

Treasury and Money Market:

- ❖ Foreign currency buy & sale;
- ❖ Foreign currency lending and borrowing;
- ❖ Foreign currency overnight (call) and
- ❖ Remittance Service through SWIFT.



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 and
- ❖ Purchase of local & foreign documentary bills.

Import Finance:

- ❖ Issuance Letter of Credit (local & foreign)
- ❖ Post Import Financing (LIM, LTR, etc.)
- ❖ Payment against Documents (PAD) and
- ❖ Issuance counter guarantee.

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	2020			2021		
		No. of LC Opened	Target	Achievement	No. of LC Opened	Target	Achievement
1.	Principal	134	56.00	133.37	150	84.00	188.48
2.	Motijheel	40	4.00	20.39	1	6.00	2.23
3.	Narayanganj	43	4.00	3.57	43	6.00	3.69
4.	Karwan Bazar	-	4.00	-	-	6.00	-
5.	Agrabad	-	2.00	-	8	3.00	1.56
	Total:	217	70.00	157.33	202	105.00	195.96

(Tk. in crore)

Export Finance							
Sl. No.	Name Of Branches	2020			2021		
		No. of Export Bill	Target	Achievement	No. of Export Bill	Target	Achievement
1.	Principal	691	100.00	139.69	962	150.00	247.09
2.	Motijheel	10	10.00	63.69	109	15.00	95.00
3.	Narayanganj	27	8.00	5.87	33	12.00	5.28
4.	Karwan Bazar	1	7.30	0.03	4	11.00	0.16
5.	Agrabad	-	4.70	-	-	7.00	-
	Total :	729	130.00	209.28	1108	195.00	347.53

(Tk. in crore)

SL. No	Name	2020	2021
1	L/C Commission and others	6.96	6.32
2	Exchange Commission and others	1.63	3.13
Total :		8.59	9.45

➤ **Plan 2022:**

- ❖ To solicit good exporter/importer for doing business with BDBL
- ❖ To increase income from treasury and money market activities
- ❖ To increase remittance business through Exchange House like RIA/ Western Union/ Placid/ Money Gram/ Instant Cash/ UAE Exchange/ IME etc.
- ❖ To increase the number of RMA worldwide
- ❖ To increase clientele base and
- ❖ To ensure better service to attract potential clientele and generate more revenue.

PERFORMANCE AND BUSINESS ACHIEVEMENTs IN 2021:

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 2021 was very challenging for banking business. In spite of this, BDBL disbursed Loans and Advances of Tk. 911.74 crore against the target of Tk. 1106.25 crore, an 82.42% achievement against annual target.

Recovery of Loans and Advances:

For 2021, BDBL had set a loan recovery target of Tk. 913.78 crore including Tk. 205.65 crore from classified loans and Tk. 25.00 crore from written-off loan. Against these targets, Tk. 772.54 crore was recovered, out of which Tk. 743.09 crore were from unclassified category, Tk. 22.41 crore from classified and Tk. 7.04 crore from written-off loan, representing 84.54% of the target.

Throughout 2021, the Board of Directors along with bank's senior management maintained both pressure and follow up 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. As a part of regular recovery, the written off loan amount of BDBL went down to Tk. 1538.09 crore in 2021.

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.

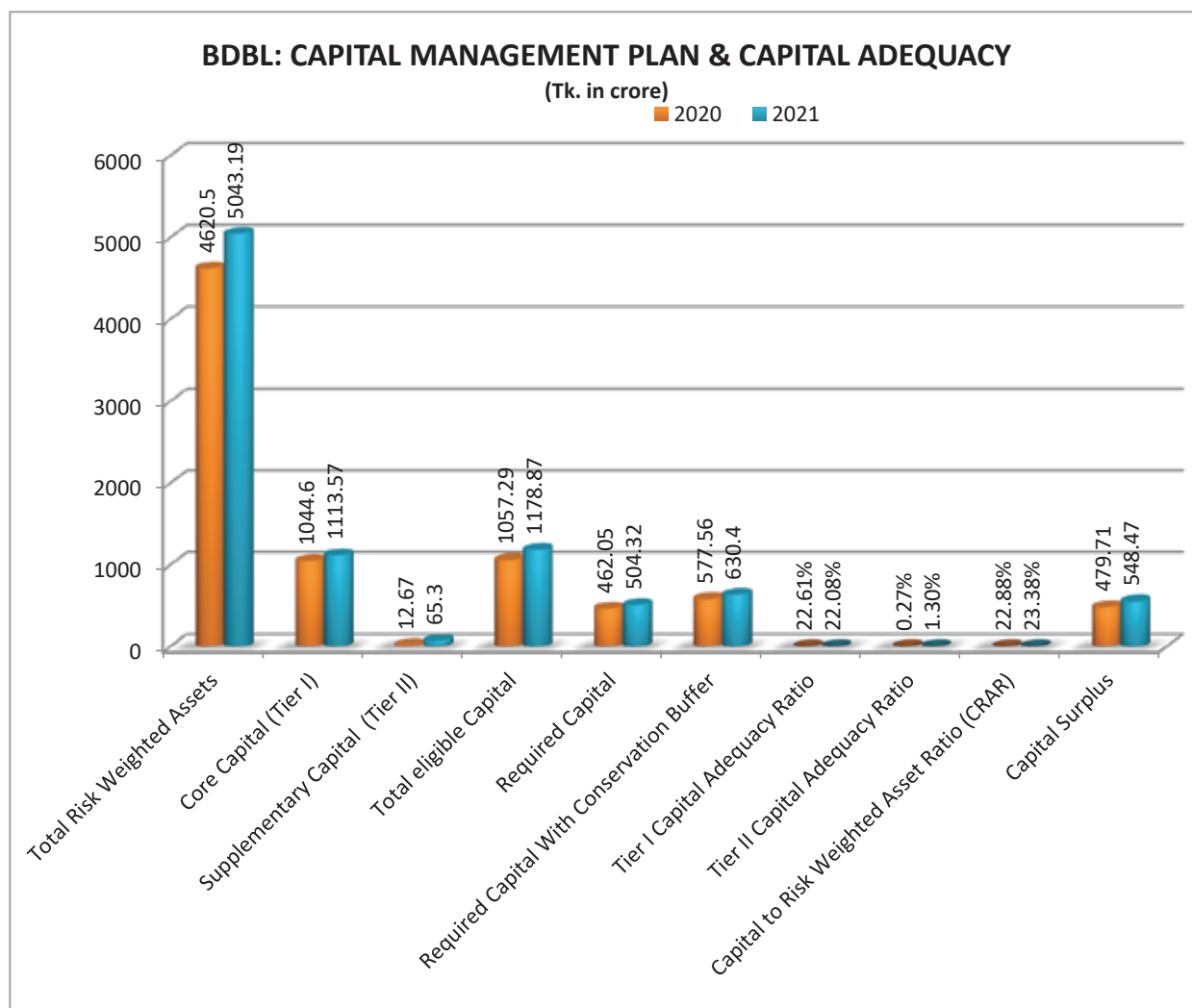
In 2021, required provision against loans & advances was Tk. 406.14 crore, the bank maintained a provision of Tk. 406.16 crore.

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 into effect from 2015.

As on December 31, 2021, the bank’s Capital to Risk Weighted Asset Ratio (Basel-III) stood at 23.38% (core capital 22.08% and supplementary capital 1.30%) as against mandated requirement of 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 2020 and 2021 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 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 and commercial operation of the company started on 1 March 2012.

BDBL Securities Limited (BSL) is a wholly owned subsidiary of Bangladesh Development Bank Limited (BDBL) located at BDBL Bhaban (Level-16), 12 Karwan Bazar, Dhaka-1215. BSL was constituted by 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). Subsequently, under Demutualization Act-2013 the membership was converted to Trading Right Entitled Certificate (TREC) 20 for Dhaka Stock Exchange & 78 for Chittagong Stock Exchange.

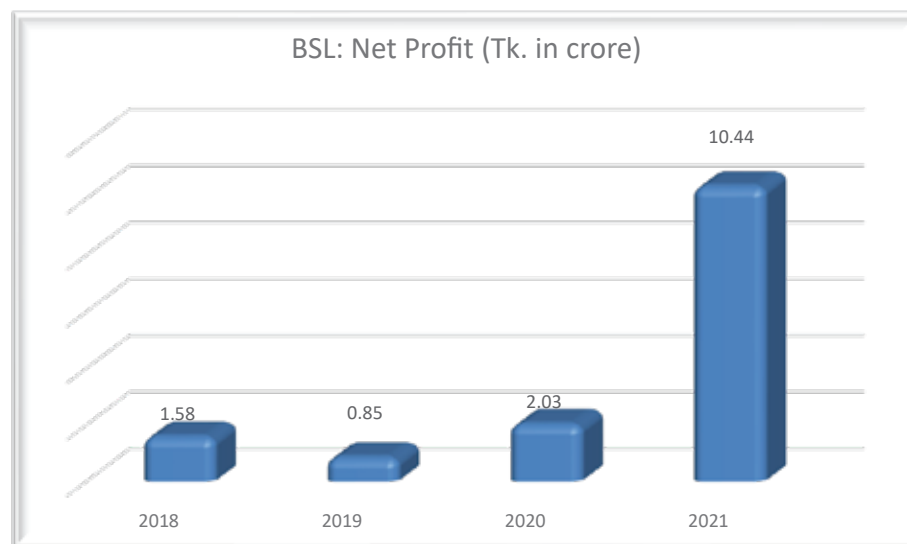
As on December 31, 2021 the authorized capital was Tk. 400 crore and its paid-up capital was Tk. 50 crore. There are 8564 Beneficiary Owners' (BO) accounts maintained by this brokerage house.

BSL Services:

Following services are offered by BISL:

- 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:



Nature of business

The main objective of BDBL Securities Limited is to act as a TREC holder of stock exchanges, the central depository system 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 in the capital of the Company in shares, stocks and fixed income securities of public companies.

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

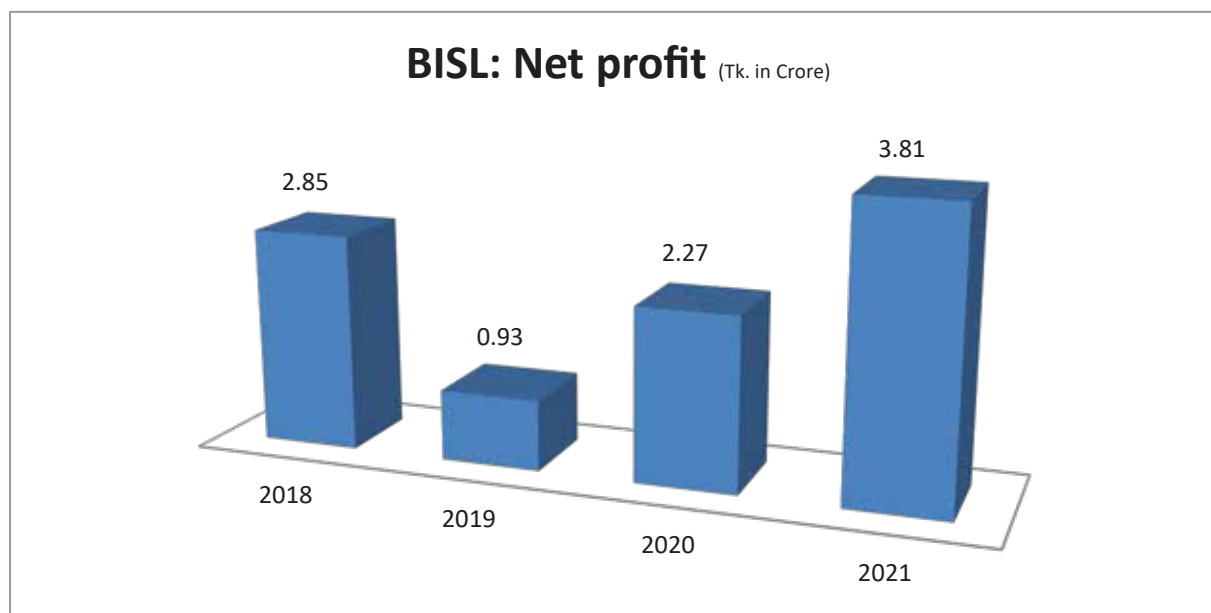
BDBL Investment Services Ltd (BISL):

BDBL Investment Services Ltd (BISL) was formed on August 06, 2014 with authorized capital TK.50 crore and paid-up capital TK.50 crore. The company completed all formalities of regulatory authorities and commenced operation on July 13, 2016. As on December 31, 2021, 1957 Beneficiary Owners' (BO) accounts were 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:

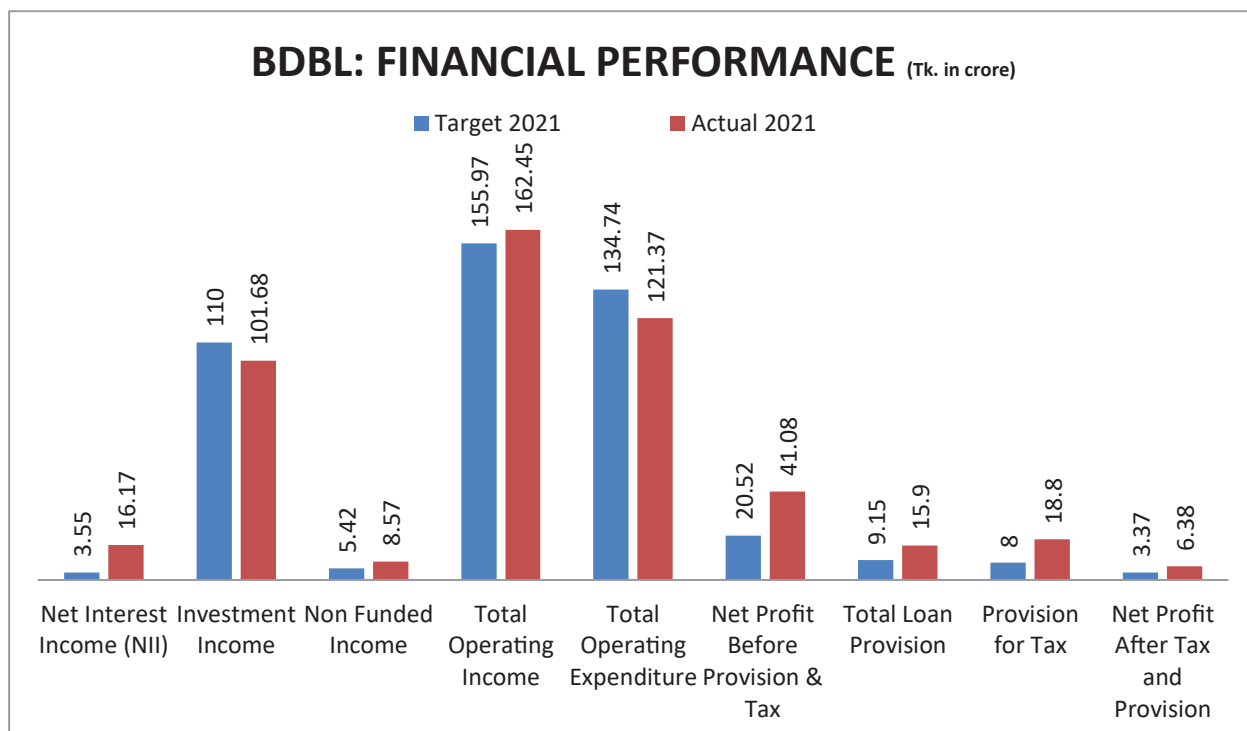


Bangladesh Development Bank Limited (BDBL) invested Tk. 145.02 crore by purchasing shares, bonds and debentures of various companies from the primary and secondary market during 2021. At the same time, BDBL sold shares of various listed companies valued at Tk. 209.43 crore. BDBL also invested Tk. 106.00 crore in Bangladesh Fund as sponsor. In 2021, it was able to earn Tk.61.97 crore as capital gain, Tk.38.18 crore as dividends from such investment.

FINANCIAL PERFORMANCE OF THE BANK IN 2021:

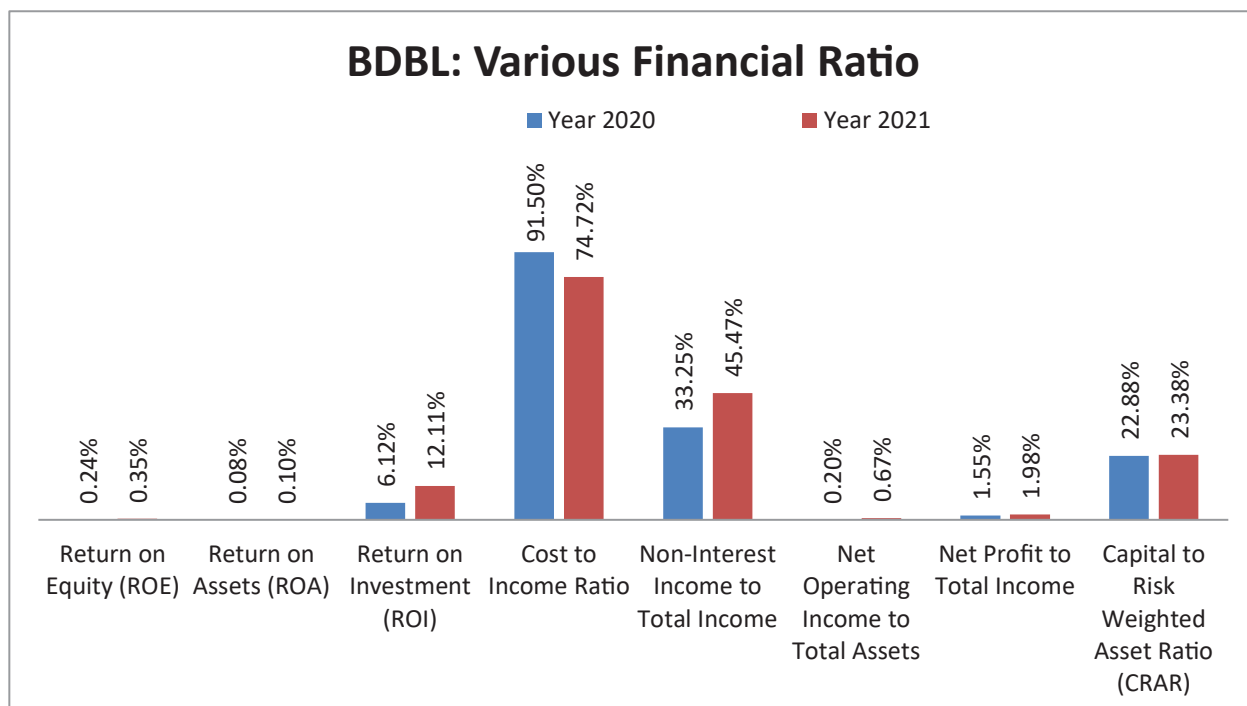
The bank successfully operated its business in an exceedingly challenging environment and earned an operating profit of Tk. 41.08 crore in 2021, as compared to Tk. 11.06 crore in 2020.

The targets and actual financial performances by the bank during 2021 are shown here in graphical form:



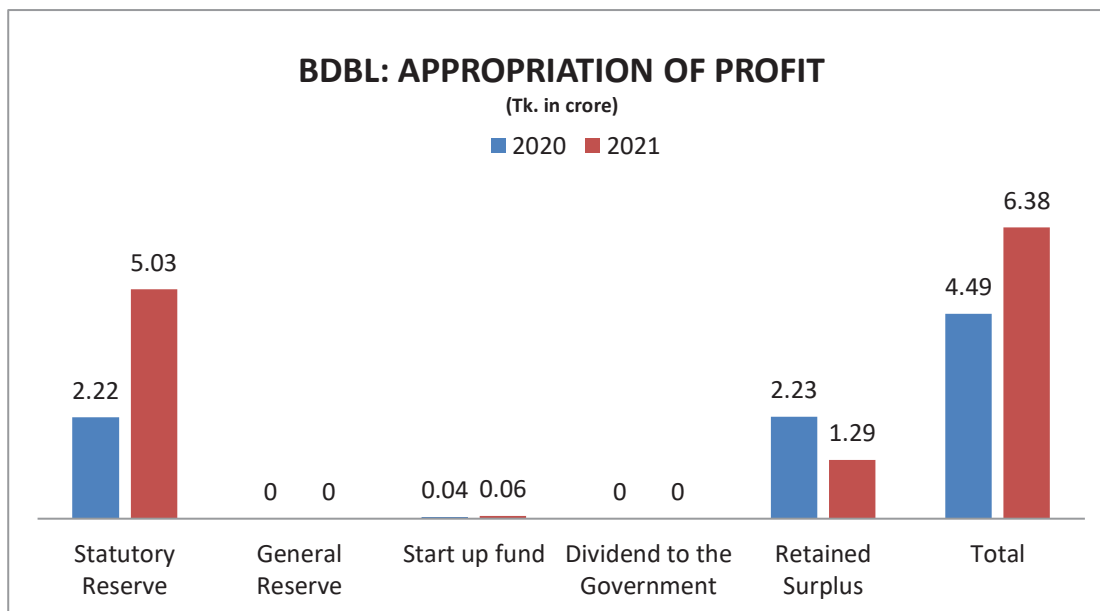
Net Profit after Provision and Taxes increased by 42.09 % to Tk. 6.38 crore during 2021 over the previous year, resultantly, some of the ratios including Return on Average Equity (ROE) and Return on Average Assets (ROA) recorded positive change. Earnings per Share was Tk. 1.06 in 2021 and Tk. 0.75 in 2020.

The comparative picture of few select financial ratios during 2020 versus 2021 is shown below:



BDBL APPROPRIATION OF PROFIT:

Net profit after provision and taxes for the year 2021 stood at Tk.6.38 crore. Appropriation of Profit has been shown graphically:



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 on behalf of the Government 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 50 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. In the interest of sustaining the economic sector of Bangladesh during the ongoing Covid-19 pandemic, the Government has announced various financial incentive packages for the borrowers. As usual, BDBL also continues to make special contribution and accordingly has given loan incentives of around Tk 66 crore in this sector.

SWOT Analysis:

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

ANNUAL PERFORMANCE AGREEMENT (APA):

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 had introduced a "Annual Performance agreement (APA)" methodology in 2015 with the objective improving the performance of the state-owned commercial banks of Bangladesh to a satisfactory level.

As a sequel, 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 2021-22 as well. BDBL had secured 3rd position in Annual Performance Agreement-APA for the financial year 2020-2021. Various achievement evaluation reports against the targets for various agreed criteria were being submitted periodically (quarterly, half-yearly and annually) to the Ministry of Finance as per their direction and need.

CHALLENGES for 2022:

BDBL identifies the following challenges which it anticipates to face and overcome during 2022:

- Resulting from COVID-19 fall out effects on businesses, BDBL stands to achieve considerably reduced interest income from loans and advances.
- Loans & Advances expected to remain at low level, while Earning Assets will not increase as expected due to pandemic effect.
- Non-Interest Income resultantly will be considerably low.
- Fees, commissions, income from capital market and other income including rent expected to be considerably reduced. while overall Expenditure will continue to increase.
- Paucity of low-cost deposits in BDBL deposit mix.

- Insufficient number of branches in all districts and Upazilas.
- Withdrawal of Government institutional funds and other deposits.
- High classified loans (NPL) and declining recoveries.
- Lack of good and promising entrepreneur and customers.
- Shortage of skilled and trained manpower.

FUTURE OUT LOOK FOR THE BANK: 2022 AND BEYOND:

Considering the macro and global economic scenario, ongoing liquidity pressure and the prevailing interest rate in the market along with the monetary policy stance, BDBL in 2022 intends to continue to strengthen its growth trajectory and the 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 the introduction of a number of new products and services particularly in the SME, retail banking, export and import business along with expansion of new branch network and upgradation of IT platform and online banking system to provide quality and efficient 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, BDBL has already commenced issuing debit/ATM cards and plans to open additional 15 sub-branches, launching internet banking and mobile apps during 2022. As a result of these initiative implementation, the quantum of foreign remittances and low interest-bearing deposits is expected to increase. The goal is to make available BDBL's digital products and services to our customers and clients by 2022-2023.
- To increase the amount of interest free and low interest-bearing deposits by mobilizing retail deposits, through various fairs/programs with a view to increase retail deposit to at least 35% of the total deposits.
- Within 2022 strive to decrease Non-Performing Loans (NPL) to Taka 700.00 crore from Taka 742.62 crore.
- Strengthen the due diligence practices and monitoring activities towards curbing increase of fresh Non-Performing Loans.
- Disburse Tk. 1563 crore loans during 2022 to various business segments.
- Increase digital banking activities.
- Decrease the number of loss incurring branches.
- Commence Internet Banking, Mobile Banking & e-business.
- BDBL has no branch presence in 29 districts of Bangladesh. Therefore, at least 15 sub-branches are planned to be introduced these districts.
- Basis of Promotion and posting of employees will be on merit and performance.
- Improve corporate governance, strengthen internal control and compliance.
- Top Management & the Board will proactively participate in the loan recovery from the large defaulters.
- Towards recognizing good borrowers allowing rebate/incentive facilities to as per guidelines of the central bank; and
- Aligning repayment schedule of the projects with the nature of projects and ground realities.

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 2022.

ACKNOWLEDGEMENT:

The Board of Directors of the Bank would like to place on record their gratitude to the depositors, customers, patrons, well-wishers, auditors & 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, 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,



Shamima Nargis

Chairman, Bangladesh Development Bank Limited (BDBL)

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 2022-2023 is as follows:-

Credit Rating awarded by Emerging Credit Rating Limited

Date of Declaration	Valid Till	Rating Mode	Long Term Rating	Short Term Rating	Outlook
28 June, 2022	30 July, 2023	Government Support	AAA	ST-1	Stable
		Without Government Support	A-	ST-3	Stable

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

The above rating has been declared by Emerging Credit Rating Limited on the basis of bank's Audited Financial Statements of 2021 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

The Audit Committee of Bangladesh Development Bank Limited (BDBL) was formed following some specific guidelines. These guidelines included Bank Companies Act, Bangladesh Bank's guidelines, notifications of Bangladesh Securities & Exchange Commission (BSEC) and International Best Practices of Corporate Governance. The Audit Committee was formed by the Board of Director's 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. Fulfilling these objectives will 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 :-

Sl. No.	Name	Qualification	Status with the Bank	Status with the Committee
1.	Md. Ekhlasur Rahman	BSS (Honours), MSS, 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.	Subhash Chandra Sarker	B. S.S (Honours), M. S. S (Social Science) & M. Sc. (Econ), University of Wales Swansea, UK.	Director	Member
4.	Quazi Shairul Hassan	MBA (Marketing), Institute of Business Administration (IBA), University of Dhaka & Post Graduate Diploma in Industrial Management (PGDIM), BMDC, Dhaka.	Director	Member

Meetings of the Audit Committee

During the Year 2021, 7 (Seven) meetings of the Committee were held.

Activities during the year

The Audit Committee carried out the following activities during 2021 :-

- 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, 2020.
- Reviewed audited accounts and report of 2020 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 2021.
- Reviewed and approved the action plan for turning loss-incurring branches into profitable branches.
- Reviewed revised annual budget of 2020 including estimated budget of 2021 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. Ekhlasur Rahman
Chairman
Audit Committee

Report of the Board Risk Management Committee

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

The main objectives of the Board Risk Management Committee (BRMC) are to set a comprehensive risk management policy and process for 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 all stakeholders of the bank from negative impacts of lurking potential risks.

Composition of Board Risk Management Committee (BRMC)

In compliance with Bank Company Act 1991 (Amended 2013) and BRPD Circular No. 11 dated 27 October 2013, the Board of Directors of BDBL constituted the Board Risk Management Committee with the following honorable members (31/12/2021 based):

SL. No.	Name	Status with the Bank	Status with the Committee
1.	Ms. Shamima Nargis	Chairman	Chairman
2.	Mr. Md. Abu Hanif Khan	Director	Member
3.	Mr. Md. Abu Yusuf	Director	Member
4.	Mr. Quazi Shairul Hassan	Director	Member
5.	Mr. Md. Azizur Rahman	Director	Member

Responsibilities and functions of BRMC

The Board Risk Management Committee performs the following important responsibilities and functions:

- Reviewing risk management policies and strategies for sound risk management;
- Monitoring implementation of risk management policies & process to ensure effective prevention and control measures;
- Supervising the activities of Executive Risk Management Committee (ERMC);
- Monitoring compliance of BB instructions regarding implementation of core risk management;
- Reviewing risk appetite, limits and recommending these to Board of Directors for their review and approval;
- Approving adequate record keeping & reporting system and ensuring its proper use;
- Analyzing all existing and probable risk issues in the meeting, taking appropriate decisions for risk mitigation, incorporating the same in the meeting minutes and ensuring follow up of the decisions for proper implementation;
- Reviewing instructions issued from time to time by the regulatory body;
- Submitting proposal, suggestions & summary of BRMC meetings to board of directors at least on quarterly basis;
- Assessing overall effectiveness of risk management functions on yearly basis.

Meeting of the Board Risk Management Committee (BRMC) in 2021

The BRMC of BDBL held 02 (two) meetings during 2021 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:

- Review of various risk related business activities with a view of taking corrective measures for improvement of Core Risk Management Manuals and Comprehensive Risk Management Manual.
- Review of various circulars of Bangladesh Bank relating to risk management.
- Review of activities of ERM with a view of making the committee more dynamic.
- Review of risk management reports and statements of the bank.
- Review of management of Non-Performing Loans (NPLs) of the bank and thereafter initiating action plan to reduce classified loans.
- Review of litigation measures against written-off and defaulted projects to expedite overall recovery of the bank.
- Review of top 20 (twenty) defaulted borrowers.
- Review of credit concentration and market concentration from different point of views to identify the potential risks and to suggest preventive & remedial measures.
- Review and approve Internal Capital Adequacy Assessment Process (ICAAP) report in relation to overall risk profile of the bank in order to increase the shock resilience;
- Review of liquidity position of the Bank on regular basis.

The BRMC 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 Division need a thorough overhauling including structural, operational and human resource to ensure that the Bank remains risk-free in its main areas of operations. In future another critical area for the BRMC would be monitoring 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.

On behalf of the Board Risk Management Committee



(Shamima Nargis)

Chairman

Board Risk Management Committee

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 2021 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 MANAGEMENT PROCESS

The process of assessing or measuring the actual or potential dangers of a particular situation can be defined as Risk Management. This process provides a foundation and organizational arrangement to design, implement, monitor, review and continually improve risk management throughout the bank. To ensure proper management of future events, an organization may use risk assumption, risk avoidance, risk retention, risk transfer, or any other strategy.



Diagram: Risk Management Process of BDBL

RISK CULTURE

Effective risk management requires a strong, robust, and inclusive risk management culture. An effective risk culture is one that enables and rewards individuals and groups for taking the right risks in an informed manner. It describes the values, beliefs, knowledge, attitudes and understanding about risk shared by a group of people with a common purpose. BDBL has developed an integrated and institution-wide risk culture, based on a full understanding of the risks it faces and how they are managed, considering risk tolerance and appetite.

RISK STRATEGY AND 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. 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 it to achieve the desired risk profile. The board of directors approves the strategies and the senior management implements those strategies 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 GOVERNANCE

Risk governance refers to the structure, rules, processes, and mechanisms by which decisions about risks are taken and implemented. It covers the questions about what risk management responsibilities lay at what levels and the ways the board influences risk-related decisions; and the role, structure, and staffing of risk organization. The board has regular involvement in managing key risk issues, and risk management responsibilities are proportionate to the risks assumed at a particular level or unit. BDBL follows the three-lines-of-defense-model in risk governance throughout the organization.

First Line of Defense: Business and operation units of the bank are responsible for identifying, assessing, measuring, monitoring, mitigating, and reporting the risks properly.

Second Line of Defense: Implemented by Compliance Department and Monitoring Department that ensures effective and efficient operations.

Third Line of Defense: Consists of the bank's internal audit which performs independent periodic reviews of the first two lines of defense, provides assurance and informs strengths and potential weaknesses of the two first lines.

RISK MANAGEMENT FRAMEWORK

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. This framework is subject to constant evaluation to ensure that it meets the challenges and requirements of the market in which the bank operates, including regulatory standards and industry best practices.



Diagram: Risk Management Framework of BDBL

BDBL has established a separate Risk Management Department as per the guidelines of Bangladesh Bank. The department is fully guided by bank's Chief Risk Officer with the responsibilities to upgrade, develop and implement the policies and guidelines of Bangladesh Bank for addressing the core risks of the bank.

CORE RISK MANAGEMENT

Core Risk Management is vital for continuous and harmonious improvement of the bank. Risk Management Department, in association with other relevant departments and Core Risk Management Committees, 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 07 (seven) core risk aiming to appropriate implementation of Core Risk Management Manuals. In order to minimize the risks existing in banking business BDBL is managing core risks which are as follows:

1. Credit Risk Management:

'Credit Risk Management Manual' 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, International Banking 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.

In order to strengthen smooth recovery from loans and advances the bank follows some precautionary steps before sanctioning any credit. Among these steps, mandatory acceptance of certificate of authenticity from General Manager of ICC Division regarding compliance of Credit Policy, verification of borrower's identity and updated CIB report before sending any credit proposal of Tk. 5.00 Crore or above to Credit Committee is notable.

2. 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.

3. 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 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 Foreign Exchange Risk Management Committee of the bank plays vital role in assessing, monitoring and mitigating Foreign Exchange Risks.

4. 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.

5. 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 (ICCD) comprises with the three departments to manage the cross divisional and cross regional operational risk as well as risk concentrations at branch level. Audit & Inspection Department 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 audit reports of the Internal Control and Compliance Division. Besides, 'Internal Control & Compliance Risk Management Manual' and 'Audit Manual' of the bank plays crucial role in addressing, assessing, monitoring, mitigating and controlling the risks associated with Internal Control and Compliance (ICC). For oversight of Internal Control and Compliance Risk in the 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).

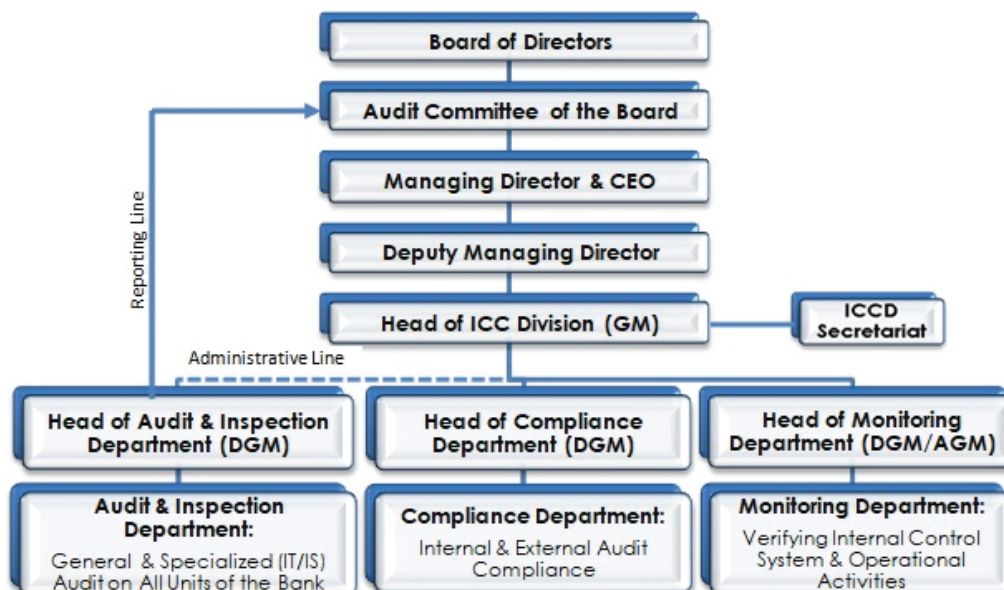


Diagram: Internal Control and Compliance (ICC) Structure of BDBL

6. Information & Communication Technology (ICT) 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.

Bank has introduced two different departments namely Information Technology Operation and Information Technology 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. 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. IT System Department and IT Operation Department are being introduced as per the instructions and guidelines of Bangladesh Bank.

7. Environmental and Social Risk Management:

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.

CAPITAL MANAGEMENT

Capital management in the bank usually refers to implementing measures aimed at maintaining adequate capital, assessing internal capital adequacy of the bank and calculating its capital adequacy ratio. Risk management is increasingly becoming difficult to separate from capital management. Most banking risks can be quantified as numerical indicators, and this quantification naturally leads to the principle that increased capital can be held to cover unexpected losses at a certain confidence level. The followings indicate the relationship between risk management and capital requirement:

- a) Capital management helps to ensure that the bank has sufficient capital to cover the risks associated with its activities;
- b) As part of the internal capital adequacy assessment process (ICAAP), management identifies the risks that the bank is exposed to, and determines the means by which these will be mitigated;
- c) Capital is used to cover some of these risks, and the remainder of these risks is mitigated by means of collateral or other credit enhancements, contingency planning, additional reserves and valuation allowances, and other mechanisms.

Basel-III Implementation

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)

Pillar-2: Supervisory Review Process (SRP)

Pillar-3: Market Discipline through disclosure of material information

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

BDBL started to implement the revised regulatory capital framework "Risk Based Capital Adequacy for Banks" from January 2009. Following the "Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III) December 2014" of the Bangladesh Bank and related BB circulars/instructions, the bank has established capital management systems in order to calculate the capital adequacy ratio and secure adequate capital to cover the risks it faces, from the standpoint of ensuring soundness and appropriateness of the businesses.

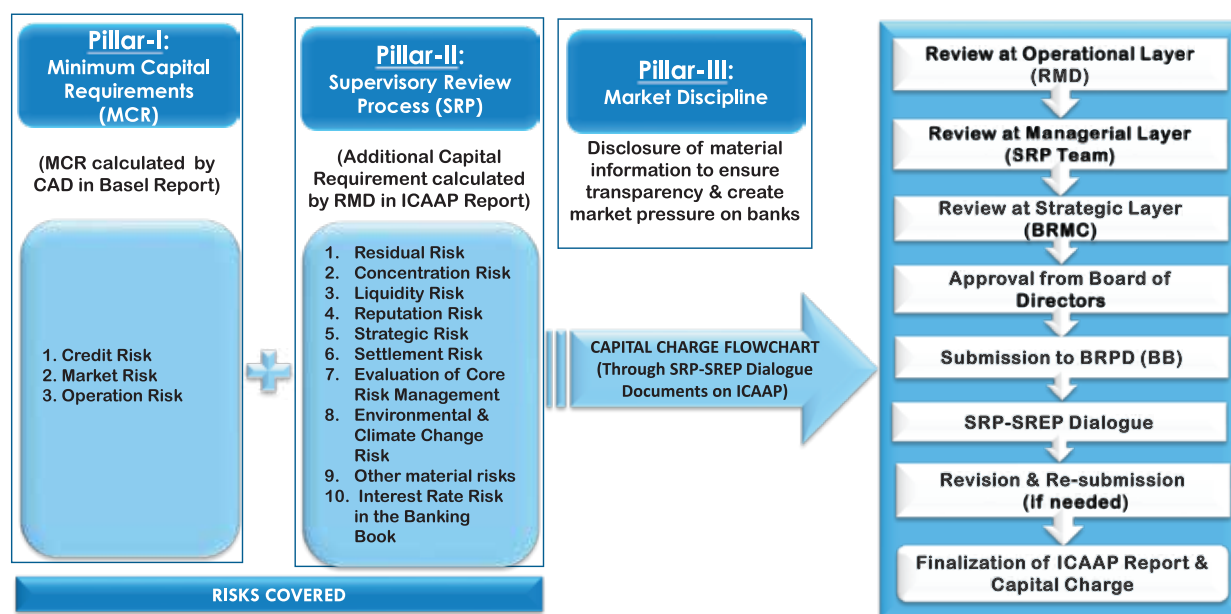


Diagram: Risk Based Capital Adequacy Framework of BDBL

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)

SL.	Regularity Capital (Solo Basis)	December 2021	December 2020
1	Tier-1 Capital [Common Equity Tier-1 Capital (CET-1) (i.e. Going-Concern Capital) + Additional Tier-1 Capital (AT-1)]	1113.57	1044.60
2	Tier-2 Capital (Gone-Concern Capital)	65.30	12.67
3	Total Regularity Capital (1+2)	1178.87	1057.27
4	Credit Risk Weighted Assets	3955.66	3450.84
5	Market Risk Weighted Assets	823.32	852.62
6	Operational Risk Weighted Assets	264.21	317.04
7	Total Risk Weighted Assets (RWA) (4+5+6)	5043.19	4620.50
8	Minimum Capital Requirement (MCR) without Conservation Buffer (10% of RWA)	504.32	462.05
9	Capital Conservation Buffer (2.5% of RWA)	126.08	115.51
10	Minimum Capital Requirement (MCR) with Conservation Buffer (8+9)	630.40	577.56
11	Capital Surplus (3-10)	548.47	479.71
12	Capital to Risk Weighted Assets Ratio (CRAR)	23.38%	22.88%
13	Tier-1 Capital to RWA	22.08%	22.61%
14	Tier-2 Capital to RWA	1.30%	0.27%

Pillar-2: Supervisory Review Process (SRP)

Supervisory Review Process (SRP) of Risk Based Capital Adequacy Framework is intended to ensure that banks have adequate capital to support all the risks in their business and at the same time to encourage banks to develop and use better risk management techniques in monitoring and managing their risks. The key principle of the SRP as per Bangladesh Bank's 'Revised Process Document for SRP-SREP Dialogue on ICAAP (May 2014)' 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 Internal Capital Adequacy Assessment Process (ICAAP) Report 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.

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 (in website & annual report) the following components in a tabular form:

- Scope of Application
- Capital Structure
- Capital Adequacy
- Credit Risk
- Equities: Disclosure for Banking Book Positions
- Interest Rate Risk in the Banking Book (IRRBB)
- Market Risk
- Operational Risk
- Liquidity Ratio
- Leverage Ratio
- Remuneration

Market Disclosures for December 2021 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, 2021 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.	Bangladesh Development Bank Limited (BDBL).
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>A brief description of the bank and its subsidiaries is stated below:</p> <p>Bangladesh Development Bank Limited:</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>Subsidiaries of BDBL:</p> <p>i) BDBL Securities Limited:</p> <p>BDBL Securities Limited, a fully owned subsidiary company which was incorporated on 23 May, 2011 with the Registrar of Joint Stock Companies & Firms with paid up capital of Tk. 500.00 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>

			ii) BDBL Investment Services Limited: 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 500.00 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 (7215106 share10TK per). DSE approved conversion of DSE TREC # 152 & Shares in favor of BISL at its 813 th 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.
Qualitative Disclosures	(c)	Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group.	Not Applicable
Quantitative Disclosures	(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.

Qualitative Disclosures	(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.																							
Quantitative Disclosures	(b)	The amount of Regulatory Capital, with separate disclosure of: CET1 Capital Additional Tier 1 Capital Total Tier 1 Capital	<table><tr><td></td><td>Solo</td><td>Consolidated</td></tr><tr><td></td><td colspan="2">Taka in Thousand</td></tr><tr><td>Paid up Capital</td><td>6000000</td><td>6000000</td></tr><tr><td>Statutory reserve</td><td>2664871</td><td>2664871</td></tr><tr><td>General reserve</td><td>2347755</td><td>2347755</td></tr><tr><td>Retained earnings</td><td>460632</td><td>807276</td></tr><tr><td>Total Tier-1 Capital</td><td>11473258</td><td>11819902</td></tr></table>				Solo	Consolidated		Taka in Thousand		Paid up Capital	6000000	6000000	Statutory reserve	2664871	2664871	General reserve	2347755	2347755	Retained earnings	460632	807276	Total Tier-1 Capital	11473258	11819902
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Quantitative Disclosures	(c)	Tier 2 Capital	<table><tr><td>General Provision</td><td>653007</td><td>653007</td></tr><tr><td>Total Tier-2 Capital</td><td>653007</td><td>653007</td></tr></table>			General Provision	653007	653007	Total Tier-2 Capital	653007	653007															
General Provision	653007	653007																								
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	12126265	12472909																								
Quantitative Disclosures	(d)	Regulatory Adjustments/ Deductions from capital	<table><tr><td></td><td>(337587)</td><td>(440374)</td></tr></table>				(337587)	(440374)																		
	(337587)	(440374)																								
Quantitative Disclosures	(e)	Total eligible capital	<table><tr><td></td><td>11788678</td><td>12032535</td></tr></table>				11788678	12032535																		
	11788678	12032535																								

(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 23.38% on solo basis and 22.98% on consolidated basis against minimum regulatory requirement of 10% on Risk Weighted assets. Tier-I capital adequacy for solo and consolidated basis are 22.08% and 21.73% respectively against the 6% minimum requirement. Capital Conservation Buffer for the year 2021 is 13.38% on solo basis and 12.98% 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		Solo	Consolidated
			Taka in Thousand		
			On-Balance Sheet	38972350	37643740
			Off-Balance Sheet	584203	584203
Quantitative Disclosures	(c)	The capital requirements for Market Risk	Interest rate risk	-	-
			Equity position risk	7767603	10834368
			Foreign exchange risk	465644	465644
			Commodity risk	-	-
Quantitative Disclosures	(d)	The capital requirements for Operational Risk	Operational risk	2642095	2843668
Quantitative Disclosures	(e)	Total capital, CET 1 capital, Total Tier 1 capital and Tier 2 capital ratio:	Components	Ratio	
			Total Capital	23.38%	22.98%
			CET 1 capital	22.08%	21.73%
			Tier 1 capital	22.08%	21.73%
			Tier 2 capital	1.30%	1.25%
Quantitative Disclosures	(f)	Capital Conservation Buffer		Solo	Consolidated
				13.38%	12.98%
			Taka in Thousand		
		Total Risk Weighted Assets (RWA)		50431895	52371623
		10% of Risk Weighted Assets		5043190	5237162
		Required Capital (10% of risk weighted assets or 400.00 crore which is higher)		5043190	5237162
		Capital Conservation Buffer @ 2.50% on Risk Weighted Assets		1260797	1309291
		Total Required Capital with Conservation Buffer		6303987	6546453
		Total eligible capital		11788678	12032535
		Capital Surplus		5484691	5486082
Quantitative Disclosures	(g)	Available capital under Pillar 2 Requirement		Taka in Thousand	
				664400	

(d) Credit Risk

Qualitative Disclosures	(a)	<p>The general qualitative disclosure requirement with respect to credit risk, including:</p> <ul style="list-style-type: none"> Definitions of past due and impaired (for accounting purposes); 	<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 & Loss</p> <p>Any continuous loan will be classified as:</p> <p>i. Sub-standard- if it is past due/overdue for 3 months or beyond but less than 6 months.</p> <p>ii. Doubtful- if it is past due/overdue for 6 months or beyond but less than 9 months.</p> <p>iii. Bad/Loss- if it is past due/overdue for 9 months or beyond.</p> <p>Any Demand Loan will be classified as:</p> <p>i. Sub-standard- 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. Doubtful- 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. Bad/Loss- 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>Term Loan will be classified as:</p> <p>A) In case of any installment(s) or part of installment(s) of a Fixed Term Loan 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. Sub-standard- 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. Doubtful- 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. Bad/Loss- 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 Fixed Term Loan 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. Sub-standard- 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. Doubtful- if the amount of past due installment is equal to or more than the amount of installment(s) due within 006(six) months, the entire loan will be classified as “Doubtful”.</p> <p>iii. Bad/Loss- 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>Short-term Agriculture and Micro Credit 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.Sub-standard-if the irregular status continues after a period 12 (twelve) months, the credit is classified as “Sub-standard”.</p> <p>ii. Doubtful-if the irregular status continues after a period 36 (thirty-six) months, the credit is classified as “Doubtful”.</p> <p>iii. Bad/Loss-if the irregular status continues after a period 60 (sixty) months, the credit is classified as “Bad/Loss”.</p>																																																				
	<ul style="list-style-type: none">Description of approaches followed for specific and general allowances and statistical methods;	<p>> 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>> 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><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><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 & 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></table> <p>*2% 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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		<ul style="list-style-type: none">• 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.	<table><tr><th>Nature wise Loans and Advances:</th><th>Solo</th><th>Consolidated</th></tr><tr><td></td><td colspan="2">Taka in Thousand</td></tr><tr><td>Cash Credit</td><td>4566354</td><td>4566354</td></tr><tr><td>Long Term Loan</td><td>12967365</td><td>12967365</td></tr><tr><td>Over Draft</td><td>641017</td><td>641017</td></tr><tr><td>Local Documentary Bill Purchase</td><td>594651</td><td>594651</td></tr><tr><td>Consumer Loan</td><td>401717</td><td>401717</td></tr><tr><td>Loan against trust receipt & others</td><td>1270393</td><td>1029555</td></tr><tr><td>Staff Loan</td><td>3692837</td><td>3692837</td></tr><tr><td>Total Loans & Advances</td><td>24134334</td><td>23893496</td></tr></table>	Nature wise Loans and Advances:	Solo	Consolidated		Taka in Thousand		Cash Credit	4566354	4566354	Long Term Loan	12967365	12967365	Over Draft	641017	641017	Local Documentary Bill Purchase	594651	594651	Consumer Loan	401717	401717	Loan against trust receipt & others	1270393	1029555	Staff Loan	3692837	3692837	Total Loans & Advances	24134334	23893496																													
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Quantitative Disclosures	(e)	Residual Contractual maturity breaks down of the whole portfolio, broken down by major types of credit exposure.		Solo	Consolidated
				Taka in Thousand	
			Repayable – on demand	-	-
			Up to 3 months	3320900	3320900
			Over 3 months but below 1 year	3284900	3044062
			Over 1 year but below 5 years	14106800	14106800
			Over 5 years	3421734	3421734
			Total Loans & Advances	24134334	23893496
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 7426197		
		Non-Performing Assets (NPAs) to Outstanding Loans & advances	30.77%		
		Movement of Non-Performing Assets (NPAs)	Particulars	TK in thousand	
			Opening balance	5962592	
			Additions	1463605	
			Reductions	-	
			Closing balance	7426197	
		Movement of specific provisions for NPAs	Particulars	TK in thousand	
			Opening balance	2479220	
			Provisions made during the period	134383	
			Write-off	(18244)	
			Excess provision transferred to Unclassified (SMA) Special Rescheduling & one time exit	100699	
			Closing balance	2696058	

(e) Equities: Disclosures for Banking Book Positions

Qualitative Disclosures	(a)	<p>The general qualitative disclosure requirement with respect to equity risk, including:</p> <ul style="list-style-type: none"> • differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; and • 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. 	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. 337587358.08 as on 31-12-2021 and it was deducted from common equity tier-1 capital accordingly for calculation of regulatory capital.
Quantitative Disclosures	(b)	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.	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.
Quantitative Disclosures	(c)	The cumulative realized gains (losses) arising from sales and liquidations in the reporting period.	The cumulative realized gains (losses) arising from sales and liquidations is shown in the financial statements at reporting period.
Quantitative Disclosures	(d)	<ul style="list-style-type: none"> • Total unrealized gains (losses) • Total latent revaluation gains (losses) • Any amounts of the above included in Tier 2 capital. 	<p align="center">TK in thousand</p> <p align="center">22191431</p> <p align="center">-</p> <p align="center">-</p>
Quantitative Disclosures	(e)	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.	Regulatory capital requirement has been calculated through breaking down equities consisting with the bank's methodology. Such as Investment in quoted and unquoted shares.

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

Qualitative Disclosures	(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.			
Quantitative Disclosures	(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).	Particulars	<3 Months	3-6 Months	6-12 Months
			Taka in Thousand			
			Risk Sensitive Assets	14531600	3034400	6068800
			Risk Sensitive Liabilities	10037700	1653000	3306000
			GAP	4493900	1381400	2762700
			Cumulative GAP	4493900	5875300	8638000

(g) Market Risk

Qualitative Disclosures	(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.			
Quantitative Disclosures	(b)	The capital requirements for: interest rate risk; equity position risk; foreign exchange risk; and Commodity risk.	Particulars	Solo	Consolidated	
			Taka in Thousand			
			Interest rate risk	-	-	
			Equity position risk	7767604	10834368	
			Foreign exchange risk	465644	465644	
			Commodity risk	-	-	
			Total	8233248	11300012	

(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	Particulars	Solo	Consolidated
			The capital requirements for Operational Risk	2642095	2843668

(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> <p>a) Cash Reserve Requirement(CRR)</p> <p>b) Advance Deposit Ratio(ADR)/Investment Deposit Ratio(IDR)</p> <p>c) Liquidity Coverage Ratio(LCR)</p> <p>d) Net Stable Funding Ratio(NSFR)</p> <p>The bank also uses its own liquidity monitoring tool:</p> <p>a) Liquidity Contingency Plan</p> <p>b) Whole Sale Borrowing & Funding Guideline</p>														
		Liquidity risk management system	<p>Any gap at a particular maturity bucket, the liquidity risk will be managed through following systems:</p> <p>(i) Fund will be mobilized first from money market.</p> <p>(ii) Balance deposited with other banks will be withdrawn.</p> <p>(iii) The excess amount of CRR with BB will be withdrawn.</p> <p>(iv) Marketable securities will be sold with no or very negligible losses.</p> <p>(v) Fund will be mobilized through Repo or Reverse Repo activities</p>														
		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><tr><th>Liquidity ratio</th><th>SOLO</th></tr><tr><td>Liquidity Coverage Ratio</td><td>200.44%</td></tr><tr><td>Net Stable Funding Ratio (NSFR)</td><td>100.81%</td></tr><tr><td>Stock of High quality liquid assets (In “000”)</td><td>1979277</td></tr><tr><td>Total net cash outflows over the next 30 calendar days (In “000”)</td><td>987466</td></tr><tr><td>Available amount of stable funding (In “000”)</td><td>47728921</td></tr><tr><td>Required amount of stable funding (In “000”)</td><td>47345810</td></tr></table>	Liquidity ratio	SOLO	Liquidity Coverage Ratio	200.44%	Net Stable Funding Ratio (NSFR)	100.81%	Stock of High quality liquid assets (In “000”)	1979277	Total net cash outflows over the next 30 calendar days (In “000”)	987466	Available amount of stable funding (In “000”)	47728921	Required amount of stable funding (In “000”)	47345810
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(j) Leverage Ratio

Qualitative Disclosures	(a)	Views of BOD on system to reduce excessive leverage	<p>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:</p> <ul style="list-style-type: none"> a) Constrain the build-up of leverage in the banking sector which can damage the broader financial system and the economy b) Reinforce the risk based requirements with an easy to understand and a non-risk based measure. <p>BDBL calculates leverage ratio on quarterly basis as prescribed by Bangladesh Bank through Guidelines on Risk Based Capital Adequacy and submits to Bangladesh Bank.</p> <p>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.</p>		
		Policies and processes for managing excessive on and off-balance sheet leverage	<p>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:</p> $\text{Leverage Ratio} = \frac{\text{Tier 1 Capital (after related deduction)}}{\text{Total Exposure (after related deduction)}}$		
		Approach for calculating exposure	<p>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.</p>		
Quantitative Disclosures	(b)	*Leverage Ratio *On balance sheet exposure *Off balance sheet exposure Total exposure	Particulars	SOLO	CONSOL
				TK in Thousand	
			Leverage Ratio	19.24%	19.39%
			On balance sheet exposure	38972350	37643740
			Off balance sheet exposure	584203	584203
			Total exposure	39556553	38227953

(k) Remuneration

Qualitative Disclosures	(a)	<p>Information relating to the bodies that oversee remuneration. Disclosures should include:</p> <p>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>Bangladesh Development Bank Limited 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:</p> <p>An overview of the key features and objectives of remuneration policy.</p> <p>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.</p> <p>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>Salary Structure: Salary component is as under: (i) Basic salary; (ii) House Rent Allowance and; (iii) Medical Allowance</p> <p>Remuneration Type: Employees under pension basis; Employees under gratuity basis; 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:</p> <p>An overview of the key risks that the bank takes into account when implementing remuneration measures.</p> <p>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).</p> <p>A discussion of the ways in which these measures affect remuneration.</p> <p>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>	Not Applicable

Qualitative Disclosures	(d)	<p>Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration. Disclosures should include:</p> <p>An overview of main performance metrics for bank, top-level business lines and individuals.</p> <p>A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance.</p> <p>A discussion of the measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak.</p>	Not Applicable
Qualitative Disclosures	(e)	<p>Description of the ways in which the bank seek to adjust remuneration to take account of longer-term performance. Disclosures should include:</p> <p>A discussion of the bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable</p> <p>Remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance.</p> <p>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.</p>	<p>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 :</p> <p>Bank provides car facilities for level executive level employees;</p> <p>Car loan facility;</p> <p>Staff loan at bank rate;</p> <p>Travel allowance/TA/DA as required;</p> <p>Festival bonus;</p> <p>Allowance for employees' meritorious students;</p> <p>Recreation leave for 15 days after every three year and Maternity leave as per guidelines.</p>
Qualitative Disclosures	(f)	<p>Description of the different forms of variable remuneration that the bank utilises and the rationale for using these different forms. Disclosures should include:</p> <p>An overview of the forms of variable remuneration offered (ie cash, shares and share-linked instruments and other forms).</p> <p>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.</p>	<p>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.</p>
Quantitative Disclosures	(g)	<p>Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member.</p>	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).	Particulars	Taka in Thousand
			Fixed Pay (including two festival bonus and Nabo barsha bonus)	526984
			Variable Pay (2.5 incentive bonus equivalent to two & half month's basic salary)	78066
			Total	605050
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 lights 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, organization 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. 2,413.43 crore in 2021 against Tk. 2128.97 crore in 2020.

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.

BDBL is following the Sustainable Finance Policy for Banks and Financial Institutions which is prepared by Bangladesh Bank. As per Bangladesh Bank's guidelines, BDBL has been taken initiatives to prepare its own Sustainable Finance Policy.

Alongside Internal Credit Risk Rating (ICRR), Environmental and Social Due Diligence (ESDD) check list, Environmental 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 (CIB) Online, online NID verification and Enterprise Resources Planning (ERP) have already started operation.

BDBL has signed 01 (one) refinancing agreement 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 (CO₂) 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 2021

- No. of deposit A/Cs is 134,633 in 2021, as against 109,536 in 2020.
- Total deposits in 2021 is Tk. 2,900.51 crore, as against Tk. 2,421.89 crore in 2020.
- Total loans & advances in 2021 is Tk. 2,413.43 crore, as against Tk. 2,128.97 crore in 2020.
- No. of Branches is 50.

HUMAN RESOURCES

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 than 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 to 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 a pivotal role in this respect. To get the immediate treatment, the bank appointed two doctors on a 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 & RTGS operation;
- Arrangement of small-scale loan;
- Banking for working/street children;
- Online Sanchayapatra selling service and
- Bill collection of Titas Gas & e-GP, Treasury Challan (A-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 which is on limited experimental operation;
- Continue CSR obligation to foster financial inclusion; Mobile Apps services will be continued in rural areas; and
- IT based financial services like BACH, BEFTN, RTGS, Online/Internet Banking will be enhanced.

Automation of BDBL



Automation of BDBL

Bangladesh Development Bank Limited (BDBL) has undertaken an action plan to automate all banking activities as a part of “Digital Bangladesh”. A robust and dynamic Core Banking Solution (CBS) named i-stelar by ERA Infotech limited, Bangladesh has been implemented successfully since 01 July 2015 in all branches and Head Office as per guidelines of Bangladesh Bank. All branches are therefore ‘real time online’ while carrying out all banking transactions on the CBS.



Payment System in BDBL

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 Fund Transfer Network (BEFTN) are functioning in the bank. All branches are operating BACPS and BEFTN smoothly. For sound & secured operations BACPS, BEFTN & RTGS software have been interfaced with CBS and running smoothly.

SWIFT

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

Sanction Screening

The bank has implemented a state of art automated sanction screening of SWIFT Scr1. As a result, all message passed through SWIFT System after automatically scanned for listed person/organization/ business provided by UN, OPAC etc.

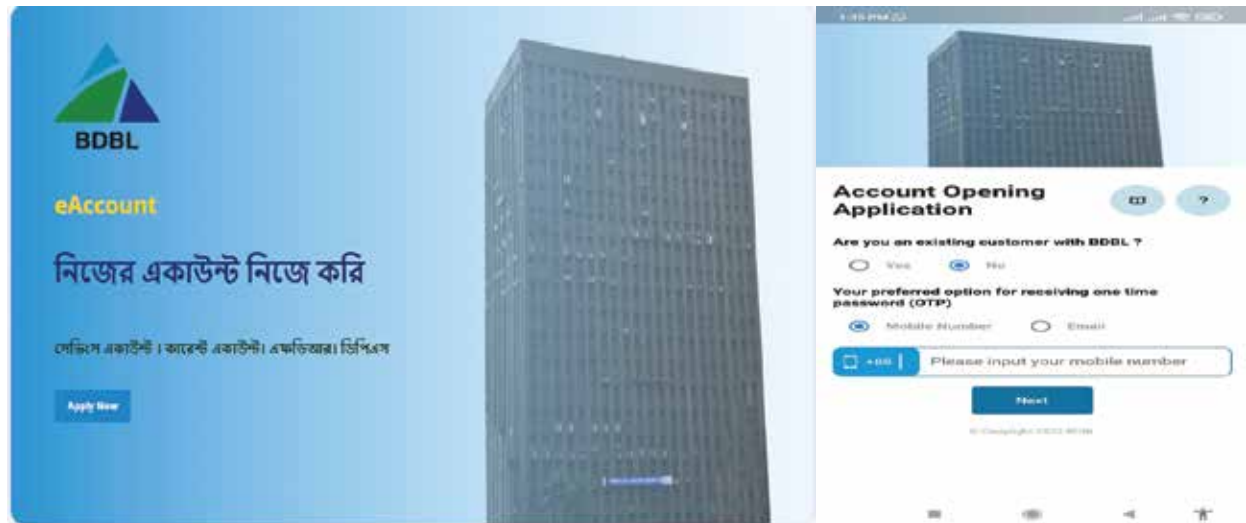
Debit Card

BDBL has introduced proprietary Debit Card. An account holder of BDBL can avail the opportunity of 24/7 banking transaction facility using Debit Card. BDBL is connected with Q-Cash and National Payment Switch Bangladesh (NPSB) network. Now customers can avail ATM facility through 12000 ATM Booths/POS of all Schedule Banks of the country. This card also be used for online shopping.



e-KYC

BDBL has implemented e-KYC named “BDBL-eAccount”. It provides the opportunity for customers to open account using his/her National ID from anywhere by smart phone/computer/ Laptop/Tab. The bank is getting a huge response for opening an account through e-KYC App. As a result, in addition to increasing the number of accounts, the bank is playing a vital role in financial inclusion.



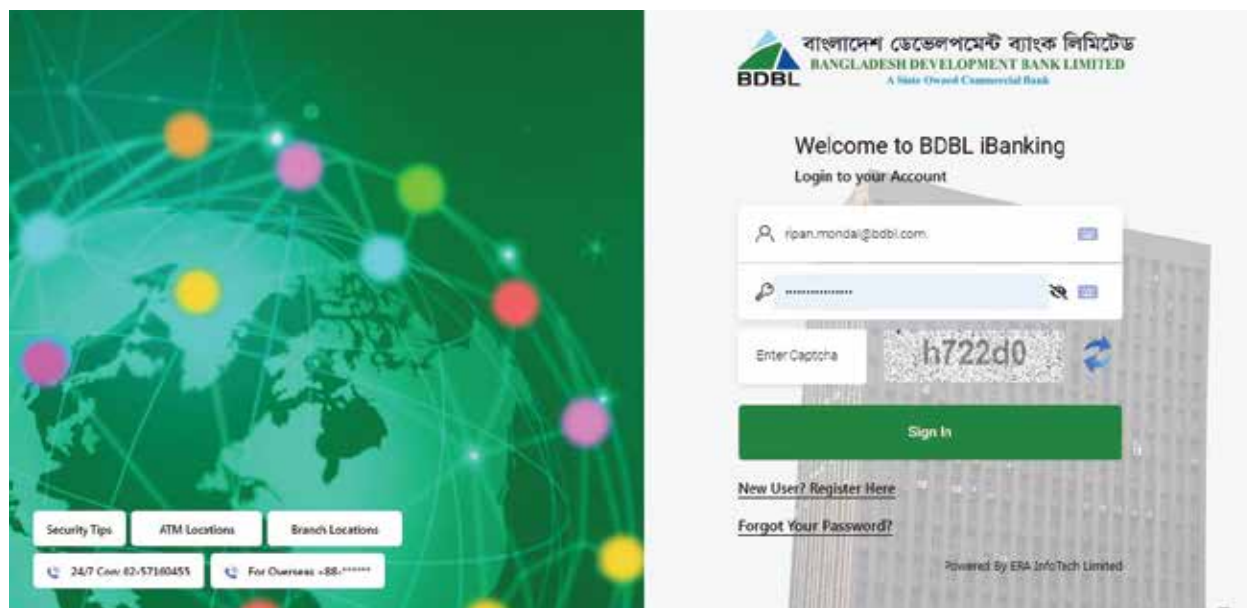
Mobile App

Using this App, customers will be able to transfer money within BDBL, to other Banks and MFS (bKash, Nagad, Rocket). Besides these, it will be used for buying mobile talk time and data, payment of bills (DPDC, NESCO, Titas, Bakhraabad Gas, BREB), Indian Visa Processing Fees Collection, Payment using Bangla QR, A-Challan payment, Cheque Stop Payment, Cheque requisition, Positive pay instruction. Customers will also be able to see their account's balance & statements (Daily, weekly, and monthly). User of this App will get the facility of EMI Calculator, DPS Calculator. They will know various News & Events, and Location of nearest ATM/CRM Booth using this App also.



Internet Banking

BDBL has introduced Internet Banking (BDBL iBanking) for the registered Account holder. Account holder will be able to transfer money within BDBL, to other Banks and MFS (bKash, Nagad, Rocket). Besides these, it will be used for buying mobile talk time and data, payment of bills (DPDC, NESCO, Titas, Bakhraabad Gas, BREB), Indian Visa Processing Fee Collection, Payment using Bangla QR, Cheque Stop Payment, Cheque requisition, Positive pay instruction. Customers will also be able to see their account's balance & statements (Daily, weekly, and monthly). Internet Banking user will get the facility of EMI Calculator, DPS Calculator. They will know various News & Events, and Location of nearest ATM/CRM Booth using this App also.



Anti-Money Laundering (AML) Solution

The bank has applied AML solution to identify and report CTR and STR very carefully. With the use of this solution, it is possible to monitor the customer's transactions immediately. In addition, through this system, it is possible to identify the finance terrorists included to the List of UN, OPAC etc.

e-GP

BDBL is using Central Procurement Technical Unit's (CPTU) e-GP platform for purchases. This has resulted in transparency in bank purchases as well as reduction in procurement delays.

National ID (NID) Verification

BDBL is connected with the National Data Center for NID verification automatically. This makes it possible to identify customers through automated systems. In this case, it is becoming easier to implement the customer's KYC.

Automated Treasury Challan (A-Challan) System

BDBL is connected with Bangladesh Government's A-Challan System for collecting Treasury Challan money, VAT, TAX, Excise Duty and Passport Fees. All the branches of the bank is providing the Treasury Challan services to the customer through this system

Classification of Loan (CL) Automation

BDBL has already implemented the automated system for Loan Classification in the Core Banking Solution (CBS). As a result, it is possible to speed up the debt collection process by automatic CL.

Credit Information Bureau (CIB) Matrix

Bank has implemented Automated CIB Matrix reporting System by which information of borrower can be collected instantly before lending. This system makes it easier for the bank to select the best borrower.

National Savings Scheme (Sanchaypatra)

Customers can buy and encash all kinds of Sanchaypatra from all branches of BDBL. The bank is playing a special role in collecting deposits on behalf of the Government of the People's Republic of Bangladesh through the automated system of the Department of Savings Bangladesh.

HR & Payroll Management System

The Bank has implemented HR & Payroll Management System for human resource management & central accounts activities. Centralized payroll processing for Head Office & Branches, maintaining of salary details of employees, keeping track of deductions, time and attendance, staff loans, provident fund, allowances and bonuses are included in the system.



e-filing System

The bank has introduced e-Nothi (e-filing system) as per Government instructions and has been using successfully. Bank officials are carrying out daily activities such as file presentation, letter issuance etc. using e-Nothi system. As a result, transparency in office work has come and paperless banking system has been introduced.



e-Attendance System

BDBL has implemented e-Attendance system. All Branches as well as Head Office of BDBL have centrally connected through this system. This system is integrated with HR and payroll management system which ensures attendance of employees and helps to create monthly salary automatically.



In-House Software

With the help of internal resources of IT division, BDBL has developed several in-house software such as File Transfer System (FTS), e-Telephone Guide, IT Asset Management System, Training Management System, BDBL MIS and BDBL Law Suit Management.

e-mail

The bank has implemented secured corporate e-mail service/system for all officers in its own domain bdbl.com.bd. Bank officials are using their own email system for official communication. As a result, data security has increased as email data is stored on server of the bank own Data Center.

Website

BDBL has developed and implemented a robust, dynamic, informative and secured website containing description of its various products & services, audited annual accounts and other information about the bank. The web address www.bdbl.com.bd is working as a primary source of information of the bank. Now BDBL's website has connected with Bangladesh Government National portal developed by a2i (Aspire to Innovate).



Data Center (DC) and Disaster Recovery Site (DRS)

BDBL has a standard and compliant Data Center in Head Office premise as well as near DRS at BDBL's Karwan Bazar Bhaban for ensuring business continuity and recovery of the systems in the event of any unexpected disaster. Bank has implemented real time data and application synchronization system between DC & DRS where instant data/application restore is possible in the event of any unexpected disaster.

BDBL is also an active partner of "Bangladesh Data Center and Disaster Recovery Site (DRS) Limited" which will be established at Jashore.

Cyber Security System

BDBL has deployed modern security devices and Security Solutions in DC & DRS to protect from Cyber-attacks. Separate IT security unit has been set up to strengthen the bank's cyber security. The IT security unit monitors the bank's servers, network devices, and applications through security tools and notifies the management if any intruder is found in the network. The unit also notifies the National CIRT (Computer Incident Response Team) of Bangladesh (N-CERT) if there is any Back Door / Malware Detect in the bank's network.



The following Projects to be implemented soon:

- Bangla QR Code for over the counter payment.
- Indian Visa Application Fee collection using Internet Banking/ Mobile App.
- VAPT (Vulnerability Assessment & Penetration Testing) for Servers, Applications and Network Devices.
- Foreign Remittance Collection (Western Union and RIA).
- CRM (Cash Recycling Machine) procurement and Installation.
- Opening 15 Sub-Branch to extend customer services as a part of financial Inclusion.



Future Plan:

- Establishment of Security Operation Center (SOC).
- Software-Defined Networking (SDN) for proper utilization of Data Center (DC) and Disaster Recovery Site (DRS).
- Implement Visa, Master Debit/ Credit Card and Contactless Payment Service.
- Introduce Interoperable Digital Transaction Platform (IDTP) of Bangladesh Bank.



Corporate Social Responsibility (CSR):

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 objects 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 reveals the enhancing development progression where no one behind the process.

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 49 branches and 697 employees have also realized its responsibilities to the Society and are contributing to the development of the social life of destitute people. BDBL has been designed its CSR Policy with along the Sustainable Development Goal (SDG) Strategy. Ultimate goal of CSR activities of BDBL is building sustainable Society CSR budget is provided form the profit earned by the bank each year. Since its inception of BDBL, Total utilization of CSR fund activities are amount 4.04 crore taka.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING & INTERNAL CONTROL

The Board of Directors of BDBL is responsible for guiding the 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 follows:

- ✚ 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 2021:

- ❖ 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 2021;
- ❖ 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 detail 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, 2021.

With best regards

On behalf of the Board of Directors.



(Shamima Nargis)

Chairman

Independent Auditors' Report and Audited Consolidated and Separate Financial Statements For the year ended 31 December 2021



K. M. HASAN & CO.**Chartered Accountants**

Hometown Apartments (7th, 8th & 9th Floor)

87, New Eskaton Road, Dhaka-1000

Phone: 9351457, 9351564

Fax: 88-02-9345792

Email: kmh_co@yahoo.com

Web: www.kmhasan.com.bd

ACNABIN**Chartered Accountants**

BDBL Bhaban (Level-13 & 15)

12 Kawran Bazar C/A, Dhaka-1215

Telephone: (+88-02) 41020030 to 3

Facsimile: (+88-02) 41020036

E-mail: acnabin@bangla.net

Web: www.acnabin.com

Independent Auditors' Report to the Shareholders of Bangladesh Development Bank Limited
For the year ended 31 December 2021

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 2021 and the consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

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

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, 2.43 and 23.1 to the financial statements, which describes the policy of charging depreciation of revalued assets, disclosure of FRC Policy on use of Audited Financial Statements in Processing Loans (Compliance of BRPD circular no. 04 & 35) with disclosure of percentage of verification and present contribution to the employees' pension fund and the future contribution thereto. Our opinion is not modified in respect of these matters.

Key Audit Matters

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

We have fulfilled the responsibilities described in the auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatements of the financial statements. These results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on accompanying financial statements.

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Fascimile: (+88-02) 41020036

E-mail: acnabin@bangla.net

Web: www.acnabin.com

1) Measurement of provision for loans and advances

See notes # 7, 7(a), 12.6 & 12.7 to the consolidated and separate financial statements

The key audit matter

The process for estimating the provision for loans and advances is associated with credit risk and is judgmental, significant and complex. While estimating such provision certain judgmental factors need to be considered including:

- Future business performance of the borrower;
- Key assumptions relating to further business performance of the borrower;
- Market value of the collateral;
- Ability to repossess collateral; and
- Recovery rates.

Furthermore, these provisions are processed manually that deals with voluminous data extracted from the IT system of the Bank and following the instructions of Bangladesh Bank issued time to time.

Due to high level of judgment involved and using some manual process in estimating the provision for loans and advances, we considered this to be a key audit matter.

At year end the Group and the Bank reported total gross loans and advances of BDT 23,893.49 million (2020: BDT 21,014.68 million) and provision as required by Bangladesh Bank for loans and advances of BDT 4,061.40 million (2020: BDT 3,897.50 million).

How the matter was addressed in our audit

We tested the design and operating effectiveness of key controls focusing on the following:

- Credit appraisal, loan disbursement procedures, monitoring and provisioning process;
- Identification of loss events, including early warning and default warning indicators; and
- Reviewed quarterly Classification of Loans (CL).

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

- Reviewed the adequacy of the general and specific provisions in line with related Bangladesh Bank guidelines;
- Assessed the methodologies on which the provision amounts are based, recalculated the provisions and tested the completeness and accuracy of the underlying information;
- Evaluated the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines;
- Evaluated the balances of loans and advances and provisions of overseas branches whether those are properly incorporated in the gross balances thereon; and

Finally, we compared the amount of provision requirement as determined by Bangladesh Bank inspection team to the actual amount of provision maintained.

K. M. HASAN & CO.
Chartered Accountants

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2) Legal and regulatory matters	
The key audit matter	How the matter was addressed in our audit
<p>We focused on this area because the Bank and its subsidiary (the "Group") operate in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.</p> <p>These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established as other contingent liabilities.</p> <p>Overall, the legal provision represents the Group's and the Bank's best estimate for existing legal matters that have a probable and estimable impact on the Group's financial position.</p>	<p>We obtained an understanding of the Group and the Bank's key controls over the legal compliance.</p> <p>We enquired to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters.</p> <p>We enquired of the Bank's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports.</p> <p>We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information.</p> <p>We also assessed the Bank's provisions and contingent liabilities disclosure.</p>
3) Carrying value of investments in subsidiaries by the Bank	
See note # 9 to the consolidated and separate financial statements	
The key audit matter	How the matter was addressed in our audit
<p>The Bank has invested in equity shares of its subsidiaries namely BDBL Securities Limited and BDBL Investment Services Limited. As at 31 December 2021 the carrying value of these investment in the subsidiaries is BDT 1,000 million (2020: BDT 1,000 million).</p> <p>The Bank is required to perform impairment test of investment in subsidiaries when impairment indication exists. The impairment testing is considered to be a key audit matter due to the complexity and judgments required in determining the assumptions to be used to estimate the recoverable amount which is higher of fair value less costs to sell and value in use.</p> <p>Management has not conducted impairment assessment and calculated recoverable value of its subsidiaries as no impairment indication exist.</p>	<p>We have reviewed management's analysis of impairment assessment and recoverable value calculation of subsidiaries in accordance with IAS 36, Impairment of Assets.</p> <p>In particular, our discussion with the Management were focused on the continued appropriateness of the value in use model, the key assumption used in the model, the reasonably possible alternative assumptions, particularly where they had the most impact on the value in use calculation.</p>

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4) Loans and Advances	
See note #7 & 7(a) to the consolidated and separate financial statements	
The key audit matter	How the matter was addressed in our audit
<p>Loans and advances are the vital component of financial statements of the bank. Income of the bank is primarily reliant on the portfolio of loans and advances. Management performance is highly dependent on the target achievement of loans and advances. Loan disbursement requires robust documentation followed by approval from appropriate level of authority.</p> <p>We identified loans and advances as a key audit matter because there is an inherent risk of fraud and error in disbursement of loans and advances by management to meet specific targets or expectations.</p> <p>At year end the Group and the Bank reported total gross loans and advances of BDT 23,893.49 million (2020: BDT 21,014.68 million)</p>	<p>We tested the design and operating effectiveness of key controls focusing on credit appraisal, loan disbursement procedures and monitoring process of loans and advances.</p> <p>We performed procedures to check whether the bank has ensured appropriate documentation as per Bangladesh bank regulations and Bank's policy before disbursement of loans and advances. In addition, we have performed procedures to check whether the loans and advances is recorded completely and accurately and that are existed at the reporting date.</p>
5) IT systems and controls	
The key audit matter	How the matter was addressed in our audit
<p>Our audit procedures have been focused on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls.</p> <p>We have focused on master data management, user access management and developer access to the production environment and changes to the IT environment. Among others, these are key to ensuring operating effectiveness of manual with automated control as well as fully automated control systems.</p>	<p>We tested the design and operating effectiveness of the bank's IT access controls over the information systems that are critical to financial reporting.</p> <p>We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized.</p> <p>We tested the Group's periodic review of access rights. We also inspected requests of changes to systems for appropriate approval and authorization. We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit. Where deficiencies were identified, we tested compensating controls or performed alternate procedures.</p> <p>In addition, we understood where relevant, changes were made to the IT landscape during the audit period and tested those changes that had a significant impact on financial reporting.</p>

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6) Impact of COVID-19 on financial reporting	
The key audit matter	How the matter was addressed in our audit
The effects of the COVID-19 pandemic have significant global implications for economies, markets and businesses, including volatility and possible material uncertainties. The operations of the Bank itself have been affected due to the restrictions brought about by the COVID-19 pandemic. There is an increasing probability that assertions and estimates related to reporting may be materially impacted due to impact of financial market volatility, deteriorating credit or liquidity concerns, government interventions, and disruptions in production and supply chain, among other matters.	Detailed substantive tests were conducted in order to mitigate the additional risks of material misstatements due to the impact of COVID-19. Testing the Bank's and Group's ability to function as a going concern by reviewing profitability, liquidity and operations, we performed detailed analytical procedures on the financial statements of the Bank, including but not limited to variance and common size analysis of balances. We have evaluated the appropriateness and sufficiency of the Management's explanations for the deviations amongst balances and ratios of current year to that of the comparative. We analyzed the disclosures provided by the Bank to rationalize the impact of COVID-19 on financial statements, and checked their appropriateness and sufficiency. We also checked that all COVID-19 impacts are accurately reflected in the financial statements, and disclosed in their entirety of magnitude to the financial statements as a whole; and scrutinize that the impacts of events after the reporting period, and ensure their true and fair reflection and disclosure in the financial statements. Our testing did not identify any issues with regards to impact of COVID-19 on financial reporting. Moreover, the bank has maintained @2% Special General Provision COVID-19 in addition to the general provision as per Circular provided by Bangladesh Bank (Note# 12.6.1).

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.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements of the Group and also separate financial statements of the Bank in accordance with IFRSs as explained in note 2, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991(as amended up to date) 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.

K. M. HASAN & CO.**Chartered Accountants**

Hometown Apartments (7th, 8th & 9th Floor)

87, New Eskaton Road, Dhaka-1000

Phone: 9351457, 9351564

Fax: 88-02-9345792

Email: kmh_co@yahoo.com

Web: www.kmhasan.com.bd

ACNABIN**Chartered Accountants**

BDBL Bhaban (Level-13 & 15)

12 Kawran Bazar C/A, Dhaka-1215

Telephone: (+88-02) 41020030 to 3

Facsimile: (+88-02) 41020036

E-mail: acnabin@bangla.net

Web: www.acnabin.com

-
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Bank Company Act, 1991 (as amended up to date), The Securities and Exchange Rules 2020 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 2021 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;

K. M. HASAN & CO.**Chartered Accountants**

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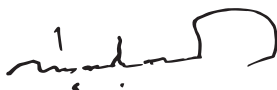
Fascimile: (+88-02) 41020036

E-mail: acnabin@bangla.net

Web: www.acnabin.com

-
- (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;
- (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 loans & advance and other assets which are, in our opinion, doubtful of recovery as explained in note no. 12.6, 12.7 & 12.5.b;
- (x) the information and explanations required by us have been received and found satisfactory;
- (xi) we have reviewed over 80% of the risk weighted assets of the Bank and spent over 5,760 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: 2205090331AS674023

Signed for & on behalf of

ACNABIN
Chartered Accountants

Md Moniruzzaman FCA
Partner

 ICAB Enrollment No. 787
 DVC: 2106240787AS979865

 Dhaka, Bangladesh
 Dated: 28 April 2022

Bangladesh Development Bank Limited and Its Subsidiaries
Consolidated Balance Sheet
As at 31 December 2021

	Notes	2021 Taka	2020 Taka
PROPERTY AND ASSETS			
Cash	3(a)	1,990,000,377	2,362,629,982
In hand (including foreign currencies)		96,221,417	83,850,821
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		1,893,778,960	2,278,779,161
Balance with other banks and financial institutions	4(a)	12,773,010,190	9,932,408,640
In Bangladesh		11,969,539,059	8,914,379,821
Outside Bangladesh		803,471,131	1,018,028,819
Money at call and on short notice	5	650,000,000	100,000,000
Investments	6(a)	10,211,187,843	10,074,067,390
Government		894,400	548,300
Others		10,210,293,443	10,073,519,090
Loans and advances	7(a)	23,893,495,928	21,014,688,938
Loans, cash credit and overdrafts, etc		23,298,844,627	20,621,912,488
Bill purchased and discounted		594,651,301	392,776,450
Fixed assets including premises, furniture and fixtures	8(a)	7,807,417,209	7,766,488,956
Other assets	9(a)	4,769,113,056	4,684,405,284
Total assets		62,094,224,603	55,934,689,190
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other Banks, financial institutions and agents	10	158,402,623	332,192,781
Deposits and other accounts	11(a)	29,004,666,489	24,216,289,953
Current and other accounts		3,429,150,175	2,724,601,035
Bills payable		112,056,316	132,101,882
Savings bank deposits		2,044,526,815	1,713,722,396
Fixed deposits		23,418,933,183	19,645,864,640
Other deposits		-	-
Other liabilities	12(a)	13,555,383,009	12,124,913,414
Total liabilities		42,718,452,121	36,673,396,148
Shareholders' equity			
Total shareholders' equity		19,375,772,482	19,261,293,041
Paid-up capital	13	6,000,000,000	4,000,000,000
Quasi equity	14	134,744,560	134,744,560
Statutory reserve	15	2,664,871,336	2,614,571,336
General reserve	16.1	2,347,755,114	4,347,755,114
Revaluation reserve	16.2(a)	6,320,705,403	6,411,967,551
Other reserve	16.3(a)	1,100,420,676	1,076,128,516
Retained earnings	16(a.i)	807,275,393	676,125,964
Total liabilities and shareholders' equity		62,094,224,603	55,934,689,190

Bangladesh Development Bank Limited and Its Subsidiaries
Consolidated Balance Sheet
As at 31 December 2021

Notes	2021 Taka	2020 Taka
-------	--------------	--------------

OFF-BALANCE SHEET ITEMS

Contingent liabilities	16.4	1,200,806,689	1,070,752,530
Acceptance and endorsements		-	-
Acceptance for FC guarantee		-	340,370,238
Letters of credit		757,335,731	368,842,751
Bills for collection		376,968,243	306,346,914
Other contingent liabilities		66,502,715	55,192,627
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 standby facilities, credit lines and other commitments		-	-
Total off-balance sheet items including contingent liabilities		1,200,806,689	1,070,752,530

The annexed notes from 1 to 35 form an integral part of these consolidated financial statements.



Managing Director & CEO



Director



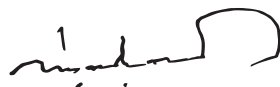
Director



Chairman

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



Md. Amirul Islam, FCA
Senior Partner

ICAB Enrolment No. 331
DVC: 2205090331AS674023

Signed for & on behalf of
ACNABIN
Chartered Accountants



Md. Moniruzzaman, FCA
Partner

ICAB Enrolment No. 787
DVC: 2205090787AS953056

Dhaka, Bangladesh
Dated: 28 April 2022

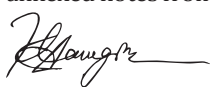
Bangladesh Development Bank Limited and Its Subsidiaries

Consolidated Profit and Loss Account

As at 31 December 2021

	Notes	2021 Taka	2020 Taka
Interest Income	18(a)	1,724,442,000	1,917,809,218
Interest paid on borrowings, deposits, etc	19(a)	(1,592,862,269)	(1,588,268,863)
Net interest income		131,579,731	329,540,355
Investment income	20(a)	1,266,286,685	611,692,782
Commission, exchange and brokerage	21(a)	174,290,251	65,954,225
Other operating income	22(a)	363,208,755	412,324,432
		1,803,785,691	1,089,971,439
Total operating income		1,935,365,422	1,419,511,794
Operating expenses			
Salaries and allowances	23(a)	912,540,557	946,083,855
Rent, taxes, insurance, lighting, etc	24(a)	63,090,975	63,272,364
Legal expenses	25(a)	1,734,941	1,964,964
Postage, telecommunication, etc	26(a)	9,869,644	6,866,790
Stationery, printing, advertisement, etc	27(a)	11,748,531	9,262,291
Managing Director's/Chief Executive's remuneration		3,762,460	3,700,000
Directors' fees	28(a)	2,102,387	2,307,540
Auditors' fees	28(b)	968,667	1,317,500
Depreciation and repair of Bank's assets	29(a)	106,506,255	63,130,545
Other expenses	30(a)	157,706,501	131,775,521
		1,270,030,918	1,229,681,370
Profit before provision		665,334,504	189,830,425
Provision for loans and advances	31(a)	158,999,961	-
Provision for diminution in value of investments		70,651,738	17,284,665
Other provisions		-	-
		229,651,699	17,284,665
Total provision		229,651,699	17,284,665
Total profit before taxes		435,682,805	172,545,760
Provision for taxation			
Current tax	12(a.i)	237,197,876	89,370,135
Deferred tax	12(a.ii)	(7,895,099)	(4,635,580)
		229,302,777	84,734,554
Net profit after tax		206,380,028	87,811,205
Appropriations:			
Statutory reserve		50,300,000	22,150,000
General reserve		-	-
Revaluation reserve		-	-
Start up fund		638,440	448,896
Building fund		-	-
Dividend to Government		-	-
		50,938,440	22,598,896
Retained surplus	16(a)	155,441,588	65,212,309
Earnings per share (EPS)	33(a)	3.44	1.46

The annexed notes from 1 to 35 form an integral part of these consolidated financial statements.



Managing Director & CEO



Director



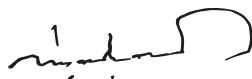
Director



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



Md. Amirul Islam, FCA
Senior Partner

ICAB Enrolment No. 331
DVC: 2205090331AS674023

Signed for & on behalf of
ACNABIN
Chartered Accountants



Md. Moniruzzaman, FCA
Partner

ICAB Enrolment No. 787
DVC: 2205090787AS953056

Dhaka, Bangladesh
Dated: 28 April 2022

Bangladesh Development Bank Limited and Its Subsidiaries
Consolidated Cash Flow Statement
As at 31 December 2021

Notes	2021 Taka	2020 Taka
A. Cash flows from operating activities		
Interest receipts in cash	1,752,564,746	1,930,339,698
Interest payments	(1,467,265,709)	(1,723,680,167)
Dividends receipts	301,686,380	185,359,073
Fees and commission receipts in cash	174,290,251	65,954,225
Recoveries of loans previously written-off	61,534,314	92,454,986
Cash payments to employees	(883,896,474)	(895,284,890)
Cash payments to suppliers	2,391,859	9,394,668
Income taxes paid	(200,967,146)	(154,602,160)
Receipts from other operating activities	2,008,144,450	1,047,229,104
Payments for other operating activities	(1,322,369,829)	(602,280,823)
Operating profit before changes in operating assets and liabilities	426,112,842	(45,116,286)
Increase/(Decrease) in operating assets and liabilities		
Loans and advances	(2,851,177,257)	(1,374,783,790)
Other assets	(5,872,917)	(1,237,600,534)
Deposits from other banks	-	-
Deposits from customers and others	4,788,376,536	(3,429,301,571)
Other liabilities	1,012,235,378	292,894,054
Cash flow from/(used in) operating assets and liabilities	2,943,561,740	(5,748,791,841)
Net cash flow from/(used in) operating activities	3,369,674,582	(5,793,908,128)
B. Cash flows from investing activities		
Proceeds from sale of securities	2,612,882,022	1,946,830,470
Payments for purchase of securities	(2,605,585,893)	(630,780,827)
Purchase of fixed asset (property, plant and equipment)	(207,706,352)	(42,294,831)
Net cash (used in)/flow from investing activities	(200,410,223)	1,273,754,812
C. Cash flows from financing activities		
Decrease in long term borrowing	(175,806,158)	295,862,328
Dividend paid	-	-
Net cash (used in)/flow from financing activities	(175,806,158)	295,862,328
D. Net increase/(decrease) in cash and cash equivalents (A+B+C)	2,993,458,201	(4,224,290,989)
E. Effects of changes in exchange rate	24,513,744	3,988,237
F. Cash and cash equivalents at beginning of the year	12,395,038,622	16,615,341,373
G. Cash and cash equivalents at end of the year (D+E+F) 32(a)	15,413,010,567	12,395,038,622
Cash and cash equivalents at end of the year		
Cash in hand (including foreign currencies)	96,221,417	83,850,821
Balance with Bangladesh Bank and its agent bank(s)	1,893,778,960	2,278,779,161
Balance with other banks and financial institutions	13,423,010,190	10,032,408,640
	15,413,010,567	12,395,038,622

The annexed notes from 1 to 35 form an integral part of these consolidated financial statements.



Managing Director & CEO



Director



Director



Chairman

Dhaka, Bangladesh
Dated: 28 April 2022

Bangladesh Development Bank Limited and Its Subsidiaries **Consolidated Statement of Changes in Equity** **As at 31 December 2021**

Particulars	Paid-up capital	Quasi equity	Statutory reserve	General reserve	Revaluation reserve	Other reserve	Retained earnings	Profit/(Loss)	Total equity
Balance as at 01 January 2021	4,000,000,000	134,744,560	2,614,571,336	4,347,755,114 (2,000,000,000)	6,411,967,551	1,076,128,516	676,125,964	-	19,261,293,041
Bonus share issued	2,000,000,000	-	-	-	-	-	-	-	-
Transfer to Capital Reserve	-	-	-	-	-	24,292,160	(24,292,160)	-	(104,899,013)
Dep. during the year	-	-	-	-	(104,899,013)	-	-	-	13,636,865
Adjustment for deferred tax	-	-	-	-	13,636,865	-	-	-	206,380,028
Net profit for the year	-	-	-	-	-	-	-	206,380,028	-
Appropriations made during the year	-	-	50,300,000	-	-	-	155,441,588	(205,741,588)	-
Appropriations of profit to other liability for Start up fund	-	-	-	-	-	-	-	(638,440)	(638,440)
Balance as at 31 December 2021	6,000,000,000	134,744,560	2,664,871,336	2,347,755,114	6,320,705,403	1,100,420,676	807,275,393	-	19,375,772,482

For the year ended 31 December 2020

Particulars	Paid-up capital	Quasi equity	Statutory reserve	General reserve	Revaluation reserve	Other reserve	Retained earnings	Profit/(Loss)	Total equity
Balance as at 01 January 2020	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	-	19,261,293,041
Transfer to Capital Reserve	-	-	-	-	-	1,777,274	(1,777,274)	-	-
Dep. during the year	-	-	-	-	(107,588,731)	-	-	-	(107,588,731)
Adjustment for deferred tax	-	-	-	-	13,986,582	-	-	-	13,986,582
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)
Balance as at 31 December 2020	4,000,000,000	134,744,560	2,614,571,336	4,347,755,114	6,411,967,551	1,076,128,516	676,125,964	-	19,261,293,041

Dhaka, Bangladesh
Dated: 28 April 2022


Managing Director & CEO


Director


Director


Chairman

Bangladesh Development Bank Limited
Balance Sheet
As at 31 December 2021

	Notes	2021 Taka	2020 Taka
PROPERTY AND ASSETS			
Cash	3	1,990,000,377	2,362,629,982
Cash in hand (including foreign currencies)		96,221,417	83,850,821
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		1,893,778,960	2,278,779,161
Balance with other banks and financial institutions	4	12,358,213,539	9,706,431,206
In Bangladesh		11,554,742,408	8,688,402,386
Outside Bangladesh		803,471,131	1,018,028,819
Money at call and on short Notice	5	650,000,000	100,000,000
Investments	6	8,397,227,868	8,404,523,997
Government		894,400	548,300
Others		8,396,333,468	8,403,975,697
Loans and advances	7	24,134,333,604	21,289,651,005
Loans, cash credit and overdrafts, etc		23,539,682,303	20,896,874,555
Bill purchased and discounted		594,651,301	392,776,450
Fixed assets including premises, furniture and fixtures	8	7,797,780,000	7,754,832,735
Other assets	9	5,829,063,323	5,683,568,219
Total assets		61,156,618,711	55,301,637,143
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other Banks, financial institutions and agents	10	158,402,623	332,192,781
Deposits and other accounts	11	29,005,102,268	24,218,902,631
Current and other accounts		3,429,585,954	2,727,213,713
Bills payable		112,056,316	132,101,882
Savings Bank deposits		2,044,526,815	1,713,722,396
Fixed deposits		23,418,933,183	19,645,864,640
Other deposits		-	-
Other liabilities	12	12,998,498,298	11,727,869,499
Total liabilities		42,162,003,189	36,278,964,911
Shareholders' equity			
Total shareholders' equity		18,994,615,522	19,022,672,232
Paid-up capital	13	6,000,000,000	4,000,000,000
Quasi equity	14	134,744,560	134,744,560
Statutory reserve	15	2,664,871,336	2,614,571,336
General reserve	16.1	2,347,755,114	4,347,755,114
Revaluation reserve	16.2	6,320,705,403	6,411,967,551
Other reserve	16.3	1,065,907,514	1,065,907,514
Retained earnings	16.5	460,631,595	447,726,157
Total liabilities and shareholders' equity		61,156,618,711	55,301,637,143

Bangladesh Development Bank Limited
Balance Sheet
As at 31 December 2021

OFF-BALANCE SHEET ITEMS
Contingent liabilities

Acceptance and endorsements
Acceptance for FC guarantee
Letters of credit
Bills for collection
Other contingent liabilities

Notes
**2021
Taka**
**2020
Taka**

16.4

1,200,806,689
1,070,752,530

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-

-

340,370,238

757,335,731

368,842,751

376,968,243

306,346,914

66,502,715

55,192,627

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

-

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Total off-balance sheet items including contingent liabilities
1,200,806,689
1,070,752,530

The annexed notes from 1 to 35 form an integral part of these 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



Md. Amirul Islam, FCA
Senior Partner

ICAB Enrolment No. 331
DVC: 2205090331AS674023

Signed for & on behalf of
ACNABIN
Chartered Accountants



Md. Moniruzzaman, FCA
Partner

ICAB Enrolment No. 787
DVC: 2205090787AS953056

Dhaka, Bangladesh
Dated: 28 April 2022

Bangladesh Development Bank Limited
Profit and Loss Account
As at 31 December 2021

	Notes	2021 Taka	2020 Taka
Interest income	18	1,754,574,023	1,928,321,715
Interest paid on borrowings, deposits, etc	19	(1,592,862,269)	(1,588,268,863)
Net Interest Income		161,711,754	340,052,852
Income from investments	20	1,016,784,059	514,035,398
Commission, exchange and brokerage	21	85,735,205	35,805,023
Other operating income	22	360,302,894	410,619,129
		1,462,822,158	960,459,550
Total operating income		1,624,533,912	1,300,512,402
Operating expenses			
Salaries and allowances	23	885,076,422	924,662,912
Rent, taxes, insurance, lighting, etc	24	59,137,643	58,045,493
Legal expenses	25	1,594,641	1,760,964
Postage, telecommunication, etc	26	9,690,569	6,725,033
Stationery, printing, advertisement, etc	27	11,082,678	8,841,768
Managing Director's/Chief Executive's remuneration		3,762,460	3,700,000
Directors' fees	28	852,587	1,336,800
Auditors' fees		807,667	1,179,500
Depreciation and repair of Bank's assets	29	101,830,019	60,249,617
Other expenses	30	139,941,275	123,395,422
Total operating expenses		1,213,775,961	1,189,897,509
Profit before provision		410,757,951	110,614,893
Provision for loans and advances	31	158,999,961	-
Provision for diminution in value of investments		-	-
Other provisions		-	-
Total provision		158,999,961	-
Total profit before taxes		251,757,990	110,614,893
Provision for taxation			
Current tax	12.1.1	195,808,084	70,394,491
Deferred tax	12.1.2	(7,893,972)	(4,669,198)
		187,914,112	65,725,293
Net profit after tax		63,843,878	44,889,600
Appropriations:			
Statutory reserve		50,300,000	22,150,000
General reserve		-	-
Start up fund		638,440	448,896
Dividend to Government		-	-
		50,938,440	22,598,896
Retained surplus		12,905,438	22,290,704
Earnings per share (EPS)	33	1.06	0.75

The annexed notes from 1 to 35 form an integral part of these financial statements.



Managing Director & CEO



Director



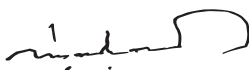
Director



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



Md. Amirul Islam, FCA
Senior Partner

ICAB Enrolment No. 331
DVC: 2205090331AS674023

Dhaka, Bangladesh
Dated: 28 April 2022

Signed for & on behalf of
ACNABIN
Chartered Accountants



Md. Moniruzzaman, FCA
Partner

ICAB Enrolment No. 787
DVC: 2205090787AS953056

Bangladesh Development Bank Limited

Cash Flow Statement As at 31 December 2021

	Notes	2021 Taka	2020 Taka
A. Cash flows from operating activities			
Interest receipts in cash		1,761,068,681	1,947,366,712
Interest payments		(1,507,498,786)	(1,751,117,741)
Dividend receipts		250,777,364	141,430,645
Fees and commission receipts in cash		85,735,205	35,805,023
Recoveries on loans previously written-off		61,534,314	92,454,986
Cash payments to employees		(883,896,474)	(895,284,890)
Cash payments to suppliers		2,391,859	9,394,668
Income taxes paid		(172,919,731)	(133,142,323)
Receipts from other operating activities	22(b)	900,639,344	634,113,419
Payments for other operating activities	30(b)	(261,635,163)	(222,473,929)
Operating profit before changes in operating assets and liabilities		236,196,613	(141,453,430)
Increase/(Decrease) in operating assets and liabilities			
Loans and advances		(2,851,177,257)	(1,374,783,790)
Other assets		(5,872,917)	(1,237,600,534)
Deposits from other banks		-	-
Deposits from customers and others		4,786,199,637	(3,426,975,881)
Other liabilities		1,012,235,378	292,894,054
Cash flow from/(used in) operating assets and liabilities		2,941,384,841	(5,746,466,151)
Net cash flow from/(used in) operating activities		3,177,581,454	(5,887,919,582)
B. Cash flows from investing activities			
Proceeds from sale of securities		2,612,882,022	1,946,830,470
Payments for purchase of securities		(2,605,585,893)	(630,780,827)
Purchase of property, plant and equipment		(206,448,440)	(41,892,441)
Net cash (used in)/flow from investing activities		(199,152,311)	1,274,157,202
C. Cash flows from financing activities			
Increase in long term borrowing		(173,790,158)	296,366,328
Dividend paid		-	-
Net cash (used in)/flow from financing activities		(173,790,158)	296,366,328
D. Net increase/(decrease) in cash and cash equivalents (A+B+C)		2,804,638,985	(4,317,396,052)
E. Effects of changes in exchange rate		24,513,744	3,988,237
F. Cash and cash equivalents at beginning of the year		12,169,061,187	16,482,469,002
G. Cash and cash equivalents at end of the year (D+E+F)	32	14,998,213,916	12,169,061,187
Cash and cash equivalents at end of the year			
Cash in hand (including foreign currency)		96,221,417	83,850,821
Balance with Bangladesh Bank and its agent bank(s)		1,893,778,960	2,278,779,161
Balance with other banks and financial institutions		13,008,213,539	9,806,431,206
		14,998,213,916	12,169,061,187

The annexed notes from 1 to 35 form an integral part of these financial statements.


Managing Director & CEO


Director


Director


Chairman

Dhaka, Bangladesh
Dated: 28 April 2022

Bangladesh Development Bank Limited
Statement of Changes in Equity
As at 31 December 2021


(Amount in Taka)

Particulars	Paid-up capital	Quasi equity	Statutory reserve	General reserve	Revaluation reserve	Other reserves	Retained earnings	Profit/(loss)	Total equity
Balance as at 01 January 2021	4,000,000,000	134,744,560	2,614,571,336	4,347,755,114	6,411,967,551	1,065,907,514	447,726,157	-	19,022,672,232
Bonus share issued	2,000,000,000	-	-	(2,000,000,000)	-	-	-	-	-
Depreciation during the year	-	-	-	-	(104,899,013)	-	-	-	(104,899,013)
Adjustment for deferred tax	-	-	-	-	13,636,865	-	-	-	13,636,865
Net profit for the year	-	-	-	-	-	-	-	63,843,878	63,843,878
Appropriations made during the year	-	-	50,300,000	-	-	-	12,905,438	(63,205,438)	-
Appropriations of profit to other liability for Start up fund	-	-	-	-	-	-	-	(638,440)	(638,440)
Balance as at 31 December 2021	6,000,000,000	134,744,560	2,664,871,336	2,347,755,114	6,320,705,403	1,065,907,514	460,631,595	-	18,994,615,522

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
Balance as at 01 January 2020	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
Depreciation during the year	-	-	-	-	(107,588,731)	-	-	-	(107,588,731)
Adjustment for deferred tax	-	-	-	-	13,986,582	-	-	-	13,986,582
Net profit for the year	-	-	-	-	-	-	-	44,889,600	44,889,600
Appropriations made during the year	-	-	22,150,000	-	-	-	22,290,704	(44,440,704)	-
Appropriations of profit to other liability for Start up fund	-	-	-	-	-	-	-	(448,896)	(448,896)
Balance as at 31 December 2020	4,000,000,000	134,744,560	2,614,571,336	4,347,755,114	6,411,967,551	1,065,907,514	447,726,157	-	19,022,672,232

Dhaka, Bangladesh
Dated: 28 April 2022


Managing Director & CEO


Director


Director


Chairman

Bangladesh Development Bank Limited
Liquidity Statement (Analysis of Maturity of Assets and Liabilities)
As at 31 December 2021

(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
Assets						
Cash in hand	96,221,417	-	-	-	-	96,221,417
Balance with Bangladesh Bank and Sonali Bank (incl. foreign currencies)	1,543,200,000	-	-	-	350,578,960	1,893,778,960
Balance with other banks and financial institutions and agents	4,549,400,000	5,991,700,000	1,817,113,539	-	-	12,358,213,539
Money at call and on short notice	650,000,000	-	-	-	-	650,000,000
Investments	-	8,000,000	4,001,200,000	1,456,500,000	2,931,527,868	8,397,227,868
Loans and advances	1,164,300,000	2,156,600,000	3,284,900,000	14,106,800,000	3,421,733,604	24,134,333,604
Fixed assets including premises, furniture and fixtures	-	-	-	-	7,797,780,000	7,797,780,000
Other assets	86,400,000	664,900,000	613,400,000	2,244,700,000	2,219,663,323	5,829,063,323
Non-banking assets	-	-	-	-	-	-
Total Assets	8,089,521,417	8,821,200,000	9,716,613,539	17,808,000,000	16,721,283,755	61,156,618,711
Liabilities						
Borrowing from Bangladesh Bank, Other banks, financial institutions and agents	-	-	33,400,000	125,002,623	-	158,402,623
Deposits and other accounts	2,871,500,000	7,268,500,000	4,959,100,000	13,906,002,268	-	29,005,102,268
Provision and other liabilities	-	153,800,000	994,400,000	2,501,600,000	9,348,698,298	12,998,498,298
Total Liabilities	2,871,500,000	7,422,300,000	5,986,900,000	16,532,604,891	9,348,698,298	42,162,003,189
Net liquidity gap	5,218,021,417	1,398,900,000	3,729,713,539	1,275,395,109	7,372,585,457	18,994,615,522



Managing Director & CEO



Director



Director



Chairman

Dhaka, Bangladesh

Dated: 28 April 2022

- 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 2021

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 49 Branches & 02 (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

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 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 Company Act, 1991 (as amended up to date) 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 2021

In case any requirement of the Bank Companies Act 1991 (as amended up to date) and provisions and circulars issued by Bangladesh Bank differ with those of IFRSs as adopted, the requirements of the Bank Company 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 (as amended) 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 2021

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 2021

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 2021

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 2021.

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 2021

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.

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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.

viii. 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 2021.

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%

* 2% 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.

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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.

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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, 2021.

- 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 2021 is as under:

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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	16	617,971	20	1,201,269	36
3 months to 6 months	-	-	-	-	-
6 months to 9 months	-	-	-	-	-
9 months to 12 months	-	-	-	-	-
More than 12 months	25	993	26	958	51
Total	41	618,964	46	1,202,227	87
Unadjusted amount (Cr.)	583,263		-	-	-

* 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 2021 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. 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.

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b. 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 complying all the criteria. In every eligible case, ICRR report is duly signed by Chief Risk Officer (CRO) of the bank. BDBL also follows Bangladesh Bank guidelines regarding CIB reporting, Loan Classification & provisioning, bad debts written-off and interest suspense. Besides, the Bank 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. In addition, reporting is properly done by the concerned departments to the competent authority and regulatory body.

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 manual plays vital role in assessing, monitoring and mitigating Foreign Exchange Risks.

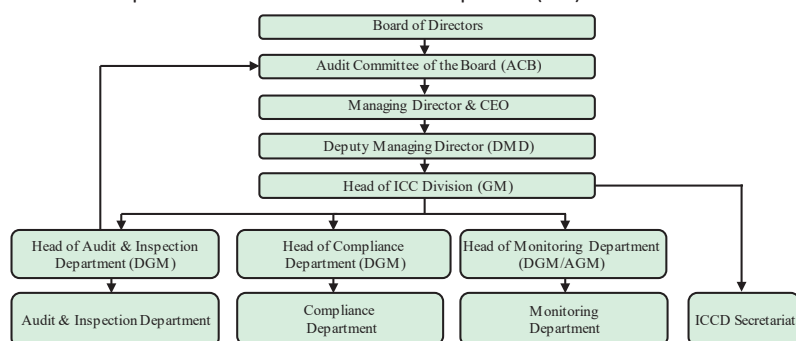
d. Money laundering and terrorist financing risk management

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, BIBM 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:



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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. Besides, IT Security Unit under IT Operation Department and Card Management Unit under IT System Department have been launched to ensure data security more effective. 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 in Hi-tech Software Park in Jashore in collaboration with other government banks and financial institutions. 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

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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 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-2020 of BDBL (based on audited accounts as on 31 December 2020).

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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 2021 depicts very strong position of the bank’s capability to absorb Minor and Moderate 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 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.

$$\text{LCR} = \frac{\text{Stock of quality liquid assets}}{\text{Total net cash outflows over the next 30 calendar days}} \geq 100\%$$

2.26 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.

$$\text{NSFR} = \frac{\text{Available amount of stable funding (ASF)}}{\text{Required amount of stable funding (RSF)}} \geq 100\%$$

2.27 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 2020. The following ratings had been awarded:

Date of Declaration	Valid till	Rating Mode	Long Term	Short Term	Outlook
July 31, 2021	July 30, 2022	Govt. Support	AAA	ST-1	Stable
		Without Govt. Support	A-	ST-3	Developing

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2.28 Audit committee

2.28.1 Member

An audit committee has been reconstituted by the Board of Directors of the Bank in its 274th meeting held on 30 November, 2021. The members of the Audit Committee are as under:

Sl. No.	Name	Qualification	Designation in the Bank	Designation in the Committee
1	Md. Ekhlasur Rahman	MSS	Director	Chairman
2	Md. Abu Hanif Khan	MSC	Director	Member
3	Subhash Chandra Sarker	MSC	Director	Member
4	Quazi Shairul Hassan	MBA (IBA)	Director	Member

2.28.2 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 2021 the committee conducted 07 (Seven) 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 2020;
- Review of key performance indicators of the branches
- Review of compliance and implementation of comprehensive inspection report as on 31 December 2019 by Bangladesh Bank
- Approval of internal audit plan of BDBL for the year 2021.

2.29 Risk Management Committee

2.29.1 Member

A Risk Management Committee has been reconstituted by the Board of Directors of the Bank in its 274th meeting held on 30 November, 2021. The members of the Risk Management Committee are as under:

Sl. No.	Name	Qualification	Designation in the Bank	Designation in the Committee
1	Shamima Nargis	MA	Director & Chairman	Chairman
2	Md. Abu Hanif Khan	MSC	Director	Member
3	Md. Abu Yusuf	MSS	Director	Member
4	Quazi Shairul Hassan	MBA (IBA)	Director	Member
5	Md. Azizur Rahman	MBS	Director	Member

2.29.2 Activities

A Risk Management Committee has been created in addition to the Executive and Audit Committee of the Board, and it is responsible for planning and leading the bank's overall risk management. The chairman of the board chairs this Committee, which is made up of 05 members of the board of Directors. The Committee's prime responsibilities is to define the risk appetite, designing organizational structure to manage risk within the bank, understanding the inherent risks of the bank, then reviewing and approving risk management policy. The Committee is also involved in enforcing and using adequate recordkeeping and reporting systems, reviewing and approving limits and reviewing at least annually and last but not the least monitoring compliance with overall risk management policies and limits.

During the year 2021 the committee conducted 02 (Two) meetings.

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2.30 Executive committee

2.30.1 Member

An Executive committee has been reconstituted by the Board of Directors of the Bank in its 274th meeting held on 30 November, 2021. The members of the Executive Committee are as under:

Sl. No.	Name	Qualification	Designation in the Bank	Designation in the Committee
1	Shamima Nargis	MA	Director & Chairman	Chairman
2	Md. Abu Yusuf	MSS	Director	Member
3	Md. Azizur Rahman	MBS	Director	Member
4	Kazi Alamgir	MSC	MD & CEO	Member

2.30.2 Activities

BDBL's Executive Committee is made up of four members of Board of Directors and is led by the bank's Chairman. The committee makes emergency decisions as needed and supports the BOD in fulfilling its obligations, such as setting objectives, strategies, and general business plans for the bank's effective operation. The committee examines the Bangladesh Bank's credit rules and procedures, as well as the banking industry's other activities. The Board's Executive Committee authorizes credit applications in accordance with the Board's authorized policy. At the time of presenting credit proposals, management assures due scrutiny of the credit policy and risk management.

During the year 2021 the committee conducted 01 (One) meeting.

2.31 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.

2.32 Reporting Period

The Financial Statements cover one calendar year from 01 January 2021 to 31 December 2021.

2.33 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.

2.34 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).

2.35 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:

- Cost model
- Fair Value model

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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.

2.36 Regulatory & Legal Compliance

The bank has complied with the requirement of following regulatory & legal authority:

- (a) The Bank Company Act, 1991 (as amended up to date)
- (b) The Companies Act, 1994
- (c) Rules, Regulation and Directives issued by Bangladesh Bank
- (d) Security & Exchange Rules, 2020
- (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
- (j) Labor Act, 2006 (Amended 2013)
- (j) Other applicable laws and regulations

2.37 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 farther 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.

2.38 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:

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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.

2.39 Impact of Covid-19

The Bank is continuously assessing the impact of COVID 19 in every areas of the operations and will bring to the attention to the users if there is any significant issues arisen thereon. Bangladesh Bank also have given various circulars/instructions for the borrowers and other stakeholders of the Bank since inception of the COVID-19. The Bank is duly complying all the relevant guideline(s) of Bangladesh Bank. The Bank is also continuously assessing the impact of regulatory guidelines and its going concern. There is no such uncertainty or threat on going concern of the Bank regarding the impact of COVID-19 for the upcoming year(s).

2.40 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.

2.41 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.

2.42 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:

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
16	33	Earning Per Share	Complied
17	34	Interim Financial Reporting	N/A
18	36	Impairment of Assets	Complied
19	37	Provision, Contingent Liabilities and Contingent Assets	Complied
20	38	Intangible Assets	Complied
22	40	Investment Property	Complied *
23	41	Agriculture	N/A

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Sl. No.	IFRS No.	IFRS Title	Compliance Status
1	1	First-time Adoption of International Financial Reporting Standards	N/A
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 Operations	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.

2.43 Disclosure of FRC Policy on Use of Audited Financial Statements in Processing Loans (Compliance of BRPD circular no. 04 & 35)

Audited Financial Statements are mandatory documents for any existing company applying for new loan facility for the first time from the bank. The bank uses the Audited Financial Statements while assessing any new credit proposal or approving any new credit / Loan facilities to any new customer(s). In compliance with BRPD Circular Letter No. 04, dated January 04, 2021 and BRPD Circular Letter No. 35, dated August 17, 2021, the bank will have to obtain audited financial statements while approving any new loan or renewing any loan and have to disclose in the note to the financial statements of the clients/borrowers specifying the percentage of coverage of verification through DVS. Audited Financial Statements are preserved with the Loan File by the bank. However, in some especial circumstances where latest Audited Financial Statements may not be available, the bank uses interim Management Accounts for the Borrower Risk Rating (BRR) or ICRR for the purpose of renewal of any loan facilities. Such BRR or ICRR is approved by the Management only for Interim use with an instruction to update the same with the Audited Financial Statements. Currently the bank is unable to use the Document Verification System (DVS) as user ID for DVS from ICAB yet to be received. As soon the bank get the user ID, it will start verifying the Financial Statements using the Document Verification System (DVS) and will disclose the same in the financial statements accordingly.

Bangladesh Development Bank Limited and Its Subsidiaries **Notes to the consolidated and separate financial statements** **As at 31 December 2021**

	Notes	2021 Taka	2020 Taka
3. Cash			
3.1 Cash in hand			
In local currency		96,221,417	83,850,821
In foreign currencies		-	-
Balance with Bangladesh Bank and Sonali Bank Limited	Note: 3.2	1,893,778,960	2,278,779,161
		1,990,000,377	2,362,629,982
3(a) Consolidated cash in hand			
Bangladesh Development Bank Limited	Note: 3.1	1,990,000,377	2,362,629,982
BDBL Securities Limited		-	-
BDBL Investment Services Limited		-	-
		1,990,000,377	2,362,629,982
3.2 Balance with Bangladesh Bank and Sonali Bank Limited			
Local currency - Bangladesh Bank		1,843,208,592	1,374,060,767
Local currency - Sonali Bank Limited		11,617,511	10,501,151
Foreign currency - Bangladesh Bank		38,952,857	894,217,242
		1,893,778,960	2,278,779,160
3.3 Cash reserve ratio (CRR)			
Required reserve (4.00% of demand and time liabilities)		1,221,960,000	840,346,000
Actual reserve held with Bangladesh Bank		1,254,559,000	960,784,000
Excess reserve (average/day)		32,599,000	120,438,000
Cash reserve ratio (CRR) has been calculated and maintained in accordance with the Section 33 of the Bank Company 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 & MPD circular no. 04 dated 01 December 2010, MPD circular no. 01 dated 23 June 2014 and MPD circular 03, Dated 06/04/2020.			
3.3.1 Statutory liquidity ratio (SLR)			
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.			
4. Balance with other banks and financial institutions			
In Bangladesh	Note: 4.1	11,554,742,408	8,688,402,386
Outside Bangladesh	Note: 4.2	803,471,131	1,018,028,819
		12,358,213,539	9,706,431,206
4.1 In Bangladesh			
Current and other accounts:			
Current account	Note: 4.1.1	70,295,750	75,642,205
Term deposit	Note: 4.1.2	8,355,146,156	6,500,146,156
Term deposit - depreciation fund	Note: 4.1.3	72,000,000	72,000,000
Term deposit - building fund	Note: 4.1.4	553,800,000	553,800,000
Term deposit - loan redemption fund	Note: 4.1.5	204,959,500	204,959,500
Short term deposit	Note: 4.1.6	2,298,541,002	1,281,854,525
		11,554,742,408	8,688,402,386
4.1.1 Current deposit			
Janata Bank Limited		45,463,869	51,298,991
Rupali Bank Limited		7,112,564	2,699,392
Sonali Bank Limited		471,638	162,483
IFIC Bank Limited		7,309,651	9,682,116
Dutch Bangla Bank Limited		253,460	66,962
AB Bank Limited		3,622	4,657
Prime Bank Limited		96,430	13,571
Trust Bank Limited		13,357	2,023,500
BDBL Securities Limited		5,757	594,046
Jamuna Bank Limited		12,842	2,842
National Bank Limited		1,706,658	538,771
Shahjalal Islami Bank Limited		2,004	2,005,522
NCC Bank Limited		4,578,033	1,534,896
Rajshahi Krishi unnayan Bank Limited		2,210,652	3,015,298
Eastern Bank Limited		130	3,130
Islami Bank Limited		1,005,598	1,996,028
Social Islami Bank Limited		49,485	-
		70,295,750	75,642,205

Notes	2021 Taka	2020 Taka
4.1.2 Term deposit		
AB Bank Limited	300,000,000	200,000,000
ICB Islami Bank Limited	5,146,156	5,146,156
National Bank limited	-	200,000,000
Padma Bank Limited	500,000,000	500,000,000
Al-Arafa Islami Bank Limited	300,000,000	100,000,000
Standard Bank Limited	300,000,000	365,000,000
EXIM Bank Limited	1,000,000,000	1,100,000,000
Union Bank Limited	-	200,000,000
Phoenix Finance and Investment Limited	140,000,000	150,000,000
Reliance Finance Limited	480,000,000	500,000,000
Peoples Leasing and Financial Services Limited	50,000,000	50,000,000
Karmasangsthan Bank	140,000,000	40,000,000
Social Islami Bank Limited	10,000,000	10,000,000
NRB Global Bank Limited	210,000,000	210,000,000
South Bangla Agriculture and Commerce Bank Limited	-	20,000,000
Islamic Finance and Investment Limited	20,000,000	50,000,000
IFIC Bank Limited	300,000,000	-
Investment Corporation of Bangladesh	2,800,000,000	2,800,000,000
Janata Bank Ltd	1,000,000,000	-
Rajshahi Krishi Unnayan Bank	300,000,000	-
Agrani Bank Ltd	500,000,000	-
	8,355,146,156	6,500,146,156
4.1.3 Term deposit - depreciation fund		
NRB Global Bank Limited	72,000,000	72,000,000
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.		
4.1.4 Term deposit - building fund		
Union Bank Limited	10,000,000	10,000,000
South Bangla Agriculture and Commerce Bank Limited	-	200,000,000
The Premier Bank Limited	290,000,000	100,000,000
First Security Islami Bank Limited	143,800,000	143,800,000
Social Islami Bank Ltd	100,000,000	100,000,000
NRB Global Bank Limited	10,000,000	-
	553,800,000	553,800,000
*Building fund was made to build up a building in Uttara, Dhaka.		
4.1.5 Term deposit - loan redemption fund		
ICB Islamic Bank Limited	4,959,500	4,959,500
One Bank Limited	-	50,000,000
Union Bank Limited	150,000,000	150,000,000
First Security Islami Bank Limited	50,000,000	-
	204,959,500	204,959,500
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.		
4.1.6 Short term deposit		
Agrani Bank Limited	93,081,996	23,495,519
First Finance Limited	136,000,000	136,000,000
Premier Leasing and Finance Limited	119,500,000	119,500,000
Peoples Leasing and Financial Services Limited	230,400,000	230,400,000
The Farmers Bank Limited	198,700,000	198,700,000
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	4,400,000	14,500,000
Union Capital Limited	88,800,000	88,800,000
Reliance Finance Limited	-	40,000,000
GSP Finance Co. Bangladesh Limited	36,000,000	38,800,000
Union Bank Ltd	300,000,000	-
NCC Bank Ltd.	250,000,000	-
Community Bank Bangladesh Ltd	450,000,000	-
	2,298,541,002	1,281,854,525

	Notes	2021 Taka	2020 Taka
4.2 Outside Bangladesh			
Modhumoti Bank Limited		4,800,068	4,756,469
Mashreq Bank Limited		149,748,220	847,226,561
BHF Bank AG, Germany		5,846,244	9,332,171
Sonali Bank Limited		126,704,996	71,218,394
Sonali Bank Limited		42,663	85,495,224
AB Bank(Depo)		426,625,000	-
Axis Bank Limited		89,703,940	-
		803,471,131	1,018,028,819
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 Annexure-D .			
4.3 Maturity-wise grouping (balance with other banks and financial institutions)			
On demand		177,700,000	99,600,000
Less than three months		10,363,400,000	8,660,800,000
More than three months but less than one year		1,817,113,539	946,031,205
More than one year but less than five years		-	-
More than five years		-	-
		12,358,213,539	9,706,431,206
4(a) Consolidated balance with other banks and financial institutions			
In Bangladesh			
Bangladesh Development Bank Limited	Note: 4.1	11,554,742,408	8,688,402,386
BDBL Securities Limited		188,872,539	111,567,723
BDBL Investment Services Limited		225,924,112	114,409,712
		11,969,539,059	8,914,379,821
Outside Bangladesh			
Bangladesh Development Bank Limited	Note: 4.2	803,471,131	1,018,028,819
BDBL Securities Limited		-	-
BDBL Investment Services Limited		-	-
		803,471,131	1,018,028,819
		12,773,010,190	9,932,408,641
5. Money at call and on short notice			
In Bangladesh		650,000,000	100,000,000
Outside Bangladesh		-	-
		650,000,000	100,000,000
6. Investments			
Government securities	Note: 6.1	894,400	548,300
Other investment	Note: 6.2	8,396,333,468	8,403,975,697
		8,397,227,868	8,404,523,997
A Schedule of Statement of Investment (for cost) is given in Annexure-F .			
6.1 Government securities			
Treasury bonds	
Prize bond		-	-
		894,400	548,300
		894,400	548,300
6.2 Other investments			
Shares	Note: 6.2.1	7,333,402,209	7,341,044,438
Debentures		2,931,259	2,931,259
Investment in Bangladesh fund		1,060,000,000	1,060,000,000
		8,396,333,468	8,403,975,697
6.2.1 Investment in shares by listing status			
Quoted shares		7,111,112,674	7,138,260,244
Unquoted shares		171,377,435	151,872,094
Others*		50,912,100	50,912,100
		7,333,402,209	7,341,044,438
Market value	(Annexure -F)	29,473,920,975	23,760,060,281
Investment in quoted and unquoted shares are recorded at cost. At 31 December 2021 market value/fair value of this investment is above cost, thus no provision is required to make for the year.			
6.3 Maturity-wise grouping of investments			
On demand		-	1,300,000
Less than three months		8,000,000	5,900,000
More than three months but less than one year		4,001,200,000	4,007,000,000
More than one year but less than five years		1,456,500,000	1,458,600,000
More than five years		2,931,527,868	2,931,723,997
		8,397,227,868	8,404,523,997

	Notes	2021 Taka	2020 Taka
6.4 Provision for investment			
Required provision		93,643,359	93,643,359
Provision maintained		93,643,359	93,643,359
Provision excess/(shortage)		-	-
6(a) Consolidated investment			
(i) Government securities			
Bangladesh Development Bank Limited	Note: 6.1	894,400	548,300
BDBL Securities Limited		-	-
BDBL Investment Services Limited		-	-
		894,400	548,300
(ii) Other investments			
Bangladesh Development Bank Limited	Note: 6.2	8,396,333,468	8,403,975,697
Less: Investment in Subsidiaries		-	-
BDBL Securities Limited		1,175,777,479	1,078,404,804
BDBL Investment Services Limited		638,182,496	591,138,589
		10,210,293,443	10,073,519,090
		10,211,187,843	10,074,067,390
7. Loans and advances			
Loans, cash credits, overdrafts, etc			
In Bangladesh		23,539,682,303	20,896,874,555
Outside Bangladesh		-	-
		23,539,682,303	20,896,874,555
Bills purchased and discounted :			
In Bangladesh		594,651,301	392,776,450
Outside Bangladesh		-	-
		594,651,301	392,776,450
		24,134,333,604	21,289,651,005
7.1 Nature-wise loans and advances			
Cash credits		4,566,353,812	3,852,528,454
Long term (amount due and not due)		12,967,365,066	10,692,784,625
Overdrafts		641,016,862	442,001,858
Local documentary bill purchased		594,651,301	392,776,450
Consumer loan		401,716,713	356,440,730
Loan against trust receipt and others		1,270,392,462	1,824,966,780
Staff loan		3,692,837,388	3,728,152,107
		24,134,333,604	21,289,651,005
7.2 Maturity-wise grouping of loans and advances			
On demand		-	-
Not more than three months		3,320,900,000	2,885,900,000
Over three months but not more than one year		3,284,900,000	3,707,300,000
Over one year but not more than five years		14,106,800,000	11,579,300,000
Over five years		3,421,733,604	3,117,151,005
		24,134,333,604	21,289,651,005
7.3 Particulars of advances			
i. Debts considered good in respect of which the Bank is fully secured.		16,708,136,604	15,327,058,940
ii. Debts considered good for which the Bank hold no other security than the debtors personal security.		996,368,014	749,217,180
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.		3,692,837,388	3,728,152,107
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.		-	-

	Notes	2021 Taka	2020 Taka
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.		6,916,644,000	5,517,753,441
(a) The balance of bad loan written-off is BDT 15,38,08,80,719 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.		15,380,880,719	15,447,771,959
7.4 Movement of loans and advances			
Opening balance		21,289,651,005	19,983,903,304
Add: Disbursed during the year		7,279,565,000	5,116,200,000
Add: Interest charged during the year		1,739,128,406	1,335,887,960
		30,308,344,411	26,435,991,264
Less: Recovery during the year		(6,149,624,090)	(5,146,340,259)
		24,158,720,321	21,289,651,005
Add/Less: Written-off and adjustment during the year		(24,386,717)	-
		24,134,333,604	21,289,651,005
As at 31 December 2020, accumulated written-off loans stood at BDT 15,447,771,959. Classified loans and advances have been written-off during the period from the books is BDT 24,386,717. but a waiver of BDT 19,443,643 and recovery of BDT 71,834,314 have been provided/made for the written-off loans of BDT 15,380,880,719 as at 31 December 2021.			
7.5 Significant concentration-wise grouping			
Other executives and officers of the Bank		3,692,837,388	3,728,152,107
Customers		2,313,126,037	2,623,409,368
Industries		18,128,370,179	14,938,089,530
		24,134,333,604	21,289,651,005
7.6 Division-wise loans & advances			
Dhaka Division		10,695,133,604	9,673,951,005
Mymensingh Division		1,710,800,000	1,414,200,000
Chittagong Division		3,200,100,000	2,840,800,000
Khulna Division		1,394,200,000	1,136,200,000
Rajshahi Division		2,967,300,000	2,675,800,000
Sylhet Division		744,900,000	560,000,000
Barisal Division		693,400,000	518,200,000
Rangpur Division		2,728,500,000	2,470,500,000
		24,134,333,604	21,289,651,005
7.7 Classification status of loans and advances			
Unclassified loan:			
Standard		10,484,834,418	7,804,969,281
Standard (C.F)		329,549,798	281,423,494
Special mention account		2,200,915,000	3,524,542,095
Staff loan		3,692,837,388	3,716,124,070
		16,708,136,604	15,327,058,940
Classified:			
Sub-standard		304,316,000	243,306,899
Doubtful		205,237,000	201,531,725
Bad/Loss		6,916,644,000	5,517,753,441
		7,426,197,000	5,962,592,065
		24,134,333,604	21,289,651,005

As at 31 December 2021 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.

Notes	2021 Taka	2020 Taka
Provisions required against loans and advances		
Unclassified loan:		
Standard	148,443,977	490,635,430
Standard (C.F)	57,313,108	5,628,470
Special mention account	1,082,841,900	869,501,037
Staff loan	36,928,374	37,161,194
Special General Provision-COVID-19	40,000,000	15,383,224
	1,365,527,359	1,418,309,355
Classified:		
Sub-standard	10,686,861	8,022,298
Doubtful	18,053,665	33,340,441
Bad/Loss	2,667,132,115	2,437,827,906
	2,695,872,641	2,479,190,645
Total required provision	4,061,400,000	3,897,500,000
Provisions maintained	4,061,585,687	3,897,529,735
Provisions surplus/(deficit)	185,687	29,735
7.8 Sector-wise loans & advances		
Industrial sector		
Food and allied products	4,395,774,332	3,701,223,854
Jute and allied fibre products	179,691,595	176,154,206
Cotton woolen and synthetic textile	5,790,139,615	5,107,663,369
Paper, paper products and printing	110,626,438	109,936,881
Tannery and its products	39,791,323	40,393,959
Non-metallic mineral products	285,573,054	278,376,867
Forest, wood products & saw mills	244,914,617	198,404,223
Metal products	1,502,853,766	1,458,034,036
Electrical machinery and goods	201,008,161	133,209,025
Machinery and spare parts	61,396,566	54,159,832
Transport sector	94,081,225	93,577,569
Chemicals and pharmaceuticals	309,972,248	308,721,473
Petro-chemicals	131,407,287	130,032,581
Service industries	915,870,494	790,275,400
Rubber goods sector	18,735,539	18,291,468
Miscellaneous sector	9,852,497,345	8,691,196,262
	24,134,333,604	21,289,651,005

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 2021 is BDT 15,380,880,719. The movement of the written-off loans is as follows:

Opening balance	15,447,771,959	17,573,604,499
<u>Add:</u> Addition during the year	24,386,717	-
	15,472,158,676	17,573,604,499
<u>Less:</u> Recovery during the year	(71,834,314)	(92,454,986)
<u>Less:</u> Waiver during the year	(19,443,643)	(2,033,377,554)
Closing balance	15,380,880,719	15,447,771,959

Classified loans and advances have been written-off during the year from the books is BDT 24,386,717. Recovery of loans for the year under reporting is BDT 71,834,314 and waived during the year with outstanding balance of BDT 19,443,643.

7.10 Top 20 Funded Borrower as on 31-12-2021

SL No.	Name of the Borrower	Disbursed Amount	Outstanding Amount
1	M. M. Vegetable Oil Products Ltd.	676,181,307	1,045,718,239
2	Zarina Composite Textile Ind. Ltd.	617,049,341	715,663,110
3	Tallu Spinning Mills Ltd.	618,185,000	696,053,052
4	R. R. Spinning & Cotton Mills Ltd.	546,537,000	636,616,649
5	AA Knit Spin LTD.	500,000,000	507,788,570
6	BR Spinning Mills Ltd.	266,661,472	470,168,262
7	Confidence Power Bogura Limited	500,000,000	467,375,000
8	Delta Spinners Ltd.	268,923,000	444,854,191
9	Gonga Foundry Limited	537,527,000	437,818,742
10	Dhaka Trading House	480,000,000	420,933,624
11	BDBL Securities Ltd.	450,000,000	419,764,370
12	Media International	327,766,240	387,071,285
13	Confidence Power Rangpur Limited	367,075,926	330,368,334
14	Sonargaon Textiles Ltd	201,335,591	303,399,707

	Notes	2021 Taka	2020 Taka
15	North Bengal Agro Concern	355,252,825	260,106,246
16	Shamsuddin Spinning Mills Ltd.	250,000,000	255,381,732
17	Tatka Agro Industries Ltd.	200,000,000	247,894,003
18	Urmee Knitwear Ltd.	424,189,101	232,228,778
19	PADAKHEP MANABIK UNNAYAN KENDRA	200,000,000	197,832,241
20	HASAN JUTE & SPINNING MILLS LTD.	149,579,000	193,839,068
Total		7,936,262,803	8,670,875,203

7.11 Non-Funded Borrower as on 31-12-2021

SL No.	Name of the Borrower	Sanctioned Amount	Outstanding Amount
1	Labib Fashion	7,500,000	10,137,327
2	Bangladesh Power Development Board (BPDB)	-	341,060,413
3	Zarina Composite Textile Industries Ltd.	300,000,000	627,700,000
4	Urmee Knitwear Ltd.	109,819,227	-
5	Awal & Brothers Chemical Industries pvt. Ltd.	40,000,000	-
6	Kanchpur Processing	5,000,000	-
Total		462,319,227	978,897,740

7.12 Top 20 Defaulter as on 31-12-2021

SL No.	Name of the Borrower	Disbursed Amount	Outstanding Amount
1	BR Spinning Mills Ltd.	266,661,472	470,168,262
2	Dhaka Trading House	480,000,000	420,933,624
3	Media International	-	387,071,285
4	Sonargaon Textiles Ltd	-	303,399,707
5	North Bengal Agro Concern	355,252,825	260,106,246
6	Tatka Agro Industries Ltd.	200,000,000	247,894,003
7	Hasan Jute & Spinning Mills Ltd.	221,935,000	193,839,068
8	North Bengal Poultry & Hatchery Ltd.	149,579,000	189,017,105
9	Ranangan Cold Storage Ltd.	158,851,909	175,540,530
10	Ganoshasthaya Grameen Textile Mills Ltd.	117,830,000	168,300,000
11	T. R. Specialized Cold Storage (Pvt) Ltd.	156,478,000	135,200,000
12	Dhanshiri Composite Ltd.	97,482,157	132,400,000
13	Jhenai Tex Ltd.	87,869,929	114,570,607
14	ASHA AGRO INDUSTRIES (PVT) LTD.	-	106,835,173
15	SUBAT KNIT COMPOSITE LTD.	-	98,930,480
16	Bogra Multipurpose Industries Ltd.	77,200,000	91,819,314
17	Dulamia Cotton Spinning Mills Ltd.	216,971,000	86,789,273
18	A. Z. Cotton Yarn Ltd.	82,199,783	82,100,000
19	Baro Awlia Dairy Milk & Foods Ltd.	-	79,737,926
20	BIOS PRARMACEUTICALS LTD	-	79,524,943
Total		2,668,311,075	3,824,177,546

7.13 Loan Reschedule for the year

SL No.	No. of Borrower	Down Payment & Recovery	Outstanding Amount
1	85	54,604,103	1,076,946,425
Total		54,604,103	1,076,946,425

7.14 No. of Cases in Artha Rin Adalat & amount involved in that case

No. of Case	Amount
466	27,821,000,000
Total	27,821,000,000