>	<b>8,582,264</b>

## 10 Other Assets

Advance Income Tax (Note: 10.1)  
 Security Deposit with CSE  
 Security Deposit with Duncan Product Ltd.

	64,969,401	57,122,527
	25,000	25,000
	2,000	2,000
	<b>64,996,401</b>	<b>57,149,527</b>

### 10.1 Advance Income Tax

	2020 Taka	2019 Taka
Opening Balance	57,122,527	49,222,666
Add: Addition during the year	7,846,874	7,899,861
	64,969,401	57,122,527
Less: Adjustment during the year		
<b>Closing Balance</b>	<b>64,969,401</b>	<b>57,122,527</b>
<b>Addition during the year</b>		
TDS on Brokerage Commission-DSE	1,459,330	1,376,904
TDS on Brokerage Commission-CSE	47,949	65,378
TDS on Interest Income	520,115	1,150,084
TDS on Dividend	5,819,480	5,307,494
	<b>7,846,874</b>	<b>7,899,861</b>

#### Year wise Advance Income Tax

Year	Commission-DSE	Commission-CSE	Direct Payment	Dividend	FDR Interest	Bank Interest	Total
2013	2,095,598	62,645	-	121,683	512,676	288,018	3,080,620
2015	2,739,408	268,980	-	699,892	70,405	649,838	4,428,523
2016	2,815,008	287,365	7,210,889	6,606,821	-	436,872	17,356,954
2017	6,755,394	656,883	-	3,586,084	-	1,337,842	12,336,203
2018	3,444,102	454,283	549,239	6,435,958	-	1,136,784	12,020,366
2019	1,376,904	65,378	-	5,307,494	-	1,150,084	7,899,861
2020	1,459,330	47,949	-	5,819,480	-	520,115	7,846,874
	<b>Total</b>						<b>64,969,401</b>

### 11 Fixed Assets

#### A. Cost

Opening balance	14,119,065	14,114,065
Add: Addition during the year	-	5,000
	14,119,065	14,119,065
Less: Adjusted during the year	-	-
Closing Balance	14,119,065	14,119,065

#### B. Accumulated Depreciation

Opening balance	10,575,247	9,969,681
Add: Charged during the year	460,193	605,566
	11,035,440	10,575,247
Less: Adjusted during the year	-	-
Closing Balance	11,035,440	10,575,247

#### C. Written Down Value (A-B)

	<b>3,083,625</b>	<b>3,543,817</b>
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The company has received a Trading Right Entitlement Certificate (TREC) from Dhaka Stock Exchange. A schedule of fixed assets is given in "Annexure-B".

**12 Intangible Assets (Software)**
**A. Cost**

Opening balance

Add: Addition during the year

Less: Adjusted during the year

Closing Balance

**B. Accumulated Amortization**

Opening balance

Add: Charged during the year

Less: Adjusted during the year

Closing Balance

**C. Written Down Value (A-B)**

A schedule of Intangible Assets is given in "Annexure-C".

**13 Investment in Exchange Membership**

Investment in DSE Shares (Note-13.1)

Investment in CSE Shares (Note-13.2)

- 13.1** After selling of 25% DSE shares to Chinese Consortium as per the provisions of Exchange Demutualization Act, 2013 and in accordance with the BSEC approved Demutualization Scheme, the ordinary shares against the TREC membership stood as follows as on 31 December 2018:

**Shares Allotted**

40% Ordinary Shares i.e. 2,886,042 shares of Tk. 10/- each credited to BO A/C # 1202180045048887 of BDBL Securities Limited.

60% Ordinary Shares i.e. 2,525,287 Ordinary Shares of Tk. 10/- each credited to DSE Demutualization Blocked account maintained by DSE.

- 13.2** The Chittagong Stock Exchange Ltd. allotted 4,287,330 number of Ordinary share of Tk. 10 each against the membership held with them as approved scheme of Demutualization under the provision of Exchange Demutualization Act, 2013 as under:

**Shares Allotted**

credited to BO A/C # 1202180045048887 of BDBL Securities Limited.

credited to CSE Demutualization Blocked account maintained by CSE.

	<b>2020 Taka</b>	<b>2019 Taka</b>
	444,750	444,750
	-	-
	444,750	444,750
	-	-
	444,750	444,750
	380,745	323,796
	19,950	56,949
	400,695	380,745
	-	-
	400,695	380,745
	<b>44,055</b>	<b>64,005</b>
	2,130,000	2,130,000
	5,840,000	5,840,000
	<b>7,970,000</b>	<b>7,970,000</b>

	28,860,420	28,860,420
	25,252,870	25,252,870
	<b>54,113,290</b>	<b>54,113,290</b>

	17,149,320	17,149,320
	25,723,980	25,723,980
	<b>42,873,300</b>	<b>42,873,300</b>

**14 Proprietary positions in securities (strategic investment)**

	<b>2020 Taka</b>	<b>2019 Taka</b>
Opening Balance	38,086,230	3,189,422
Add: Investment made during the year	5,264,658	37,842,974
	<b>43,350,888</b>	<b>41,032,396</b>
Less: Sale/ Recovery during the year	(2,833,619)	(2,946,166)
<b>Closing Balance</b>	<b>40,517,269</b>	<b>38,086,230</b>
Value of "A" category instruments	<b>40,517,269</b>	<b>38,086,230</b>
Value of "B/N" category instruments	-	-
Value of "Z" category instruments	-	-
	<b>40,517,269</b>	<b>38,086,230</b>
Strategic Investment at market value	<b>38,272,458</b>	<b>31,904,737</b>

Investment in securities under Strategic Account has been shown as Non-current assets as per DSE Directive No. DSE/COM/TAD/CLR/AFS\_2019/359 dated 27.02.2020.

**15 Other Long Term Assets****Deferred Tax Assets**

Deferred tax assets have been recognized and measured in accordance with the provisions of 'IAS 12: Income Taxes'. Related deferred tax expense/income & assets/liabilities has been provided for during the year as shown below:

**Fixed Assets**

Carrying Amount	3,127,680	3,607,823
Tax Base	4,020,475	4,641,726
Deductible Temporary Difference	(892,795)	(1,033,903)
Applicable Tax Rate	32.5%	35.0%
<b>Closing balance of Deferred Tax (Asset)/Liability</b>	<b>(290,158)</b>	<b>(361,866)</b>
<b>Opening balance of Deferred Tax (Asset)/Liability</b>	<b>(361,866)</b>	<b>(426,726)</b>
<b>Deferred tax expense/(income)</b>	<b>71,708</b>	<b>64,860</b>

**16 Payable to Clients**

Payable to Clients(IPO)	-	-
Payable to Clients(Trading)	75,296,139	74,013,754
	<b>75,296,139</b>	<b>74,013,754</b>

**17 Short Term Business Liabilities**
**Payable to BDBL (Overdraft Loan)-**

<u>Name of Bank</u>	<u>Name of the Branch</u>	<u>A/c no.</u>	<b>2020 Taka</b>	<b>2019 Taka</b>
Bangladesh Development Bank Ltd.	Kawranbazar Branch	0670520000001	390,820,418	257,557,330
Bangladesh Development Bank Ltd.	Kawranbazar Branch	0670690000220 (Block A/C)	3,853,032	-
			<b>394,673,450</b>	<b>257,557,330</b>

The above loan facility is obtained from Bangladesh Development Bank Limited under the following terms:

<b>Particulars</b>	<b>Sanction Limit</b>	<b>Tenor</b>	<b>Interest Rate</b>	<b>Status</b>
Bank Overdraft	45.00 Crore	1 year	07.85% (Quarterly Basis)	Revolving

Securities:

i) Undertaking of BDBL Securities Limited.

**18 Other Liabilities & Provision**

Accruals & Accounts payable (Note: 18.1)	33,538,929	2,249,633
Provision for Margin Loan (Note: 18.2)	9,728,758	7,817,772
Employees Provident Funds (Note: 18.3)	-	2,021,640
Provision for Income Tax ( Note 18.4)	58,736,909	51,678,413
Provision for proprietary positions in securities & other investment (Note: 18.5)	111,501,287	102,701,287
Provision for strategic investments (Note: 18.6)	1,250,000	1,250,000
	<b>214,755,883</b>	<b>167,718,745</b>

**18.1 Accrued Expenses (A)**

CDS Bill	90,171	39,160
Printing & Stationary	212,750	236,600
Audit Fees Payable	69,000	60,000
Committee & Consultant Fees	43,000	-
Provision for Incentive Bonus	828,700	881,260
Electricity Bill	50,000	75,306
Water and Sewerage Bill	2,000	995
Telephone Bill	-	9,846
MSA Connectivity bill	5,000	9,000
Commission & Cont. Charge	400,000	-
Car Maintenance	20,000	-
Registration & renewal	90,000	45,000
Others	10,248	7,438
	<b>1,820,869</b>	<b>1,364,605</b>

**Accounts payable (B)**

Payable to Depository (CDBL)	1,415,854	658,100
VAT Payable	94,330	89,688
Source Tax Payable	46,715	34,420
Security Deposit	17,160	17,160
Other Payable	1,000	1,000
IPO Application A/c Payable	30,020,400	15,000
Sundry Creditor	105,064	69,660
Suspense Account (BO A/C Closed)	17,537	-
	<b>31,718,060</b>	<b>885,028</b>

**Total Accruals & Accounts payable (A+B)**

<b>33,538,929</b>	<b>2,249,633</b>
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	<b>2020 Taka</b>	<b>2019 Taka</b>
<b>18.2 Provision against Margin Loan</b>		
Specific Provision(Note: 18.2.1)	8,398,515	7,198,515
General Provision(Note: 18.2.2)	1,330,243	619,257
	<b>9,728,758</b>	<b>7,817,772</b>
<b>18.2.1 Specific Provision:</b>		
Negative equity i.e. required provision	14,719,994	16,266,776
Less: Provision maintained		
Opening Balance	7,198,515	5,876,662
Add: Provision made during the year	1,200,000	1,321,853
	8,398,515	7,198,515
<b>Provision shortfall</b>	<b>6,321,479</b>	<b>9,068,261</b>

As per Bangladesh Securities and Exchange Commission guidelines the company may keep 20% of total provision required on margin loan upto 31 December, 2020. The total provision maintained by the company stood at Tk. 8,398,515 as on 31 December, 2020 which comes to 57 % of the required provision of Tk. 14,719,994. This shortfall amount of Tk. 6,321,479 will be provided for in the financial statements within December 31, 2022 as per BSEC Directive No. BSEC/SRI/POLICY/3/2020/68 dated 12-01-2020

#### 18.2.2 General Provision

Opening Balance	619,257	-
Add: Provision made during the year	710,986	619,257
	<b>1,330,243</b>	<b>619,257</b>

An amount of Tk. 71,098,678 being 1% of outstanding margin loan exposures has been provided for during year as mandatory provision as prescribed by part 'B' of schedule 'C' of Risk Based Capital Adequacy Rule, 2019 of Bangladesh Securities and Exchange Commission.

#### 18.3 Employees Provident Funds

Opening Balance	2,021,640	-
Add: During the year :		
Employees Contribution	289,140	1,010,820
Company's Contribution	289,140	1,010,820
<b>Total</b>	<b>2,599,920</b>	<b>2,021,640</b>
Less : Transfer To BSL CPF FUND	2,599,920	-
	-	<b>2,021,640</b>

#### 18.4 Provision for Income Tax

Opening Balance	51,678,413	46,561,131
Add: Provision made during the year	7,058,496	5,117,282
	58,736,909	51,678,413
Less: Adjustment made during the years	-	-
<b>Closing Balance</b>	<b>58,736,909</b>	<b>51,678,413</b>
<b>Year wise breakup:</b>		
Income year 2013	6,872,399	6,872,399
Income year 2015	15,917,519	15,917,519
Income year 2016	3,102,373	3,102,373
Income year 2017	12,885,442	12,885,442
Income year 2018	7,783,398	7,783,398
Income year 2019	5,117,282	5,117,282
Income year 2020	7,058,496	-
	<b>58,736,909</b>	<b>51,678,413</b>

Details of Provision for Income Tax are shown in "Annexure: D"

**18.5 Provision for proprietary positions in securities & other investment**

Unrealised Loss - Dealer Account i.e. required provision

Less: Provision maintained

Opening balance

Add: Provision made during the year

<b>2020</b>	<b>2019</b>
<b><u>Taka</u></b>	<b><u>Taka</u></b>
192,360,181	288,628,017
102,701,287	93,951,287
8,800,000	8,750,000
111,501,287	102,701,287
<b>80,858,894</b>	<b>185,926,730</b>

**Provision shortfall**

As Per Bangladesh Securities and Exchange Commission guidelines, the company may keep 20% provision for unrealized loss in company's own portfolio account. The company already maintained provision for Tk. 102,701,287. Further an amount of Tk. 8,800,000 has been provided for during the year. As a result total provision stood at Tk. 111,501,287 as on 31 December 2020 which comes to 57.96 % of the required provision. The shortfall amount will be provided for in the financial statements within December 31, 2022 as per BSEC Directive No. BSEC/SRI/POLICY/3/2020/68 dated 12-01-2020.

**18.6 Provision for strategic investments**

Required provision

Less: Provision maintained

Opening balance

Add: Provision made during the year

2,244,811	6,181,493
1,250,000	-
-	1,250,000
1,250,000	1,250,000
<b>994,811</b>	<b>4,931,493</b>

**Provision shortfall/(surplus)**

As Per Bangladesh Securities and Exchange Commission guidelines, the company may keep 20% provision for unrealized loss in company's strategic account.. The shortfall amount will be provided for in the financial statements within December 31, 2022 as per BSEC Directive No. BSEC/SRI/POLICY/3/2020/68 dated 12-01-2020.

**19 Others payable**
**Payable to BDBL**

Opening Balance

Add: Addition during the year (Note: 19.1)

Less: Adjusted during the year

**Closing Balance**

19,250,482	12,847,428
5,988,907	6,403,054
25,239,389	19,250,482
10,000,000	-
<b>15,239,389</b>	<b>19,250,482</b>

**19.1 Addition during the year**

Salary and Allowances of deputed employees.

5,988,677	6,403,054
<b>5,988,677</b>	<b>6,403,054</b>

## 20 Share Capital

### Authorized Capital

40,000,000 Ordinary Shares of Tk.100 each

### Issued, Subscribed and Paid-up Capital

#### Share Holding Position of the Company is as under:

Sl #	Name of the Shareholders	No. of Shares
1.	Bangladesh Development Bank Limited	4,999,992
2.	Mohammad Mejbahuddin	1
3.	Dr. Md. Hasibur Rashid	1
4.	Md. Khurshed Hossain	1
5.	Mohammad Iftekhar Hossain	1
6.	Mohammad Anowar Hossain	1
7.	Md. Abdul Baqui	1
8.	Mr. Md. Zahurul Islam	1
9.	Md. Shafiqul Islam	1
		<b>5,000,000</b>

2020 Taka	2019 Taka
<b>4,000,000,000</b>	<b>4,000,000,000</b>
<b>500,000,000</b>	<b>500,000,000</b>
499,999,200	499,999,200
100	100
100	100
100	100
100	100
100	100
100	100
100	100
100	100
100	100
100	100
<b>500,000,000</b>	<b>500,000,000</b>

### 20.1 Capital to Regulatory Capital Requirement as on 31.12.2020:

#### A. Eligible Capital

##### (i) Core Capital-

Paid up Capital  
Special Reserve  
Capital Reserve  
Retained Earnings

500,000,000	500,000,000
4,000,000	4,000,000
2,436,584	1,581,872
140,303,198	120,906,663
<b>646,739,782</b>	<b>626,488,535</b>

##### (ii) Supplementary Capital-

General Provision (80%)  
Specific Provision (70%)

1,064,194	495,405
84,804,860	77,804,861
<b>85,869,055</b>	<b>78,300,266</b>

#### B. Total Eligible Capital (i+ii)

<b>732,608,837</b>	<b>704,788,801</b>
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#### C. Total Risk Requirement

118,901,766	103,273,924
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#### D. Required Capital (120% of total Risk Requirement)

142,682,119	123,928,709
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#### E. Capital Surplus (B-D)

<b>589,926,719</b>	<b>580,860,092</b>
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#### F. Capital Adequacy Ratio

616.15%	682.45%
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Core Capital to Total Risk Requirement

543.93%	606.63%
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Supplementary Capital to Total Risk Requirement

72.22%	75.82%
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#### G. Operational Risk Requirement

5,051,373	5,190,171
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#### H. Core Capital to Operational Risk Requirement (Minimum 100%)

128	121
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The Detail Computation of Capital Adequacy has been shown in "Annexure -A"

**20.2 Net capital to aggregate liabilities**

	<b>2020</b> <b>Taka</b>	<b>2019</b> <b>Taka</b>
<b>Liquid Assets:</b>		
Cash in hand or in Bank	111,679,497	79,220,223
Strategic Investment at market value	38,272,458	31,904,737
Customers' debit balances receivable within thirty days (Margin clients)	71,098,678	61,925,652
Interest, dividend or commission receivable within thirty days	10,855,249	8,582,264
Amounts receivable in the ordinary course of business, but excluding amounts which are due to be settled against delivers of security and remain outstanding for more than five banking days (Receivable from securities trading).	4,481,212	1,283,380
Market value of net investment in securities traded in a stock exchange (Equity securities)	813,021,054	581,700,720
Other Recievable	1,770,964	-
<b>Total Liquid Assets (A)</b>	<b>1,051,179,111</b>	<b>764,616,976</b>
<b>Designated Liabilities:</b>		
Amount payable in the ordinary course of dealing in securities	-	-
Overdrafts and loans from banks	394,673,450	257,557,330
Accrued expenses	1,820,869	1,364,605
Tax payable	(6,232,492)	-
All other liabilities that are regarded as liabilities under generally accepted accounting principles in Bangladesh which are payable within thirty days.	107,014,199	74,898,782
<b>Total Designated Liabilities (B)</b>	<b>497,276,025</b>	<b>333,820,717</b>
<b>Net Capital Balance (A-B)</b>	<b>553,903,086</b>	<b>430,796,259</b>
Aggregate liabilities (Total liabilities-Shareholders equity)	699,964,862	518,540,311
Net capital to aggregate liabilities ratio	1:1.26	1:1.20
Maximum Acceptable Ratio	1:20	1:20

**21 Capital Reserve**

Opening Balance	1,581,872	-
Add: Addition during the year	854,712	1,581,872
<b>Closing Balance</b>	<b>2,436,584</b>	<b>1,581,872</b>

The above Capital Reserve has been created @10% of profit after tax of last year as prescribed by Part 'B' of Schedule 'C' of Risk Based Capital Adequacy Rule, 2019 of Bangladesh Securities and Exchange Commission.

**22 Special Reserve**

Opening Balance	4,000,000	4,000,000
Add: Addition during the year	-	-
<b>Closing Balance</b>	<b>4,000,000</b>	<b>4,000,000</b>

The above reserve has been created in the year 2013 & 2017 to meet the future Capital risk requirements as per the decision of the Board of Directors.

**23 Retained Earnings**

Opening Balance	120,906,663	113,941,419
Less: Dividend paid	-	-
Less: Transfer to Capital Reserve	(854,712)	(1,581,872)
Add: Profit/(loss) for the year	20,251,247	8,547,116
<b>Closing Balance</b>	<b>140,303,198</b>	<b>120,906,663</b>

**24 Net asset value (NAV) Per Share**

Net asset value (NAV)	646,739,782	626,488,535
Number of ordinary shares outstanding	5,000,000	5,000,000
<b>NAV Per Share of Tk. 100 each</b>	<b>129.35</b>	<b>125.30</b>

	<b>2020</b> <b>Taka</b>	<b>2019</b> <b>Taka</b>
<b>25 Brokerage Commission</b>		
Income from Dhaka Stock Exchange (DSE)	10,223,335	9,579,169
Income from Chittagong Stock Exchange (CSE)	373,931	518,326
	<b>10,597,266</b>	<b>10,097,495</b>
<b>26 Other Operating Income</b>		
Account Opening Fees	138,000	43,700
Annual Account Maintenance Fees	452,800	521,200
Documentation Fess	18,000	6,000
CDBL Charges	62,645	142,047
IPO Service Charge	117,920	233,530
Miscellaneous income	18,208	147,037
	<b>807,573</b>	<b>1,093,514</b>
<b>27 Salaries and Allowances</b>		
Deputed & Regular Employees	10,625,431	10,826,326
Outsourcing Employees	1,086,841	1,120,790
Lunch Subsidy	724,400	846,200
PF Contribution	289,140	275,304
	<b>12,725,812</b>	<b>13,068,620</b>
<b>28 Rent, Rates, Taxes, Insurance and Lighting</b>		
Rental Expenses	2,769,441	2,769,444
Insurance Expenses-Vehicles	42,030	42,030
Electricity Bill	503,676	998,105
Water and Sewerage Bill	48,089	38,981
	<b>3,363,236</b>	<b>3,848,560</b>
<b>29 Brokerage Expenses</b>		
Laga Charges	1,143,965	884,047
Howla Charges	2,150	-
	<b>1,146,115</b>	<b>884,047</b>
<b>30 Legal and Professional Fees</b>		
Tax Advisor Fees	57,500	57,500
Technical Advisor Fees (Note-30.1)	89,000	125,600
	<b>146,500</b>	<b>183,100</b>
<b>30.1</b> Technical advisor fee represents meeting attendance fee paid for expert opinion in the board meeting.		
<b>31 Stationery, Printing and Advertisement</b>		
Printing and Stationery	336,296	410,082
Advertisement	25,000	64,850
	<b>361,296</b>	<b>474,932</b>

	<b>2020 Taka</b>	<b>2019 Taka</b>
<b>32 Expenses related with CDBL</b>		
Daily Settlement (Pay In/Pay Out)	347,254	342,562
Transfer/Bonus/Rights/IPO/Split/Demat	12,828	56,867
Account Opening Fees	117,250	35,700
Monthly Connection Fees	21,100	20,000
Bulk Account Transfers	1,726	10,362
	<b>500,158</b>	<b>465,491</b>
<b>33 Directors' Fees and Meeting Expenses</b>		
Directors' Fees	322,000	570,400
Meeting Expenses	161,140	239,004
	<b>483,140</b>	<b>809,404</b>
<b>34 Repair and Maintenance Expenses</b>		
Office Maintenance	243,160	198,161
Fuel for Car	95,000	126,000
Car Maintenance	89,149	38,348
	<b>427,309</b>	<b>362,509</b>
<b>35 Network Connectivity Charges</b>		
Internet Bill	164,672	177,522
MSA Connectivity Bill	500,220	464,098
Dish Bill	14,000	14,000
	<b>678,892</b>	<b>655,620</b>
<b>36 Other Operating Expenses</b>		
Office Entertainment	142,959	250,676
Board Entertainment	21,770	108,065
Subscription to DSE Members' Club	13,053	17,053
Driver Uniform	5,544	6,000
Electric & Computer accessories	33,400	39,156
Newspaper	13,496	16,976
Training	26,000	3,000
Subscription Fee	51,000	15,000
Share Transfer Fee	-	105,000
Cairman Allowance	120,000	90,000
Bank Charges and Commission (Note: 36.1)	117,995	110,313
Travelling and Conveyance (Note: 36.2)	139,800	190,275
Miscellaneous expenses	6,520	5,350
	<b>691,536</b>	<b>956,864</b>
<b>36.1 Bank Charges and Commission</b>		
Bank Charges	4,695	8,813
Excise Duty Expenses	113,300	101,500
	<b>117,995</b>	<b>110,313</b>

	<b>2020</b> <b>Taka</b>	<b>2019</b> <b>Taka</b>
<b>36.2 Travelling and Conveyance</b>		
Travelling Expenses and Allowances	-	46,675
Local Conveyance	139,800	143,600
	<b>139,800</b>	<b>190,275</b>
<b>37 Other Non-Operating Income</b>		
Interest on SND Account	5,472,571	11,484,903
	<b>5,472,571</b>	<b>11,484,903</b>
<b>38 Earnings Per Share (EPS)</b>		
Net Profit for the year	20,251,247	8,547,116
Weighted Average Number of Shares Outstanding	5,000,000	5,000,000
<b>Earnings Per Share of Tk. 100 each</b>	<b>4.05</b>	<b>1.71</b>
<b>39 Cash Flows from Operating Activities under Indirect Method</b>		
<b>Cash Flows from Operating Activities</b>		
Net Profit before tax	27,381,451	13,729,258
Depreciation	460,193	605,566
Amortization on Software	19,950	56,949
	<b>27,861,594</b>	<b>14,391,773</b>
<b>Changes in working capital</b>		
(Increase)/Decrease in Receivable from Securities Trading	(2,176,761)	12,327,592
(Increase)/Decrease in Receivable from Margin Clients	(9,173,025)	49,148,347
(Increase)/Decrease in Receivable from other Clients	339,357	190,076
(Increase)/Decrease in Other Receivables	(2,272,984)	(3,074,287)
(Increase)/Decrease in Proprietary positions in securities-Dealer Account	(146,207,046)	(85,050,449)
(Increase)/Decrease in Proprietary positions in securities (strategic investment)	(2,431,040)	(34,896,808)
Increase/(Decrease) in Payable to Clients	1,282,385	(43,121,274)
Increase/(Decrease) in Short Term Business Liabilities	137,116,120	(192,442,670)
Increase/(Decrease) in Other Liabilities and Provisions	39,978,642	7,726,433
Increase/(Decrease) in other Payable	(4,011,093)	6,403,055
	12,444,554	(282,789,986)
Income Tax Paid	(7,846,874)	(7,899,861)
<b>Net cash provided from operating activities</b>	<b>32,459,274</b>	<b>(276,298,074)</b>

#### 40 Related Party Disclosures (IAS-24)

The following amounts are related to Bangladesh Development Bank Limited (BDBL) which is the parent company of BDBL Securities Limited:

Related party name	Opening balance	Addition during the year	Paid during the year	Closing balance	Nature of transaction
BDBL	19,250,482	5,988,907	10,000,000	15,239,389	For payment of salary and allowances of deputed employees.
BDBL	257,557,330	137,116,120	-	394,673,450	Bank Overdraft

#### 41 Financial Risk Management

The Company has exposure to the following risks from its use of financial instruments:

- a) Credit risk
- b) Liquidity risk
- c) Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The Board of Directors (BOD) has overall responsibility for the establishment and oversight of the Company's risk management framework.

##### a) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's loans and advances to customers and investment securities. These loans and advances are fully backed by the securities held by the customer. With respect to credit risk arising from the other financial assets of the company, the maximum exposure is equal to the carrying amounts of the financial assets.

##### b) Liquidity risk:

Liquidity risk is that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity (cash and cash equivalents) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. Typically, the company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses including financial obligations through preparation of the cash flow forecast based on time schedule of payment of the financial obligation and accordingly arrange for sufficient liquidity/ fund to make the expected payment within due date.



### c) Market risk:

Market risk arises when the fair value or future cash flows of financial instruments of the company fluctuate due to changes in market variables, mainly equity price. BSL defines market risk as the risks taken in relation to price fluctuations in the financial market.

Equity risk is the potential loss due to an adverse change in the stock price and any negative change in stock price either leads to a loss or diminution in investments value. Equity risk remains the main market risk considering the company has an equity portfolio in excess of taka 1.07 billion as at the balance sheet date. This is managed on a portfolio basis based on trading or strategic investment. The company's accounting policies ensure to reflect investments in marketable securities at fair value recognising any realised gain or loss through profit and loss.

The risk of exchange rate movement doesn't impact this company directly because the BSL don't deal with foreign currency. The risk due to changes of interest rate on borrowing is insignificant

### d) Impact of COVID-19 Pandemic:

Due to outbreak of Corona Virus (Covid-19) Bangladesh Govt. declared a lock down from 26<sup>th</sup> March to 30<sup>th</sup> May, 2020. BDBL Securities Ltd. was also closed during that emergency period of lock down. Prior to that the Capital Market of Bangladesh responded inversely for the pandemic like all other markets of the world. Prices of stocks broke all the support lines and went down to a historical lowest price of all time. Regulatory bodies like Bangladesh Security and Exchange Commission (BSEC), Dhaka stock Exchange (DSE), Chittagong Stock Exchange (CSE) on an emergency meeting set a floor price for each stock to stop the downfall of the market and protect the investor's money. After the lock down period, the Bangladesh Govt's and people's initiative to confront the pandemic and make the economy go on-BDBL Securities Ltd. also responded enthusiastically. Employees of the company worked hard and soul and Despite a lock down period of two months and four days and ongoing pandemic, the company ended the year with a distinction in profit and commission income.

## 42 Events After the Reporting Period

a) The Board of Directors of the Company in its meeting held on 15 March, 2021 approved the financial statements of the company for the year ended 31 December 2020 and authorized the same for issue.

b) There is no other significant event that has occurred between the reporting date and the date when the financial statements were authorized for issue by the Board of Directors.

Sd/-

\_\_\_\_\_  
Director

Sd/-

\_\_\_\_\_  
Director

Sd/-

\_\_\_\_\_  
Chief Executive Officer

**Place: Dhaka**

Date: 15 March, 2021

## BDBL Securities Limited

### Statement showing computation of capital adequacy

### As on 31 December 2020

"Annexure-A"

#### A Eligible Amount

Components	B/S Amount	Haircut %	Haircut Amount	Eligible Amount
Paid-up-capital	500,000,000	-		500,000,000
Special Reserve	4,000,000	-	-	4,000,000
Capital Reserve	2,436,584	-	-	2,436,584
Retained Earnings	140,303,198	-	-	140,303,198
<b>Sum of core capital</b>	<b>646,739,782</b>	-	-	<b>646,739,782</b>
General Provision	1,330,243	20%	266,049	1,064,194
<b>Specific Provision:</b>	-	-	-	-
Margin loan	8,398,515	30%	2,519,555	5,878,961
Own Portfolio	112,751,287	30%	33,825,386	78,925,900
<b>Sum of supplementary capital</b>	<b>122,480,045</b>		<b>36,610,989</b>	<b>85,869,055</b>
<b>Total Capital</b>	<b>769,219,827</b>		<b>36,610,989</b>	<b>732,608,837</b>

#### B. Total Risk Requirement

	Risk Factor	Applicable Amount
<b>Operation Risk Requirement (ORR):</b> Based on Average Annual Gross Income (see clause (b) of sub-rule (7.1) of rule 7)	5%	5,051,373
<b>Proprietary positions in Equity securities:</b>		
Value of "A" category securities	10%	90,326,011
Value of "B/G/N/" category securities	12%	8,982,176
Value of "Z" category instruments	15%	6,226,857
<b>Proprietary positions in MFs :</b>		
Value of listed funds	10%	2,627,455
<b>Counterparty Risk Requirement (CPRR):</b>		
Exposure of credit facilities to Clients	8%	5,687,894
<b>Total Risk Requirement</b>		<b>118,901,766</b>

$$\begin{aligned}
 \text{Capital Adequacy Ratio (CAR)} &= \frac{\text{Total Capital (TC)}}{\text{Total Risk Requirement (TRR)}} \times 100 \\
 &= \frac{732,608,837}{118,901,766} \times 100 \\
 &= 616.15\% \quad \text{i.e. 6.16 times}
 \end{aligned}$$

Sd/-  
\_\_\_\_\_  
Director

Sd/-  
\_\_\_\_\_  
Director

Sd/-  
\_\_\_\_\_  
Chief Executive Officer

**Md. Amirul Islam FCA**  
 Senior Partner  
**K. M. HASAN & CO.**  
 Chartered Accountants

**BDBL Securities Limited**  
**Fixed Assets**  
**For the year ended 31 December 2020**

"Annexure-B"

Amount in Taka

Particulars	Cost			Depreciation					Written Down Value as on 31.12.2020	
	Balance as on 01.01.2020	Addition during the year	Adjustment / Disposal during the year	Balance as on 31.12.2020	Rate %	Balance as on 01.01.2020	Charged during the year	Adjustment/ Disposal during the year		Balance as on 31.12.2020
Furniture and Fixtures	1,316,870	-	-	1,316,870	10	626,927	68,994	-	695,921	620,949
Office Equipments	2,265,610	-	-	2,265,610	20	1,563,221	140,478	-	1,703,699	561,911
Computers	2,673,440	-	-	2,673,440	20	2,541,969	47,820	-	2,589,789	83,651
Motor Vehicles	3,280,000	-	-	3,280,000	20	3,279,000	999	-	3,279,999	1
Office Decoration	4,583,145	-	-	4,583,145	10	2,564,130	201,902	-	2,766,032	1,817,113
<b>As on 31 December 2020</b>	<b>14,119,065</b>	<b>-</b>	<b>-</b>	<b>14,119,065</b>		<b>10,575,247</b>	<b>460,193</b>	<b>-</b>	<b>11,035,440</b>	<b>3,083,625</b>
<b>As on 31 December 2019</b>	<b>14,114,065</b>	<b>5,000</b>	<b>-</b>	<b>14,119,065</b>		<b>9,969,681</b>	<b>605,566</b>	<b>-</b>	<b>10,575,247</b>	<b>3,543,817</b>

**BDBL Securities Limited**  
**Schedule of Intangible Assets**  
 For the year ended 31 December 2020

"Annexure-C"

**Amount in Taka**

Particulars	Cost				Rate %	Amortization				Written Down Value as on 31.12.2020
	Balance as on 01.01.2020	Addition during the Year	Disposals/ Adjustments during the year	Balance as on 31.12.2020		Balance as on 01.01.2020	Charged during the Year	Disposals/ Adjustments during the year	Balance as on 31.12.2020	
Adasoft Software	409,750	-	-	409,750	20%	345,746	19,950	-	365,696	44,054
Salary Software	35,000	-	-	35,000	20%	34,999	-	-	34,999	1
<b>As on 31 December 2020</b>	<b>444,750</b>	<b>-</b>	<b>-</b>	<b>444,750</b>		<b>380,745</b>	<b>19,950</b>	<b>-</b>	<b>400,695</b>	<b>44,055</b>
<b>As on 31 December 2019</b>	<b>444,750</b>	<b>-</b>	<b>-</b>	<b>444,750</b>		<b>323,796</b>	<b>56,949</b>	<b>-</b>	<b>380,745</b>	<b>64,005</b>

**BDBL Securities Limited**  
**Income Tax Assessment Status**  
**For the year ended 31 December 2020**

"Annexure: D"

Amount in Taka

Accounting year	Assessment Year	Tax Provision made in Accounts	Tax Liability as per Return	Tax Liability as per Assessment order	Tax paid in advance	Payable / (Refundable)	Assessment Status
2013	2014-2015	6,872,399	2,602,598	-	3,080,620	3,791,779	Return Submitted u/s 82BB
2015	2016-2017	15,917,519	11,639,411	-	11,639,411	4,278,108	Return Submitted u/s 82BB
2016	2017-2018	3,102,373	6,504,952	-	10,146,066	(7,043,693)	Return Submitted u/s 82BB
2017	2018-2019	12,885,442	12,885,442	-	12,885,442	-	Return Submitted u/s 82BB
2018	2019-2020	7,783,398	7,783,398	-	11,471,127	(3,687,729)	Return Submitted u/s 82BB
2019	2020-2021	5,117,282	5,117,282	-	7,899,861	(2,782,579)	Return Submitted u/s 82BB
2020	2021-2022	7,058,496	-	-	7,846,874	(788,378)	
	<b>Total</b>	<b>58,736,909</b>	<b>46,533,083</b>	<b>-</b>	<b>64,969,401</b>	<b>(6,232,492)</b>	

# BDBL Investment Services Limited (BISL) Auditor's Report and Financial Statements For the year ended 31 December 2020



**Kazi Alamgir**  
Chairman



**Md. Masum Syeed**  
Chief Executive Officer

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### K. M. HASAN & CO.

Chartered Accountants

Home Town Apartment (8th & 9th Floor)

87, New Eskaton Road, Dhaka-1000

Phone : 9351564, 9351457

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E-mail: kmh\_co@yahoo.com

Web: www.kmhasan.com.bd

## Independent Auditor's Report To the Shareholders of BDBL INVESTMENT SERVICES LTD.

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **BDBL INVESTMENT SERVICES LTD.**, which comprise the statement of financial position as on December 31, 2020 and statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as on December 31, 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Securities and Exchange Rules 1987, BSEC's Risk Based Capital Adequacy Rules 2019, Companies Act, 1994 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 financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994, the Securities and Exchange Rules 1987, BSEC's Risk Based Capital Adequacy Rules 2019 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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



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

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

In accordance with the Companies Act 1994, the Securities and Exchange Rules 1987 and BSEC's Risk Based Capital Adequacy Rules 2019, we also report the following:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of these books;
- c) the statements of financial position and statements of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account
- d) the capital to total risk requirement ratio as required by Bangladesh security exchange commission has been maintain adequately during the year.
- e) the expenditure incurred was for the purposes of the Company's business.

Sd/-

**MD. AMIRUL ISLAM FCA, FCS**

Senior Partner, Enrol. No. 331

Sd/-

**K. M. Hasan & Co.**

Chartered Accountants

DVC No. 2103250331AS276924

**Place: Dhaka**

Date: 22 March 2021

## BDBL Investment Services Limited

### Statement of Financial Position

#### For the year ended 31 December 2020

	<u>Notes</u>	<u>2020</u> <u>Taka</u>	<u>2019</u> <u>Taka</u>
<b>Assets</b>			
<b>Current assets</b>			
Cash and bank balances	3	116,910,616	53,939,135
Receivable from securities trading	4	23,363,723	7,114,573
Receivable from margin clients	5	46,484,978	19,293,535
Receivable from other clients	6	356,763	243,756
Proprietary positions in securities-dealer account	7	552,803,958	554,481,930
Other receivables	9	9,261,593	6,791,785
Other assets	10	32,185,453	21,139,462
<b>Total current assets</b>		<b>781,367,083</b>	<b>663,004,176</b>
<b>Non current assets</b>			
Fixed assets	11	5,039,331	5,415,345
Right of use assets	12	3,229,370	-
Intangible assets	13	259,840	261,249
Investment in exchange shares (DSE)	14	225,000	225,000
Proprietary positions in securities-strategic investments	8	38,109,631	39,246,671
<b>Total non current assets</b>		<b>46,863,172</b>	<b>45,148,265</b>
<b>Total assets</b>		<b>828,230,255</b>	<b>708,152,441</b>
<b>Liabilities &amp; equity</b>			
<b>Current liabilities</b>			
Payable to clients	15	116,206,467	50,577,947
Short term business liabilities	16	20,644,049	13,381,388
Payable to exchange (DSE)	17	465,100	34,823
Other liabilities and provisions	18	95,691,953	74,831,307
Lease liabilities - current portion	19	1,961,639	-
<b>Total current liabilities</b>		<b>234,969,208</b>	<b>138,825,465</b>
<b>Non current liabilities</b>			
Lease liabilities - non current portion	20	1,301,805	-
Deferred tax and other deferred liabilities	21	78,215	116,304
<b>Total non current liabilities</b>		<b>1,380,020</b>	<b>116,304</b>
<b>Shareholders' equity:</b>			
Share capital	22	500,000,000	500,000,000
Capital reserve	23	3,784,418	2,861,856
Retained earnings	24	88,096,610	66,348,815
<b>Total shareholders' equity</b>		<b>591,881,027</b>	<b>569,210,671</b>
<b>Total liabilities &amp; shareholders' equity</b>		<b>828,230,255</b>	<b>708,152,441</b>
Net asset value (NAV) per share	25	11.84	11.38

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

Sd/-  
\_\_\_\_\_  
Chief Executive Officer

Sd/-  
\_\_\_\_\_  
Director

Sd/-  
\_\_\_\_\_  
Chairman

Signed in terms of our separate report of even date annexed.

Sd/-

**MD. AMIRUL ISLAM FCA, FCS**  
Senior Partner, Enrol. No. 331

Sd/-  
**K. M. Hasan & Co.**

Chartered Accountants  
DVC No. 2103250331AS276924

Place: Dhaka  
Date: 22 March 2021

**BDBL Investment Services Limited**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended 31 December 2020**

<b>Revenue</b>	<b>Notes</b>	<b>2020 Taka</b>	<b>2019 Taka</b>
Brokerage commission		19,551,936	8,390,462
Dividend income		19,471,510	19,772,019
Margin interest from client		4,437,944	706,555
Realized gain on sale of securities	26	9,203,750	10,685,022
Other operating income	27	897,730	899,765
		<b>53,562,870</b>	<b>40,453,823</b>
Cost of services	28	(2,573,681)	(1,134,069)
<b>Gross profit</b>		<b>50,989,189</b>	<b>39,319,754</b>
Administrative and general expenses	29	(14,707,678)	(14,764,711)
<b>Operating profit</b>		<b>36,281,512</b>	<b>24,555,043</b>
Other income	30	4,918,317	5,993,577
Financial expenses		(76,736)	-
<b>Profit before provision</b>		<b>41,123,093</b>	<b>30,548,620</b>
Less: provision for diminution in value of investment in marketable securities	18.2	(6,301,764)	(13,600,920)
Less: provision against margin loan	18.1	(271,915)	(192,935)
<b>Net profit before tax</b>		<b>34,549,414</b>	<b>16,754,765</b>
Less: provision for taxation			
Current tax	31	(11,917,148)	(7,566,680)
Deferred tax	31	38,090	37,530
<b>Profit after tax</b>		<b>22,670,356</b>	<b>9,225,615</b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		<b>22,670,356</b>	<b>9,225,615</b>
<b>Earnings per share (EPS) of Tk. 10 each</b>	32	<b>0.45</b>	<b>0.18</b>

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

Sd/-

\_\_\_\_\_  
**Chief Executive Officer**

Sd/-

\_\_\_\_\_  
**Director**

Sd/-

\_\_\_\_\_  
**Chairman**

Signed in terms of our separate report of even date annexed.

Sd/-

**MD. AMIRUL ISLAM FCA, FCS**  
Senior Partner, Enrol. No. 331

Sd/-

**K. M. Hasan & Co.**

Chartered Accountants

DVC No. 2103250331AS276924

**Place: Dhaka**

Date: 22 March 2021

## BDBL Investment Services Limited

### Statement of Changes in Equity

#### For the year Ended 31 December 2020

Particulars	Amount in Taka				
	Share capital	Share application	Capital reserve	Retained earnings	Total
<b>Balance as on 01 January 2020</b>	500,000,000	-	2,861,856	66,348,815	569,210,671
Transferred to share capital	-	-	-	-	-
Transferred to capital reserve	-	-	922,562	(922,562)	-
Net profit for the year	-	-	-	22,670,356	22,670,356
<b>Balance as on 31 December 2020</b>	<b>500,000,000</b>	<b>-</b>	<b>3,784,418</b>	<b>88,096,609</b>	<b>591,881,027</b>

For the year ended 31 December 2019

Particulars	Amount in Taka				
	Share capital	Share application	Capital reserve	Retained earnings	Total
<b>Balance as on 01 January 2019</b>	200,000,000	300,000,000	-	59,985,056	559,985,056
Transferred to share capital	300,000,000	(300,000,000)	-	-	-
Transferred to capital reserve	-	-	2,861,856	(2,861,856)	-
Net profit for the year	-	-	-	9,225,615	9,225,615
<b>Balance as on 31 December 2019</b>	<b>500,000,000</b>	<b>-</b>	<b>2,861,856</b>	<b>66,348,815</b>	<b>569,210,671</b>

Sd/-

Chief Executive Officer

Sd/-

Director

Sd/-

Chairman

Signed in terms of our separate report of even date annexed.

**Place: Dhaka**

Date: 22 March 2021

Sd/-

**MD. AMIRUL ISLAM FCA, FCS**  
 Senior Partner, Enrol. No. 331

Sd/-

**K. M. Hasan & Co.**  
 Chartered Accountants  
 DVC No. 2103250331AS276924

**BDBL Investment Services Limited**  
**Statement of Cash Flows**  
**As at and for the Year Ended 31 December 2020**

	<u>Notes</u>	<b>2020</b> <b>Taka</b>	<b>2019</b> <b>Taka</b>
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipt from brokerage commission		19,551,936	8,390,462
Receipt from dividend income		17,001,702	15,833,929
Receipt from margin interest income		4,437,944	706,555
Receipt from margin client		(27,191,443)	(19,293,535)
Receipt from other operating income		897,730	899,765
Receipt from non-operating income/interest income		4,918,317	5,993,577
Receipt from other client		(113,007)	(139,202)
Receipt/payment from security trading		(16,249,150)	(3,722,115)
Receipt from sale of securities-dealer account		26,818,421	30,304,873
Receipt from sale of securities- strategic account		6,951,308	19,815,864
Payment for purchase of securities- dealer account		(17,285,461)	(35,173,587)
Payment for purchase of securities- strategic account		(4,465,506)	(28,281,310)
Other receipt		77,569,267	5,543,526
Receipt/payment from short term business liability		7,262,661	7,232,333
Payment for operating expenses		(22,613,886)	(28,846,112)
Income tax paid		(13,612,963)	(5,800,825)
<b>Net cash used in operating activities</b>	<b>34</b>	<b>63,877,869</b>	<b>(26,535,802)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(351,465)	(77,597)
Purchase of intangible assets		(50,925)	(30,000)
<b>Net cash used in investing activities</b>		<b>(402,390)</b>	<b>(107,597)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		-	-
Principal portion of the lease liability paid		(427,264)	
Interest portion of the lease liability paid		(76,736)	
<b>Net cash flow from financing activities</b>		<b>(504,000)</b>	<b>-</b>
<b>D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		<b>62,971,480</b>	<b>(26,643,400)</b>
<b>E. OPENING CASH AND CASH EQUIVALENTS</b>		<b>53,939,135</b>	<b>80,582,535</b>
<b>F. CLOSING CASH AND CASH EQUIVALENTS (D+E)</b>		<b>116,910,616</b>	<b>53,939,135</b>
<b>Net operating cash flow per share of Tk 10 each</b>		<b>1.28</b>	<b>(0.53)</b>

*The annexed notes from 1 to 37 form an integral part of these financial statements.*

Sd/-  
**Chief Executive Officer**

Sd/-  
**Director**

Sd/-  
**Chairman**

**Place: Dhaka**  
Date: 22 March 2021

# Independent Auditor's Report

## Notes to the Financial Statements

### As at and for the Year Ended 31 December 2020

#### 1. Legal status and background information

##### 1.1 Legal form

BDBL Investment Services Limited (BISL) is a public Company limited by share and a fully owned subsidiary of Bangladesh Development Bank Limited (BDBL). It was incorporated under the Companies Act, 1994 vide RJSC Registration no.C-117425/14 on 06 August 2014 with a view to act as stock dealer and stock broker of Dhaka Stock Exchange Ltd. It's registered office is situated at BDBL Bhaban (Level-13), 8 Rajuk Avenue, Dhaka-1000. BISL is constituted by acquiring and taking over membership No. 152 of Dhaka Stock Exchange Ltd. held by erstwhile Bangladesh Shilpa Bank now Bangladesh Development Bank Limited.

The Company started operation on 13 July 2016 after completion of required formalities with DSE and BSEC.

##### 1.2 Activities of the company

The principal activities of the Company are to act as a TREC Holder of Dhaka Stock Exchanges Limited to carry on the business of stock broker and stock dealer of securities trading.

#### 2. Significant accounting policies

##### 2.1 Basis of preparation and presentation of financial statements

The financial statements have been prepared on a going concern basis following historical cost convention except for statement of cash flows in accordance with the requirements of International Financial Reporting Standards (IFRS), the Securities and Exchange Rules, 1987, BSEC Notification dated 22 May, 2019 on Risk Based Capital Adequacy Rules 2019, the Companies Act, 1994 and other applicable laws and regulations.

##### 2.2 Use of estimates and judgments

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. It also requires disclosures of contingent assets and liabilities at the date of the financial statements.

Provisions and accrued expenses are recognized in the financial statements in line with the International Accounting Standard (IAS) 37 "provisions, contingent liabilities and contingent assets" when

- The Company 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.
- A reliable estimate can be made for the amount of the obligation.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. However, the estimates and underlying assumptions

Change in accounting estimates during the year includes the change in method of depreciation of fixed assets from diminishing balance method to straight-line method which has been done in accordance with Para 61 of IAS 16 "Property, Plant & Equipment" "Such a change shall be accounted for as a change in an accounting estimate in accordance with IAS 8".

### 2.3 Components of the financial statements

- Statement of financial position as at 31 December 2020.
- Statement of profit or loss and other comprehensive income for the year ended 31 December 2020.
- Statement of changes in equity for the year ended 31 December 2020.
- Statement of cash flows for the year ended 31 December 2020.
- Notes, comparing a summary of significant accounting policies and other explanatory information.

### 2.4 Going concern

The Company has adequate resources to continue its operation for foreseeable future. For this reason the directors continue to adopt going concern basis in preparing the financial statements. The current credit facilities and adequate resources of the Company provide sufficient funds to meet the present requirements of its existing businesses and operations.

### 2.5 Fixed assets

Fixed Assets are stated at cost less accumulated depreciation. Depreciation is charged on straight-line method based on estimated useful life of each category of assets at the following annual rates:

Items	Rate (%)
Furniture & fixtures	10
Office equipment	20
Computer, printer & IT equipment	20
Air conditioners	20
Interior decoration	10

Depreciation is charged on the addition of assets from the date when such assets are available for use during the year upto the date of disposal on a straight-line basis.

Previously, the depreciation was charged on a diminishing balance method but during the year the Company has changed the method to straight-line basis and the depreciation will be charged based on the remained useful life of assets. The written down value of the assets will be depreciated equally throughout the remained useful life of assets except fixed assets addition as above.

### 2.6 Intangible asset

Intangible assets are stated at cost less accumulated amortization. Amortization is charged on straight-line method based on estimated useful life of each category of intangible assets at the following annual rate.

Items	Rate (%)
Software	20

Amortization is charged on the addition of intangible assets from the date when such assets are available for use during the year upto the date of disposal.

### 2.7 IFRS 16: Leases

As per IFRS 16, the Company recognizes a right-of-use (ROU) asset (i.e.the right to use the office building) and corresponding lease liability in the financial statements. The assets and the liabilities are initially measured at the present value of unavoidable lease payments. The depreciation of the leased asset (ROU) and the interest on the lease liability is recognized in the profit or loss account over the lease term replacing the previous heading 'rent expenses'.

As per Para 9 of IFRS 16 "Leases", "At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. Also, Para 11 of IFRS 16 "Leases" stated "An entity shall reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed. This policy is applied to contracts entered into, on or after 01 January 2019.

However, The Company has applied IFRS 16 "Leases" for the first time from 01 October 2020 the date of renewal of lease contract with the BDBL the parent Company for use of office premises.

## 2.8 Financial instruments

Financial instruments have been presented as per IAS 32 "Financial Instruments: Presentation" and recognized as per IFRS 9- "Financial Instruments" and disclosure has been made in accordance with IFRS 7 "Financial Instruments: Disclosures".

A financial asset is measured at amortized cost if both of the conditions are met: (i) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Any financial assets that are not held in one of the two business models mentioned are measured at fair value through profit or loss.

All financial liabilities are measured at amortized cost, except for financial liabilities at fair value through profit or loss.

## 2.9 Investment in exchange shares (DSE)

The Investment in exchange shares (DSE) are recognized and subsequently measured at cost due to not having active market for this kind of shares.

## 2.10 Proprietary positions in securities and other investments

The Investment in marketable securities are recognized at cost and subsequently measured at fair value through profit or loss. The fair value of these investments have been calculated by deducting the related provision for diminishing value of shares from its cost. The provision against these investments have been made as per the related circular issued by the Bangladesh Securities and Exchanges Commission (BSEC).

## 2.11 Cash & bank balances

Cash and bank balances comprise cash on hand and cash at bank having maturity of three months or less which are available for use by the Company without any restriction.

## 2.12 Provision for tax

Current tax:

Provision for current tax is made in accordance with the provision of the Income Tax Ordinance, 1984 and subsequent amendments made thereto from time to time.

Deferred tax

Deferred tax is calculated as per International Accounting Standard (IAS) 12 "Income taxes". Deferred tax is recognized on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences.

Deferred tax is measured at the tax rate that is expected to be applied to the temporary differences when they reverse based on the laws that have been enacted or substantively enacted by the reporting date.



### 2.13 Revenue recognition

Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the entity the revenue during the year and in accordance with the International Financial Reporting Standards (IFRS) 15: "Revenue". from contracts with customer"

#### a. Brokerage commission:

Brokerage commission is recognized as income when selling or buying order is executed.

#### b. Dividend income:

Dividend income is recognized when the right to receive the payment is established.

#### c. Gain or loss on sale of marketable securities:

Gain or loss arising from the sale of securities is accounted for only when securities are sold.

#### d. Interest income:

Interest income from bank deposit is recognized on accrual basis.

### 2.14 Earning per share

The Company calculates earning per share in accordance with International Accounting Standard (IAS) 33: "Earning per share" which has been shown in the face of statement of profit or loss and other comprehensive income.

### 2.15 Net asset value (NAV) per share

NAV per share of the company is calculated on the basis of net asset value divided by number of ordinary shares outstanding during the year.

### 2.16 Related party disclosure

As per International Accounting Standards (IAS)-24 "Related party disclosures", parties are considered to be related if one of the parties has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company carried out transactions in the ordinary course of business on an arm's length basis at with related parties. Related party transactions have been disclosed under note: 33.

### 2.17 Statement of cash flows

Statement of cash flows is prepared principally in accordance with IAS -7 " Statement of cash flows" and cash flows from operating activities have been presented under direct method.

### 2.18 Reporting period

The accounting period of the Company has been determined to be from 01 January to 31 December each year. These financial statements cover the year from 01 January 2019 to 31 December 2020.

### 2.19 Comparative information

Comparative information has been disclosed in respect of the previous period for all amounts reported in the financial statements, both in the face of financial statements and notes to the financial statements.

### 2.20 Reclassifications

To facilitate comparison, certain relevant balances pertaining to the previous year has been rearranged/reclassified, whenever considered necessary, to conform to current year's presentation.

### 2.21 Reporting currency and level of precision

The financial statements are expressed in Bangladeshi Taka currency and rounded off to the nearest integer.

	<b>2020</b>	<b>2019</b>
	<b>Taka</b>	<b>Taka</b>
<b>3 Cash and bank balances</b>		
Cash in hand	-	6,417
Cash at banks (note: 3.1)	116,910,616	53,932,718
	<b>116,910,616</b>	<b>53,939,135</b>
<b>3.1 Cash at banks:</b>		
Cash at bank in Company's account -	<b>151,727</b>	<b>157,868</b>
BDBL, Principal branch, SND A/C- 0650240000013 )	70,014	68,498
BDBL, Principal branch, CD A/C- 0650200002209)	81,713	89,370
Cash at bank in trading accounts -	<b>6,725,393</b>	<b>4,289,992</b>
IFIC Bank, DSE branch, dealer A/C, SND A/C- 1090075180041	101,210	101,855
IFIC Bank, DSE branch, dealer A/C (corporate plus), A/C- 0000075180021	4,536,494	3,992,022
IFIC bank, DSE branch, strategic investment, SND A/C- 0170227398041	2,087,690	196,115
Cash at bank accounts for clients (Consolidated customer account) -		
IFIC bank, DSE branch, customer A/C, SND A/C- 1090075177041	<b>107,684,318</b>	<b>49,441,893</b>
Cash at bank at IPO account -		
BDBL, Principal branch, (IPO) SND A/C- 0650240000016)	<b>2,349,177</b>	<b>42,965</b>
	<b>116,910,616</b>	<b>53,932,718</b>

The bank balances are confirmed with respective bank statement and reconciled, where necessary.

#### 4 Receivable from securities trading

Receivable from DSE - client A/C (Note:4.1)	21,555,384	6,632,959
Receivable from DSE - dealer A/C (note: 4.2)	778,949	481,614
Receivable from consolidated customer A/C	1,029,390	-
	<b>23,363,723</b>	<b>7,114,573</b>
<b>4.1 Receivable from DSE - client A/C</b>		
Receivable against A, B, G and N category	21,246,844	2,895,633
Receivable against Z category	308,540	3,737,326
	<b>21,555,384</b>	<b>6,632,959</b>
<b>4.2 Receivable from DSE (dealer A/C)</b>		
Opening balance	481,614	1,072,250
Add: addition during the year	778,949	481,614
	1,260,563	1,553,864
Less: received during the year	481,614	1,072,250
Closing balance	<b>778,949</b>	<b>481,614</b>

The above balance comprises of the amount receivable from Dhaka Stock Exchange Limited on account of shares sold from dealer account.

#### 5 Receivable from margin clients

Receivable to clients having no margin or full erosion of equity	-	-
Receivable to clients fall under force sale condition	-	-

	<b>2020</b>	<b>2019</b>
	<b>Taka</b>	<b>Taka</b>
Receivable to clients fall under margin call	-	-
Receivable to regular margin clients (note: 5.1)	46,484,978	19,293,535
	<b>46,484,978</b>	<b>19,293,535</b>
5.1. The above receivable represents credit facilities extended to margin clients for securities transactions as per margin rules, 1999.		
<b>6 Receivable from other clients</b>		
Receivable after securities trading	6,023	18,836
Receivable arises from payment of fees paid to CDBL	343,193	216,809
Receivable arises from trading commission	7,547	8,111
	<b>356,763</b>	<b>243,756</b>
<b>7 Proprietary positions in securities -Dealer account</b>		
Opening balance	554,481,930	541,981,194
Investment made during the year (cost)	17,285,461	35,173,587
Cost of securities sold during the year (note: 7.1)	(18,963,433)	(22,672,851)
Closing balance at cost	<b>552,803,958</b>	<b>554,481,930</b>
Proprietary position in securities and other investment at fair value	380,150,633	331,554,513
Add: Unrealized loss	172,653,325	222,927,417
Proprietary position in securities and other investment at cost (note: 7.2)	<b>552,803,958</b>	<b>554,481,930</b>
7.1 Cost of securities sold during the year		
Sale of securities during the year at market price	26,818,421	30,304,873
Less: realized (gain)/loss (note: 26)	(7,854,988)	(7,632,022)
Cost of securities sold during the year	<b>18,963,433</b>	<b>22,672,851</b>
7.2 Category wise investments:		
(i) Proprietary position in equity-		
A category instruments	503,823,503	513,592,883
B & N category instruments	39,355,026	32,253,539
Z category instruments	7,137,542	8,327,170
	<b>550,316,071</b>	<b>554,173,592</b>
(ii) Proprietary position in mutual funds-		
Listed funds	2,487,887	308,338
	<b>2,487,887</b>	<b>308,338</b>
<b>Total: ( i+ii )</b>	<b>552,803,958</b>	<b>554,481,930</b>

	<b>2020</b>	<b>2019</b>
	<b>Taka</b>	<b>Taka</b>
<b>8 Proprietary positions in securities-strategic investments</b>		
Opening balance	39,246,671	27,728,225
Investment made during the year (cost)	4,465,506	28,281,310
Cost of securities sold during the year (note: 8.1)	(5,602,546)	(16,762,864)
Closing balance at cost	<b>38,109,631</b>	<b>39,246,671</b>
Proprietary position in securities and other investment at fair value	23,129,831	24,135,166
Add: unrealized loss	14,979,800	15,111,505
Proprietary position in securities at cost (note: 8.2)	<b>38,109,631</b>	<b>39,246,671</b>
<b>8.1 Cost of securities sold during the year</b>		
Sale of securities during the year at market price	6,951,308	19,815,864
Less: realized (gain)/loss (note: 26)	(1,348,762)	(3,053,000)
Cost of securities sold during the year	<b>5,602,546</b>	<b>16,762,864</b>
<b>8.2 Category wise investments:</b>		
<u>Category:</u>		
A category instrument	21,008,751	24,388,284
B & N category instrument	17,100,880	13,813,361
Z category instrument	-	1,045,024
Non listed securities	-	-
Mutual fund	-	-
<b>Total:</b>	<b>38,109,631</b>	<b>39,246,671</b>
<b>9 Other receivables</b>		
Dividend receivable	<b>9,261,593</b>	<b>6,791,785</b>
<b>10 Other assets</b>		
Advance income tax (note: 10.1)	<b>32,185,453</b>	<b>21,139,462</b>
<b>10.1 Advance income tax</b>		
Opening balance	21,139,462	15,338,637
Add: addition during the year (note: 10.1.1)	13,612,963	5,800,825
	34,752,425	21,139,462
Less: adjustment FY: 2015-2016	(2,566,972)	-
Closing balance during the year	<b>32,185,453</b>	<b>21,139,462</b>
<b>10.1.1 Addition during the year</b>		
TDS on dealer trading - DSE	20,015	32,406
TDS on customer trading - DSE	3,059,666	1,201,234
TDS on interest on bank deposit	465,480	600,543

	<b>2020</b> <b>Taka</b>	<b>2019</b> <b>Taka</b>
TDS on dividend income	3,398,315	3,166,642
Payment for assessment year 2016-2017	1,766,971	800,000
Payment for assessment year 2018-2019	1,510,826	-
Payment for assessment year 2019-2020	975,675	-
Payment for assessment year 2020-2021	2,416,015	-
	<b>13,612,963</b>	<b>5,800,825</b>
<b>11 Fixed assets (net off depreciation):</b>		
Furniture & fixtures	1,154,908	1,283,231
Office equipment	417,543	483,622
Computer, printer & IT equipment	471,575	535,132
Air conditioners	525,506	369,138
Interior decoration	2,469,800	2,744,222
	<b>5,039,331</b>	<b>5,415,345</b>
*Details are shown in 'Annexure -B'		
<b>12 Right of use assets (net of depreciation):</b>		
Right use of assets as per IFRS 16*	<b>3,229,370</b>	-
*Details are shown in 'Annexure -B'		
<b>13 Intangible assets (net off amortization):</b>		-
Software	<b>259,840</b>	<b>261,249</b>
*Details are shown in 'Annexure -C'		
<b>14 Investment in exchange shares (DSE)</b>		
Opening balance	225,000	225,000
Less: cost of sale of 25% shares to chinese consortium by DSE as per demutualization scheme	-	-
<b>Closing balance</b>	<b>225,000</b>	<b>225,000</b>

The subsequent measurement of Investment in exchange shares (DSE) are made at cost due to not having active market for this kind of shares.

Number of shares	Face value per share (Taka)	Total face value (Taka)
2,886,042 nos. ordinary shares of DSE	10	28,860,420
2,525,287 nos. ordinary shares kept in a blocked account of DSE maintained with CDBL under demutualization scheme	10	25,252,870
<b>Total</b>		<b>54,113,290</b>

	<b>2020</b>	<b>2019</b>
	<b>Taka</b>	<b>Taka</b>
<b>15 Payable to clients</b>		
Payable to cash clients	115,887,274	50,509,924
Payable to margin clients	319,193	68,024
	<b>116,206,467</b>	<b>50,577,947</b>
<b>16 Short term business liabilities</b>		
Payable to BDBL - parent company (note: 16.1)	20,644,049	13,381,388
	<b>20,644,049</b>	<b>13,381,388</b>
16.1 Payable to BDBL - parent company		
Opening balance	13,381,388	6,149,055
Add: addition during the year	37,262,661	7,232,333
	50,644,049	13,381,388
Less :paid during the year	30,000,000	-
Closing balance	<b>20,644,049</b>	<b>13,381,388</b>
*Details are shown in 'Annexure -D'		
<b>17 Payable to exchange (DSE)</b>		
Payable to DSE - client A/C (note: 17.1)	97,075	34,499
Payable to DSE - dealer A/C (note: 17.2)	298,225	324
Payable to consolidated customer A/C	69,800	-
	<b>465,100</b>	<b>34,823</b>
17.1 Payable to DSE- client A/C		
Payable against ABG and N category	56,792	11,496
Payable against spot category	-	506
Payable against Z category	40,283	22,498
	<b>97,075</b>	<b>34,499</b>
17.2 Payable to DSE- dealer A/C		
This represent laga charge and tax of trading of shares on 31-12-2020 under dealer account which was subsequently paid.		
<b>18 Other liabilities and provision</b>		
Provision for receivable from margin clients (note: 18.1)	464,850	192,935
Provision for diminution in value of proprietary position in securities and other investment (note: 18.2)	56,289,938	49,988,174
Provision for income tax (note: 18.3)	33,806,765	24,456,589
Provision for Expenses (note: 18.4)	288,400	193,609
IPO application account	4,842,000	-
	<b>95,691,953</b>	<b>74,831,307</b>
18.1 Provision for receivable from margin clients		
(a) Equity surplus (erosion):		
Value of securities in margin client A/C	145,642,760	69,431,315
Receivable from margin clients	46,484,978	19,293,535
Equity surplus (erosion) in margin client A/C	99,157,782	50,137,780

	<b>2020</b>	<b>2019</b>
	<b><u>Taka</u></b>	<b><u>Taka</u></b>
(b) Provision maintained:		
Opening balance	192,935	-
Add: provision made for the year	271,915	192,935
	464,850	192,935
Less: adjustment during the year	-	-
<b>Closing balance</b>	<b>464,850</b>	<b>192,935</b>

Provision of Tk 464,850 being 1% of outstanding margin exposures has been made for the year as mandatory provision as prescribed by part 'B' of schedule 'C' rule 5(2) of Risk Based Capital Adequacy Rules, 2019.

18.2 Provision for diminution in value of proprietary position in securities and other investment		
Opening balance	49,988,174	36,387,254
Add: provision made for the year	6,301,764	13,600,920
	56,289,938	49,988,174
Less: adjustment during the year	-	-
<b>Closing balance</b>	<b>56,289,938</b>	<b>49,988,174</b>

As per Bangladesh Securities and Exchange Commission's directive no. BSEC/CMRCD/2009-193/196 dated 28-12-2016 & directive no. BSEC/SRI/POLICY/3/2020/68 dated 12-01-2020, the company may keep 20% provision for unrealized loss in company's own investment portfolio account (Dealer account). Total unrealized loss in company's own investment portfolio account stood at Tk. 18,76,33,125 (note: 7 & 8) as on 31-12-2020. The company has already maintained provision for Tk. 4,99,88,174 as on 01-01-2020 which comes to 26.64% of the required provision. Further, an amount of Tk. 6,301,764 has been provided for during the year. As a result total provision stood at Tk 56,289,938 as on 31-12-2020 which comes to 30% of the required provision. The shortfall amount will be provided for in the financial statements within December 31, 2022 as per BSEC directive no. BSEC/SRI/POLICY/3/2020/68 dated 12-01-2020.

18.3 Provision for income tax		
Opening balance	24,456,589	16,889,909
Add: provision made for the year	8,998,849	7,566,680
Add: provision made for the year FY: 2014-2015	200,225	-
Add: provision made for the year FY: 2015-2016	2,718,074	-
	36,373,737	24,456,589
Less: adjustment FY: 2015-2016	(2,566,972)	-
Closing balance	<b>33,806,765</b>	<b>24,456,589</b>
18.4 Provision for expenses		
Electricity bills	1,876	6,022
Water bill	5,245	7,517
Tax assessment fee K.M. Hasan & Co.	57,500	51,750
Dish bill	-	10,500
Telephone bill	389	1,349
CDS charges payable to CDBL	124,405	24,027
DSE charges payable to DSE	1,000	1,492
Audit fees	69,000	69,000
API connectivity charge	1,435	752
Salary & allowance	27,550	21,200
	<b>288,400</b>	<b>193,609</b>

	<b>2020</b>	<b>2019</b>	
	<b>Taka</b>	<b>Taka</b>	
<b>19 Lease liabilities - current portion</b>			
Lease liabilities - current portion	2,388,903	-	
Less: lease liabilities paid during the year	(427,264)	-	
<b>Closing balance</b>	<b>1,961,639</b>	<b>-</b>	
This represents short term lease liabilities which are payable within next 12 months from January 2021.			
<b>20 Lease liabilities - non current portion</b>			
Total lease liabilities	3,690,708	-	
Less: transfer to-current portion	(2,388,903)	-	
<b>Closing balance</b>	<b>1,301,805</b>	<b>-</b>	
<b>21 Deferred tax and other deferred liabilities</b>			
Deferred tax liabilities ( note: 21.1)	78,215	116,304	
Other deferred liabilities	-	-	
<b>Closing balance</b>	<b>78,215</b>	<b>116,304</b>	
<b>21.1 Deferred tax liabilities / (assets)</b>			
Opening balance	116,304	153,834	
Addition during the year	(38,090)	(37,530)	
<b>Closing balance</b>	<b>78,215</b>	<b>116,304</b>	
Calculation of deferred tax liabilities	Carrying amount	Tax base	Taxable/ (deductible) temporary difference
	BDT	BDT	BDT
<b>As on 31 December 2020</b>			
Property, plant and equipment	5,039,331	5,005,364	33,967
Intangible asset- ADA software	259,840	53,147	206,693
			240,660
Applicable tax rate			32.5%
			<b>78,215</b>
<b>22 Share capital</b>			
<u>Authorized capital</u>			
50,000,000 ordinary shares of BDT 10 each	<b>500,000,000</b>	<b>500,000,000</b>	
<u>Issued, subscribed and paid up capital</u>			
50,000,000 ordinary shares of Tk. 10 each fully paid	<b>500,000,000</b>	<b>500,000,000</b>	
<b>Details of shareholding position :</b>			
<u>Name of shareholders</u>	<u>No. of shares</u>		
Bangladesh Development Bank (Represented by: Kazi Alamgir Managing Director & CEO)	49,999,994	499,999,940	499,999,940
Muhammad Aminul Hoque FCA	1	10	10
Dr. Md. Hamid Ullah Bhuiyan	1	10	10
Md. Abdur Rouf	1	10	10
Md. Abdul Matin	1	10	10
Dr. Syed Mohammad Moazzam	1	10	10
Md. Mahin Uddin	1	10	10
	<b>50,000,000</b>	<b>500,000,000</b>	<b>500,000,000</b>



	<b>2020</b>	<b>2019</b>
	<b>Taka</b>	<b>Taka</b>
22.1 Capital to regulatory capital requirement :		
A. Eligible capital		
(i) Core capital		
Paid up capital	500,000,000	500,000,000
Capital reserve	3,784,418	2,861,856
Retained earnings	88,096,610	66,348,815
	<u>591,881,028</u>	<u>569,210,671</u>
(ii) Supplementary capital		
General provision (20%)	371,880	154,348
Specific provision	39,402,957	34,991,722
	<u>39,774,837</u>	<u>35,146,070</u>
B. Total eligible capital (i+ii)	<u>631,655,865</u>	<u>604,356,741</u>
C. Total risk requirement	67,377,959	64,980,624
D. Required capital (120% of total risk requirement)	80,853,551	77,976,749
E. Capital surplus (B-D)	550,802,314	526,379,992
F. Capital adequacy ratio	937.48%	930.06%
Core capital to total risk requirement	878.45%	875.97%
Supplementary capital to total risk requirement	59.03%	54.09%
G. Operational risk requirement	3,081,807	2,674,334
H. Core capital to operational risk requirement (minimum 100%)	192.06 times	212.84 times

The detail computation of capital adequacy has been shown "Annexure - A".

22.2 Net capital to aggregate liabilities:

<b>Liquid assets:</b>	<b>Amount</b>	<b>Amount</b>
Cash in hand or in bank	116,910,616	53,939,135
Long proprietary securities positions at market value	23,129,829	24,135,166
Customers' debit balances receivable within thirty days	-	243,756
Interest, dividend or commission receivable within thirty	9,261,593	6,791,786
Amounts receivable in the ordinary course of business, but excluding amounts which are due to be settled against delivers of security and remain outstanding for more than five banking days	23,363,723	5,325,871
Market value of net investment in securities traded in a stock exchange	380,150,633	331,554,513
<b>Total liquid assets (A)</b>	<b><u>552,816,394</u></b>	<b><u>421,990,227</u></b>
<b>Designated liabilities:</b>		
Amount payable in the ordinary course of dealing in securities	465,100	34,823
Accrued expenses including payable to BDBL	20,932,449	13,574,997
Tax payable (net)	1,621,312	3,317,127
All other liabilities that are regarded as liabilities under generally accepted accounting principles in Bangladesh which are payable within thirty days.	121,048,467	50,577,947
<b>Total designated liabilities (B)</b>	<b><u>144,067,328</u></b>	<b><u>67,504,894</u></b>
<b>Net capital balance (A-B)</b>	<b><u>408,749,066</u></b>	<b><u>354,485,333</u></b>
Aggregate liabilities={((total liabilities-total tax paid in advance (note:10))}	<b><u>204,163,775</u></b>	<b><u>117,802,307</u></b>
<b>Net capital to aggregate liabilities</b>	<b><u>1 : 0.50</u></b>	<b><u>1 : 0.33</u></b>
<b>Maximum acceptable ratio</b>	<b>1 : 20</b>	<b>1 : 20</b>

	<b>2020</b> <b>Taka</b>	<b>2019</b> <b>Taka</b>
<b>23 Capital reserve</b>		
Opening balance	2,861,856	-
Add: addition during the year	922,562	2,861,856
<b>Closing balance</b>	<b>3,784,418</b>	<b>2,861,856</b>
<p>The above Capital reserve has been created @10% of profit after tax of last year as prescribed by part 'B' of schedule 'C' of Risk Based Capital Adequacy Rules, 2019.</p>		
<b>24 Retained earnings</b>		
Opening balance	66,348,815	59,985,056
Add: net profit after tax during the year	22,670,356	9,225,615
Less: amount transferred to capital reserve (note: 24.1)	922,562	2,861,856
<b>Closing balance</b>	<b>88,096,610</b>	<b>66,348,815</b>
<p>24.1 An amount of Tk. 9,22,562 has been transferred to capital reserve account being 10% of profit after tax of last year as required by part 'B' of schedule 'C' rule 5(2) of Risk Based Capital Adequacy Rules,2019.</p>		
<b>25 Net asset value (NAV) per share</b>		
Net asset value (NAV)	591,881,027	569,210,671
Number of ordinary shares	50,000,000	50,000,000
	<b>11.84</b>	<b>11.38</b>
<b>26 Realized gain on sale of shares</b>		
Realized gain from sale of shares-dealer account ( note: 26.1)	7,854,988	7,632,022
Realized gain from sale of shares-strategic account (note: 26.2)	1,348,762	3,053,000
	<b>9,203,750</b>	<b>10,685,022</b>
26.1 Sale of securities during the year at market price (dealer A/c)	26,818,421	30,304,873
Less: cost of securities sold during the year (dealer A/c)	(18,963,433)	(22,672,851)
Realized gain/(loss) (dealer A/c)	7,854,988	7,632,022
26.2 Sale of securities during the year at market price (strategic A/c)	6,951,308	19,815,864
Less: cost of securities sold during the year (strategic A/c)	(5,602,546)	(16,762,864)
Realized gain/(loss) (strategic A/c)	1,348,762	3,053,000
<b>27 Other operating income</b>		
IPO commission	19,195	21,965
BO A/C opening fees	99,500	49,500
Annual account maintenance fee	736,200	789,300
Share transfer fees	5,335	-
Documentation fee	37,500	39,000
	<b>897,730</b>	<b>899,765</b>
<b>28 Cost of services</b>		
Howla charges	2,300	450
Laga charges (customer)	1,529,649	600,548
Laga charges (dealer)	10,007	16,203
DSE charges & fees	7,608	4,492
CDS charges & fees	838,404	326,664
ISP/connectivity charges	185,712	185,712
	<b>2,573,681</b>	<b>1,134,069</b>

	<b>2020</b>	<b>2019</b>
	<b>Taka</b>	<b>Taka</b>
<b>29 Administrative and general expenses</b>		
Salary and allowances	6,716,592	6,028,619
Festival & incentive bonus	1,027,800	1,494,987
Honorarium to directors and meeting related expenses	487,600	607,200
Chairman's honorarium	138,000	57,500
Annual general meeting expenses	200,000	219,530
Lunch subsidy	260,200	283,200
Office rent expense (note: 29.1)	1,814,400	2,318,400
Bank charges	68,790	50,558
Repair & maintenance	53,433	163,810
Printing and stationery	59,227	73,304
Conveyance	104,510	99,975
Postage and courier	210	175
Electrical goods	82,230	2,850
IPO charges & fees	30,000	15,000
Push SMS cost	10,684	7,826
Advertisement (recruitment & publicity)	30,188	52,237
CDBL annual account maintenance fee	616,250	598,700
Recreation leave expenses	-	16,760
Entertainment	198,684	370,414
Car maintenance	484,709	480,000
Business development	269,200	220,800
Books, periodical, & newspaper	5,506	7,410
Renewal & registration fee	180,878	264,690
Stamp Duty & revenue stamp	46,095	39,860
Telephone & mobile bill	34,237	21,767
Dish bill	4,800	21,000
Utility/electricity bill	49,235	105,450
Water bill	84,344	95,248
VAT	600	800
Crockery & cutlery	5,000	4,733
Audit fee	69,000	69,000
Tax advisor fee	57,500	51,750
Depreciation	1,188,817	788,586
Amortization on software	52,334	57,936
Miscellaneous	68,625	74,636
Back office software maintenance fee	75,000	-
RJSC Related expenses	133,000	-
	<b>14,707,678</b>	<b>14,764,711</b>
29.1 Office rent expense	2,318,400	2,318,400
Less: lease liabilities paid	(427,264)	-
Less: transfer to finance expense as per IFRS 16	(76,736)	-
Closing balance	<b>1,814,400</b>	<b>2,318,400</b>
<b>30 Other income</b>		
Interest on SND bank account	4,918,317	5,993,577
	<b>4,918,317</b>	<b>5,993,577</b>
<b>31 Provision for taxation</b>		
Current tax expense	8,998,849	7,566,680
Provision of income tax for prior years:	Sd/-	-
FY: 2014-2015 (AY: 2015-2016)	200,225	-
FY: 2015-2016 (AY: 2016-2017)	2,718,074	-
	11,917,148	7,566,680
Deferred tax expense/(income)	(38,090)	(37,530)
	<b>11,879,059</b>	<b>7,529,150</b>

### 32 Earnings per share

	2020 <u>Taka</u>	2019 <u>Taka</u>
Net profit during the year	22,670,356	9,225,615
No. of shares	50,000,000	50,000,000
	<b>0.45</b>	<b>0.18</b>

### 33 Related party transactions (IAS-24)

The Company has carried out the following transactions with related party in the normal course of business:

Related party name	Relationships	Opening balance	Addition during the year	Paid during the year	Closing balance	Nature of transaction
BDBL	Parent Company	13,381,388	37,262,661	30,000,000	20,644,049	For payment of salary allowances of deputed employees & others.

### 34 Cash flows from operating activities under indirect method

#### Cash flows from operating activities

Net profit before tax & interest paid on lease liabilities	34,626,150	16,754,765
Depreciation	1,188,817	788,586
Amortization on software	52,334	57,936
	35,867,301	17,601,287
<b>Changes in working capital</b>		
(Increase)/Decrease in receivable from securities trading	(16,249,150)	(3,722,115)
(Increase)/Decrease in receivable from margin clients	(27,191,443)	(19,293,535)
(Increase)/Decrease in receivable from other clients	(113,007)	(139,202)
(Increase)/Decrease in other receivables	(2,469,808)	(3,938,090)
(Increase)/Decrease in proprietary positions in securities and other investments	2,815,012	(24,019,182)
Increase/(Decrease) in payable to clients	65,628,520	(8,143,438)
Increase/(Decrease) in short term business liabilities	7,262,661	7,232,333
Increase/(Decrease) in payable to exchange (DSE)	430,277	(109,397)
Increase/(Decrease) in other liabilities and provisions	11,510,470	13,796,361
	41,623,532	(38,336,265)
Income tax paid	(13,612,963)	(5,800,825)
<b>Net cash provided from operating activities</b>	<b>63,877,869</b>	<b>(26,535,802)</b>

### 35 Financial risk management

The management of BISL has overall responsibility for the establishment and oversight of the company's risk management framework. Risk management policies, procedure and system are reviewed regularly to reflect changes in market conditions and the company's activities. The company has exposure to the following risks for its uses of financial instruments.

#### a) Credit risk:

Credit risk is the risk of a financial loss to the company if a customer or counter party to a financial instrument fails to meet its contractual obligations and arises principally from the company's receivables. BISL provide margin loan to its client and therefore have exposure to credit risk. Risk exposures from other financial assets i.e. cash at bank and other external receivables are nominal.

### b) Liquidity risk:

Liquidity risk arises when a company encounters difficulty in meeting its obligations associated with financial liabilities that require to be settled either through cash or any other financial asset. BISL analyses the expected changes of its liquidity by comparing the maturity of its receivables and payables. Therefore, purpose of liquidity risk management is to assess the necessity of funds to meet financial obligations on time. The company's approach to managing liquidity (cash and cash equivalents) is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the company's reputation. In extreme stressed conditions the company may get support from the parent company in the form of short term financing.

### c) Market risk:

Market risk arises when the fair value or future cash flows of financial instruments of the company fluctuate due to changes in market variables, mainly equity price. BISL defines market risk as the risks taken in relation to price fluctuations in the financial market.

Equity risk is the potential loss due to an adverse change in the stock price and any negative change in stock price either leads to a loss or diminution in investments value. Equity risk remains the main market risk considering the company has an equity portfolio in excess of taka 0.59 billion as at the balance sheet date. This is managed on a portfolio basis based on trading or strategic investment. The company's accounting policies ensure to reflect investments in marketable securities at fair value recognizing any realized gain or loss through profit and loss.

The risk of exchange rate movement does not impact this company directly because the BISL do not deal with foreign currency. The risk due to changes of interest rate on borrowing is insignificant.

## 36 Impact of Covid - 19 pandemic

On 11 March 2020, World Health Organization (WHO) declared a global pandemic due to corona virus related respiratory disease commonly called as covid-19. To contain the spread of this disease along with many other countries of the world, Government of Bangladesh has also taken a number of measures such as declaration of general holiday, enforcement of lock down, social distancing etc. As a result of these measures, all business economic activities as well as capital market here adversely affected. Due to efficient management of BISL and capital market turned into positive market trend BISL profitability increased from last year.

## 37 Events after the reporting period

- 37.1 The Board of Directors in its meeting held on 22 March 2021 approved the financial statements for the year ended 31 December, 2020. The Board of Directors also authorized the same for issue.
- 37.2 Except above, there was no other significant event occurred till the date of signing the financial statements.

Sd/-

\_\_\_\_\_  
Chief Executive Officer

Sd/-

\_\_\_\_\_  
Director

Sd/-

\_\_\_\_\_  
Chairman

**Place: Dhaka**

Date: 22 March 2021

## Independent Auditor's Report

### Statement Showing Computation of Capital Adequacy

#### For the year ended 31 December 2020

"Annexure-A"

#### A. Eligible Capital

Components	Amount	Haircut%	Haircut Amount	2020	2019
				Taka	Taka
Paid-up-capital	500,000,000	-	-	500,000,000	500,000,000
Capital reserve	3,784,418	-	-	3,784,418	2,861,856
Retained earnings	88,096,610	-	-	88,096,610	66,348,815
<b>Sum of core capital</b>	<b>591,881,027</b>	-	-	<b>591,881,027</b>	<b>569,210,671</b>
General provision on margin	464,850	20%	92,970	371,880	154,348
Specific provision on portfolio	56,289,938	30%	16,886,981	39,402,957	34,991,722
<b>Sum of supplementary capital</b>	<b>56,754,788</b>		<b>16,979,951</b>	<b>39,774,837</b>	<b>35,146,070</b>
<b>Total capital</b>	<b>648,635,815</b>		<b>16,979,951</b>	<b>631,655,864</b>	<b>604,356,741</b>

#### B. Total Risk Requirement

	Risk factor	Applicable amount	Applicable amount
<b>Operation Risk Requirement (ORR)</b>			
Based on Average Annual Gross Income (see clause (b) of sub-rule	5%	3,081,807	2,674,334
<b>Position Risk Requirement (PRR)</b>			
<b>Proprietary positions in equity securities of dealer &amp; strategic investment:</b>			
Value of "A" category securities	10%	52,483,225	53,798,117
Value of "B/G/N." category securities	12%	6,774,709	5,528,028
Value of "Z" category instruments	15%	1,070,631	1,405,829
Value of listed funds	10%	248,789	30,834
<b>Counterparty Risk Requirement (CPRR)</b>			
Exposure of credit facilities to clients	8%	3,718,798	1,543,483
<b>Total Risk Requirement</b>		<b>67,377,959</b>	<b>64,980,624</b>

#### C. Capital Adequacy Ratio

$$\begin{aligned}
 \text{Capital Adequacy Ratio (CAR)} &= \frac{\text{Total Capital (TC)}}{\text{Total Risk Requirement (TRR)}} \times 100 = 937.48 \% \text{ i.e. } 9.37 \text{ times} \\
 &= \frac{631,655,864}{67,377,959} \times 100 = 937.48 \% \text{ i.e. } 9.37 \text{ times}
 \end{aligned}$$

Sd/-  
Chief Executive Officer

Sd/-  
Director

Sd/-  
Chairman

Sd/-

**MD. AMIRUL ISLAM FCA, FCS**  
Senior Partner, Enrol. No. 331

Sd/-  
**K. M. Hasan & Co.**  
Chartered Accountants  
DVC No. 2103250331AS276924

**Place: Dhaka**  
Date: 22 March 2021

**BDBL Investment Services Limited**  
**Schedule of Property, Plant & Equipment**  
**For the year ended 31 December 2020**

"Annexure- B"

Amount in Taka

Particulars	Cost				Rate %	Depreciation			Written down value as on 31.12.2020	
	Balance as on 01.01.2020	Addition during the year	Disposal/Adjustment during the year	Reclassification during the year		Balance as on 31.12.2020	Charged during the year	Disposal/Adjustment during the year		Balance as on 31.12.2020
	Taka	Taka	Taka	Taka		Taka	Taka	Taka		Taka
<b>Property, plant and equipment</b>										
Furniture & fixtures	1,990,563	-	-	-	10%	1,990,563	128,323	-	835,655	1,154,908
Office equipment	1,110,831	33,750	-	-	20%	1,144,581	99,829	-	727,038	417,543
Computer, printer & IT equipment	1,105,233	51,715	-	-	20%	1,156,948	115,272	-	685,373	471,575
Air conditioners	918,100	266,000	-	-	20%	1,184,100	109,632	-	658,594	525,506
Interior decoration	4,383,420	-	-	-	10%	4,383,420	274,422	-	1,913,620	2,469,800
<b>Balance as on 31 December 2020</b>	<b>9,508,147</b>	<b>351,465</b>	<b>-</b>	<b>-</b>		<b>9,859,612</b>	<b>727,479</b>	<b>-</b>	<b>4,820,281</b>	<b>5,039,331</b>
<b>Balance as on 31 December 2019</b>	<b>9,430,550</b>	<b>77,597</b>	<b>-</b>	<b>-</b>		<b>9,508,147</b>	<b>788,586</b>	<b>-</b>	<b>4,092,802</b>	<b>5,415,345</b>
Right of use assets	-	3,690,708	-	-		3,690,708	461,339	-	461,339	3,229,370

**BDBL Investment Services Limited**  
**Schedule of Intangible Asset**  
**For the year ended 31 December 2020**

"Annexure-C"

Amount in Taka

Particulars	Cost				Rate %	Amortization			Written down value as on 31.12.20
	Balance as on 01.01.2020	Addition during the Year	Disposal/ Adjustment during the year	Reclassification during the year		Balance as on 31.12.2020	Charged during the Year	Disposal/ Adjustment during the year	
	Taka	Taka	Taka	Taka		Taka	Taka	Taka	Taka
Software	445,450	50,925	-	-	20%	184,201	52,334	-	236,535
<b>Balance as on 31 December 2020</b>	<b>445,450</b>	<b>50,925</b>	<b>-</b>	<b>-</b>		<b>184,201</b>	<b>52,334</b>	<b>-</b>	<b>236,535</b>
<b>Balance as on 31 December 2019</b>	<b>415,450</b>	<b>30,000</b>	<b>-</b>	<b>-</b>		<b>126,265</b>	<b>57,936</b>	<b>-</b>	<b>184,201</b>
									<b>259,840</b>
									<b>259,840</b>



**BDBL Investment Services Limited**  
**Schedule of Payable to BDBL**  
**For the year ended 31 December 2020**

"Annexure-D"

Amount in Taka

Sl. No.	Items settled by BDBL on behalf of BISL	Balance as on 01.01.2020	Addition during the year	Paid during the year	Balance as on 31.12.2020
1	Salary & allowances	9,491,239	5,630,242	-	15,121,481
2	Closing entertainment	11,000	20,000	-	31,000
3	Lunch subsidy	533,600	260,200	-	793,800
4	Entertainment allowance to DGM	48,000	24,710	-	72,710
5	Incentive bonus	1,278,865	228,850	-	1,507,715
6	Festival bonus	1,004,644	613,950	-	1,618,594
7	Car maintenance allowance to DGM	960,000	484,709	-	1,444,709
8	Recreation leave	54,040	-	-	54,040
9	Short term liabilities	-	30,000,000	30,000,000	-
	<b>Total</b>	<b>13,381,388</b>	<b>37,262,661</b>	<b>30,000,000</b>	<b>20,644,049</b>

**BDBL Investment Services Limited**  
**Income Tax Assessment Status**  
**For the year ended 31 December 2020**

**"Annexure-E"**

Assessment year	Tax provision made in accounts	Tax liability as per return	Total tax paid in advance	Assessment status
2017-2018	2,401,480	2,373,908	2,985,381	Return submitted u/s 82BB
2018-2019	6,599,736	6,599,736	6,599,736	Return submitted u/s 82BB
2019-2020	8,240,020	8,240,020	8,240,020	Return submitted u/s 82BB
2020-2021	7,566,680	7,416,840	7,416,840	Return submitted u/s 82BB
2021-2022	8,998,849		6,943,476	Return to be submitted
<b>Total</b>	<b>33,806,765</b>	<b>24,630,504</b>	<b>32,185,453</b>	

**BDBL INVESTMENT SERVICES LIMITED**  
**Computation of Total Income and Tax Liability**  
**Income year ended on 31 December 2020**  
**Assessment year: 2021 - 2022**

**Annexure-F**

Particulars	<u>Note</u>	<u>Taka</u>	<u>Taka</u>
Net profit as per profit and loss account before tax			34,549,414
<b>Add: expenses add back for separate consideration</b>			
Accounting depreciation on fixed assets	29	779,812	
Accounting depreciation as per IFRS 16		461,339	
		<u>1,241,151</u>	
Entertainment	29	198,684	
Provision for diminution in value of investment in marketable securities	18.2	6,301,764	7,741,599
			<u>42,291,013</u>
<b>Less: income for separate consideration:</b>			
Interest on SND Bank account	30	4,918,317	
Dividend income	P/L	19,471,510	
Add: last year dividend receivable	9	6,791,785	
Less: current year dividend receivable	9	9,261,593	
		<u>17,001,702</u>	
Capital gain from sale of share	26	9,203,750	31,123,769
			<u>11,167,244</u>
<b>Less: admissible expense</b>			
Tax depreciation		662,714	
Accounting depreciation & interest charge lease & liabilities (as per IFRS 16)		461,339	
Rent adjustment as per IFRS 16 Note:29.01		504,000	1,628,053
			<u>9,539,191</u>
Less: entertainment rule 65c			198,684
			<u>9,340,507</u>
		<b>Business Income</b>	<u>9,340,507</u>
<b>Income calculation for provision for taxation</b>			
Brokerage commission final settlement u/s 82c		3,079,681 X 100	9,475,942
		32.5	
<b>Add: Income other than Business:</b>			
Interest on SND Bank Account		4,918,317	
Dividend Income		19,471,510	
Add: Last Year Dividend Receivable		6,791,785	
Less: Current Year Dividend Receivable		9,261,593	
		<u>17,001,702</u>	
Capital gain from sale of share		9,203,750	31,123,769
			<u>40,464,276</u>
		Total income	<u>40,464,276</u>
<b>Tax calculation:</b>			
Tax on business income	9,340,507	32.5%	-
Tax On brokerage commission	9,475,942	32.5%	3,079,681
Tax on interest on SND bank account	4,918,317	32.5%	1,598,453
Tax on dividend income	17,001,702	20%	3,400,340
Tax on sale of share	9,203,750	10%	920,375
	<u>40,464,276</u>	<b>Total tax liability</b>	<u>8,998,849</u>

A large, central graphic element resembling a framed picture. The frame is dark grey with a double-line border. The background is a vibrant green. On the left side, a thin white vertical line curves upwards, with several white leaf-like shapes attached to it. In the bottom right corner of the green area, the words 'Photo Gallery' are written in a large, white, serif font.

# Photo Gallery

## Important Events of BDBL



Hon'ble Finance Minister A H M Mustafa Kamal, FCA, MP & Governor of Bangladesh Bank Mr. Fazle Kabir attended at the Annual Branch Managers' Conference-2020 of BDBL



Photo Session of Hon'ble Finance Minister, Governor of Bangladesh Bank, Chairman, Managing Director & CEO with employees of BDBL

## Important Events of BDBL



Mujib Barsha Countdown at BDBL launched by Managing Director & CEO



Inauguration of Bangabandhu Corner at BDBL Bhaban by Chairman of BDBL

# Important Events of BDBL



10th Annual General Meeting of BDBL held through digital platform



Celebration of 10th anniversary of BDBL

# Important Events of BDBL



252th meeting of the Board of Directors of BDBL held through digital platform



80th Audit Committee meeting of BDBL held through digital platform



# Important Events of BDBL



Executive Committee meeting of BDBL held through digital platform



27th Risk Management Committee meeting of BDBL held through digital platform

# Important Events of BDBL



10th Annual General Meeting of BDBL Securities Limited (BSL), a subsidiary company of BDBL held through digital platform



6th Annual General Meeting of BDBL Investment Services Limited (BISL), a subsidiary company of BDBL held through digital platform

## Important Events of BDBL



Inauguration of 47th Branch of BDBL at Moharajpurhat, Chapainawabganj by Director of BDBL



Inauguration of Automated Treasury Challan at BDBL by Managing Director & CEO

# Important Events of BDBL



Inauguration of e-nothi live at BDBL by Managing Director & CEO



Inauguration of Deposit Collection Month-2020 by Managing Director & CEO

## Important Events of BDBL



Managing Director & CEO of BDBL handed over cheque to a needy family under Corporate Social Responsibility



Training course on Customer Relationship & Cash Management inaugurated by Chairman of BDBL

## Important Events of BDBL



Orientation program for newly appointed officers inaugurated by Chairman of BDBL



A foundation course inaugurated by Chairman of BDBL

## Important Events of BDBL



Inaugural Ceremony of training course on e-GP



Certificate distribution by Managing Director & CEO of BDBL on completion of a training course

## Important Events of BDBL



SME Women Entrepreneur Desk in Motijheel branch of BDBL



Daily Branch Transaction of BDBL during COVID-19 situation



## Important Events of BDBL



Members of the Board of Directors of BDBL led by Chairman attended the Picnic-2020 of BDBL



Members of the Board of Directors of BDBL with employees on the occasion of Picnic-2020 of BDBL

# A View of BDBL Financed Project



Confidence Power Rangpur Ltd., a 113 MW Power Plant project at Rangpur financed by BDBL



Delta Spinners Ltd., a textile spinning project at Mymensingh financed by BDBL

## A View of BDBL Financed Project



Ganga Foundry Ltd., a foundry project of Pran-RFL Group at Rangpur financed by BDBL



Ara Dairy Farm, an women entrepreneur project at Bogura financed by BDBL

# Observance of National Days



Bank Management including Officers & Staffs observed The Language Martyrs Day



Tribute to the Father of the Nation Bangabandhu Sheikh Mujibur Rahman on his 100th Birthday by Bank Management including Officers & Staffs

## Observance of National Days



Tribute to the Father of the Nation Bangabandhu Sheikh Mujibur Rahman on The National Mourning Day by Bank Management including Officers & Staffs



Food distribution to the Pooors by Managing Director & CEO of BDBL on The National Mourning Day

# Observance of National Days



Relief distribution program of BDBL on the occasion of The National Mourning Day



Tree plantation program of BDBL (Uttara premises) on the occasion of The National Mourning Day

# Observance of National Days



Tree plantation program of BDBL on the occasion of The National Mourning Day



A discussion meeting on the occasion of the Victory Day

## Organizational Network Address (At the year end of 2020)

### Head Office

Bangladesh Development Bank Limited.  
 BDBL Bhaban, 8 RAJUK Avenue, Motijheel, Dhaka-1000  
 Phone- 02-9555151-59,02-9560014-15, 02-9563476  
 Fax : 02-9562061,02 - 9557622,Website : www.bdbl.com.bd

### Zonal Offices

#### 1. Dhaka North

BDBL Bhaban  
 12 Karwan Bazar,  
 Dhaka -1215  
 Phone: 02- 9144177, 9144172  
 Fax : 02- 9111274

#### 2. Dhaka South

Head Office 8, Rajuk Avenue,  
 Dhaka Dhaka - 1000  
 Phone: 02- 9515063  
 Email :  
 zone\_dhaka\_south@bdbl.com.bd

#### 3. Chattogram

106 Agrabad Commercial Area,  
 Chattogram  
 Phone : 031-710411, 031- 2520819  
 031-711022  
 Fax : 0321-2521202

#### 4. Rajshahi

108/6 Kumarpara  
 (Dhaka Mahasarak), Rajshahi.  
 Phone : 0721-772689  
 Fax : 0721-774701

#### 5. Sylhet

Alo-01, Century Shopping Centre  
 (1st Floor), Sunamganj Road,  
 Aberkhana, Sylhet  
 Phone : 0821-716627, 0821-726470

#### 6. Khulna

25-26, KDA Commercial Area  
 Upper Jashore Road, Khulna.  
 Phone : 041-720263  
 Fax : 041-720262

### Branches

#### 1. Principal Branch

BDBL Bhaban (Level- 1)  
 8 RAJUK Avenue,  
 Motijheel, Dhaka-1000  
 Phone : 02-9558326, 9550012  
 9569908 (BACH),Fax : 02-9557622

#### 2. Motijheel Branch

49 Motijheel Commercial  
 Area (Ground Floor),  
 Dhaka-1000  
 Phone : 02- 9560169  
 Fax : 02-7110659

#### 3. Karwan Bazar Branch

BDBL Bhaban  
 12 Karwan Bazar,  
 Dhaka-1215  
 Phone : 02- 9144173, 02-9144174  
 Fax : 02-91111274 (IBD)

#### 4. Mymensingh Branch

19/D Shaheb Ali Road,  
 Natun Bazar, Mymensingh  
 Phone : 091-65825  
 Fax : 091-65825

#### 5. Faridpur Branch

Maya Plaza, 53/48 Niltuly,  
 Faridpur.  
 Phone : 0631-63267  
 Fax : 0631-64465

#### 6. Agrabad Branch

106 Agrabad Commercial  
 Area, Chattogram.  
 Phone : 031-716178, 2520425,  
 2514258, Fax : 031-2521202

#### 7. Cumilla Branch

Samabay Bank Bhaban,  
 Kandirpar, Cumilla  
 Phone : 081-76191

#### 8. Noakhali Branch

434 Dakkhin Bazar,  
 Choumuhuni, Noakhali  
 Phone : 0321-52306  
 Fax : 0321-51274

#### 9. Sylhet Branch

1375 (Kha), Syeed Complex  
 (1st floor ), Ambar Khana, Sylhet  
 Phone : 0821-716627  
 Fax : 0821-716627



**10. Rajshahi Branch**

108/6 Kumarpara  
(Dhaka Mahasarak), Rajshahi  
Phone : 0721-772337, 775802  
Fax : 0721-774701

**11. Bogura Branch**

Jewel Plaza (1st Floor)  
College Road, Kalitola, Bogura.  
Phone : 051-66154  
Fax : 051-66154

**12. Pabna Branch**

Bhai Bhai Super Market  
Bhaban (1st floor)  
Abdul Hamid Road, Pabna  
Phone : 0731-66160  
Fax : 0731-66160

**13. Rangpur Branch**

Sharif Building  
Station Road, Rangpur  
Phone : 0521-62487  
Fax : 0521-55287

**14. Dinajpur Branch**

Adhunik Abedin Complex  
(1st floor)  
Gonesh Tola, Dinajpur  
Phone : 0531-63972  
Fax : 0531-64635

**15. Khulna Branch**

25-26 KDA  
Commercial Area,  
Upper Jashore Road, Khulna  
Phone : 041-720261, 724710

**16. Jhenaidah Branch**

18 Maowlana Bhashani Sarak,  
Jhenaidah  
Phone : 0451- 62464, 62285

**17. Barishal Branch**

Dr. Sobhan Complex  
130/C Sadar Road, Barishal.  
Phone : 0431-62261  
Fax : 0431-64456

**18. Narayanganj Branch**

10 S M Maleh Road,  
Tan Bazar, Narayanganj  
Phone : 02-7643144  
Fax : 02-7643904

**19. Khatunganj Branch**

6 Ramjoy Mahajan  
Lane, Post Office Goli  
Asadganj, Khatunganj  
Chattogram  
Phone : 031 - 618546, 618547

**20. Elephant Road Branch**

299 Elephant Road,  
Dhaka  
Phone : 02-9675282  
Fax : 02-9677321

**21. Ashuganj Branch**

117 Station Road  
Ashuganj, Brahmanbaria  
Phone: 08528-74009  
Fax : 08528-74008

**22. Madhobdi Branch**

J & J Tower  
Choto Madhobdi, Jalpotti Road  
Madhobdi, Narsingdi  
Phone : 02-9446761  
Fax : 02-9446762

**23. Mokamtola Branch**

Rashida Market,  
Mokamtola Bazar,  
Shibganj, Bogura  
Phone/Mobile : 01755618955

**24. Hossainpur Branch**

Mofiz Mansion School Road,  
Hossainpur Bazar  
Hossainpur, Kishoreganj  
Phone : 0942-556346  
Fax : 0942-556346

**25. Cox's Bazar Branch**

Ume Barmiz Market,  
Main Road,  
Tekpara, Cox's Bazar  
Phone : 0341-63753  
Fax : 0341-63743

**26. Ashulia Branch**

Three Star Super Market  
(1st floor),  
Beronchaitola, Jamgora  
Ashulia, Savar, Dhaka.  
Phone : 02-7789156  
Fax : 02-7789156

**27. Mohadevpur Branch**

Khushi Baniyalyo  
(2nd floor), Barongail Bazar,  
Mohadevpur, Shibalaya,  
Manikganj.  
Phone/Mobile: 01766 679679

**28. Satoria Branch**

Belal Complex,  
Shamsunnahar Eye Hospital  
Satoria- Dorgram Road  
Satoria Bazar, Satoria , Manikganj  
Phone : 02-7725097  
Fax : 02-7725049

**29. Osmaninagar Branch**

DM Tower (1st Floor),  
Doyamir Bazar,  
Balaganj, Sylhet.  
Phone : 0824256101  
Fax : 0824256102

**30. Nabinagar Branch**

Vashan Market (1st Floor),  
701 Salam Road,  
Nabinagar, Brahmanbaria  
Phone : 0852575602

**31. Kazirhat Branch**

Sarker Plaza,  
Uttara EPZ Junction, Songalshi  
Kazirhat, Nilphamari  
Mobile : 01713431502

**32. Moulvibazar Branch**

Rahmania Tower  
361 M. Saifur Rahman Road,  
Moulvibazar  
Phone : 0861 64201  
Fax : 0861 64202

**33. Kanchpur Branch**

Sonargaon Mega Complex (2nd  
Floor), Kanchpur Bridge,  
Sonargaon, Narayanganj  
Mobile : 01709659710

**34. Naogaon Branch**

R Rahman Super Market (2nd  
Floor), 247 Main Road (Batar  
Mor), Naogaon  
Phone : 074181418

**35. Jashore Branch**

Nazima Tower (1st Floor)  
1247-00 M.M. Ali Road,  
Jashore  
Phone : 042161760

**36. Keraniganj Branch**

Semonti Shopping  
Complex (2nd Floor),  
Bridge Road, Aganagar  
Keraniganj, Dhaka  
Mobile : 01911392176

**37. Habiganj Branch**

A R Plaza (1st Floor),  
4162-00 Town Hall Road  
Habiganj  
Phone : 0831 61594  
Fax : 0831 61598

**38. Jainabazar Branch**

Nois Tower (1st Floor),  
Jainabazar,  
Sreepur, Gazipur  
Mobile : 01930312165

**39. Hemayetpur Branch**

Hazi Bashar Shopping  
Complex (2nd floor),  
Bagbari, Hemayetpur  
Savar, Dhaka  
Mobile : 01712873185

**40. Sreenagar Branch**

Sikder Plaza (1st Floor),  
Jhumur Cinema Hall Road,  
Sreenagar, Munshiganj  
Phone : 7627056

**41. Tangail Branch**

Bhasha Saynik Bhaban (1st  
Floor), Main Road, Tangail  
Phone : 092162221

**42. Brahmanbaria Branch**

349/2, Lucky Tower  
(1st floor), East Paikpara,  
Brahmanbaria.  
Mobile : 01711396936

**43. Islampur Branch**

Ayesha Tamim Plaza (1st Floor),  
Major Tila, Islampur Bazar,  
Sylhet  
Phone : 0821 760700

**44. Bhola Branch**

Islam Complex, 46 Mohajon  
Potti, Sadar Road, Bhola  
Phone: 0491-61442

**45. Poradah Branch**

Katdah, Poradah, Kushtia  
Telephone : 01717994602

**46. Tomaltala Branch**

Modina Market (1st Floor),  
Tomaltala bazar road,  
Bagatipara, Natore  
Telephone : 01719862990

**47. Moharajpurhat Branch**

Abdul Kayem Market,  
Moharajpurhat, Chapainawab-  
ganj Sadar, Chapainawabganj  
Telephone : 01725620920

# Zonal Offices and Branches of BDBL





BDBL Karwan Bazar Bhaban, Dhaka-1215



**BDDBL**

**বাংলাদেশ ডেভেলপমেন্ট ব্যাংক লিমিটেড**  
**BANGLADESH DEVELOPMENT BANK LIMITED**

(A STATE OWNED COMMERCIAL BANK)

Website : [www.bdbbl.com.bd](http://www.bdbbl.com.bd)

8, RAJUK Avenue, Dhaka-1000, Bangladesh

PABX : 9555151-59, 9560014-15

Fax : 88-02-9562061, 9557622

Website : [www.bdbbl.com.bd](http://www.bdbbl.com.bd)

SWIFT Code : BDDBBDDH