

BUDGET & PERFORMANCE

(Taka in crore)

Sl. No.	Description	Budget 2010	Actual 2010
1.	Interest Income	106.44	79.98
2.	Interest Expenditure	12.42	11.52
3.	Interest Margin (1-2)	94.02	68.46
4.	Investment Income Including Other Income	58.10	103.79
5.	Total Operating Income (3+4)	152.12	172.25
6.	Salaries & Allowance	51.43	73.70
7.	Fixed Expenses	4.90	3.87
8.	Variable Expenses	12.89	12.20
9.	Total Operating Cost (6+7+8)	69.22	89.77
10.	Operating Profit Before Provision (5-9)	82.90	82.48

ECONOMIC IMPACT REPORT

Production, distribution and consumption of goods and services are integral elements of an economic system.

By analyzing economic impact, we try to find out how a company adds value to the society. Economic impact can be classified into two broad areas : (I) Direct and (II) Indirect. Direct impacts are the immediate economic effects of a company's financial transactions while the indirect impacts are the economic effects that are created through a company's operation or production of goods and services. Bank's direct contributions to the economy of its nation would include of creation of employment opportunities, collection of taxes on behalf of the Government, creation of savings habit among the members of the community while improvement of socio-economic and environmental performance through lending is the indirect contribution.

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

Some of the measures taken to create, sustain and deliver optimum values are as follows:

VALUE ADDED STATEMENT

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

Value Added Statement of BDBL at the year-end of December 31, 2010 is as follows :

Sources of Fund	Amount in Taka
Income from Services and Other Operations	1,733,233,071
Less: Cost of Services and Suppliers	(257,155,869)
Value Added	1,476,077,202
Other Income	104,504,062
Total Value Addition	1,580,581,264
Applied in the following Ways :	
To Employees	
Salaries, Allowances and Other Benefits	341,309,344
Contribution to Superannuation Fund, Provident Fund and Benevolent Fund	396,434,395
To Government	
Corporate Income Tax	177,937,864
To Provider of Capital	
Dividend	50,000,000
Retained by the Bank	
As provision for Loans	2,400,000
As Depreciation	18,049,135
As Reserves	591,101,778
As Retained Earnings	3,348,748
Total Value Addition	1,580,581,264

MAINTAINING CAPITAL ADEQUACY

Capital Adequacy Ratio (CAR) is the measure of the financial strength and sustainability of a bank. Capital adequacy ratio determines the capacity of the bank in terms of meeting the time liabilities and other risks such as, credit risk, market risk, operation risk, etc. Bank's capital is the "cushion" for potential losses, which protect the bank's depositors or other borrowers. For this, Bangladesh Bank uses CAR as a mechanism to protect depositors and enhance confidence in the banking system. Day-to-day business of a bank expands the size of the balance sheet with the acquisition of assets and liabilities, where a major portion of assets and liabilities comprise of advances and deposits.

Regulatory capital requirements are, therefore, necessary to limit operators of banks to prevent from over trading. At the same time, banks can leverage their growth to improve the return on assets. Therefore, maintaining a healthy CAR would ensure a stable and sound banking industry, which undoubtedly contribute to the growth of the economy.

As a new bank, BDBL maintains 28.08% CAR, showing a surplus of TK. 663.25 crore over the required capital. Please see the Notes to the Accounts No. 13.1 (Capital Adequacy Ratio-BDBL).



An workshop held between the Board of Directors of BDBL and entrepreneurs on formulation of Five Year Strategic Business Plan of the Bank



The First Annual General Meeting of BDBL held on May 15, 2011

CORPORATE GOVERNANCE

Corporate Governance (CG) is the set of laws, regulations, processes, policies through which a corporation is directed, administered and controlled. BDBL operates within the legal framework of the Companies Act-1994 and as a Banking Company complies with the provisions of the Bank Company Act -1991.

The corporate governance structure specifies the rights and responsibilities among different participants in the company such as the Board, management, shareholders and other stakeholders. Fairness, commitment to the organization, mutual respect, performance orientation, transparency, accountability and responsibility are the accepted elements of good corporate governance.

Since its inception, the Bank has actively and fully adhered to the principles of sound corporate governance in complying with legal and regulatory requirements as mentioned in Bangladesh Bank and Securities Exchange Commission's notification.

THE BOARD OF DIRECTORS

The Board of Directors of BDBL is consisted of 11 (eleven) directors including its Managing Director. The Board of Directors is accountable to owners / stockholders for the overall direction and control of the Bank. The major responsibilities of the Board are to approve all policies and strategies. The Board reviews the policies and manuals of the various segments of business with a view to establishing effective risk management in credit and other key areas of operations. The management of the Bank operates within the policies and guidelines approved by the Board. The Board spends most of its time in formulating different policies and strategies in directing the BDBL towards a forward-looking Bank. With this end, there held 35 Board meetings during January -December, 2010.

AUDIT COMMITTEE

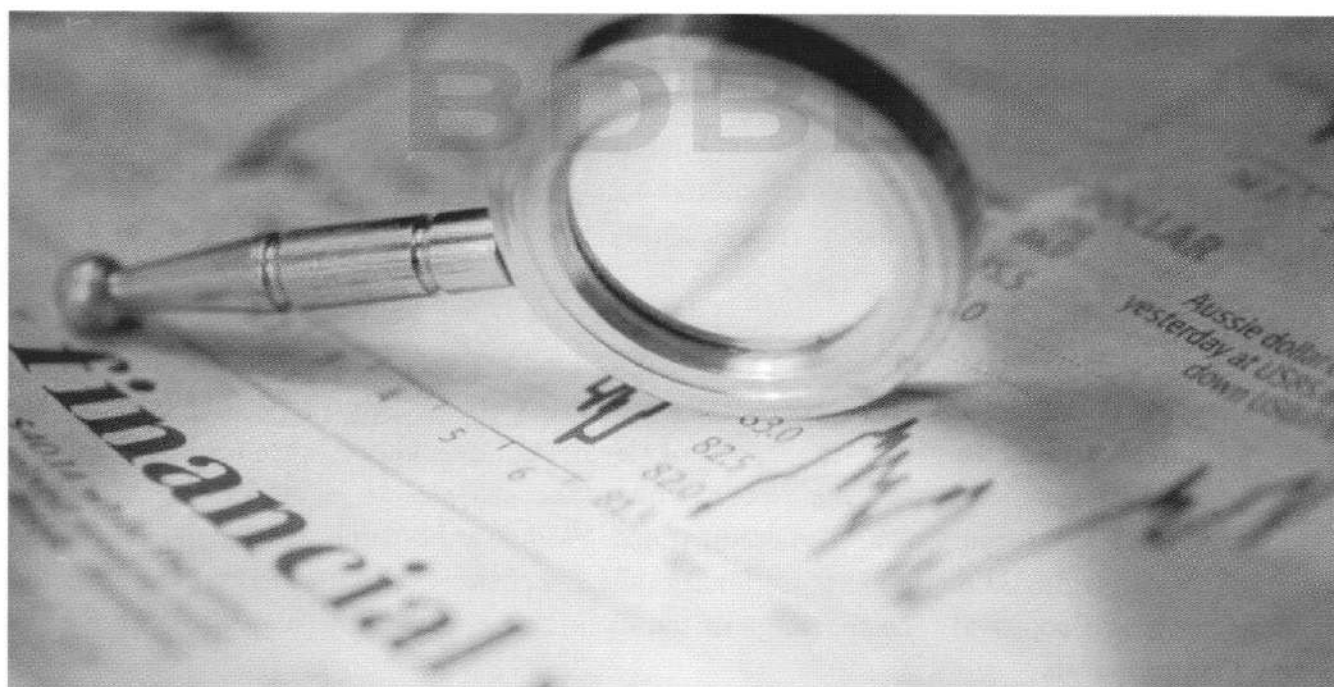
The Audit Committee, consisting of three Directors of the Board, examines and oversees the effective implementation of the Bank's policies, manuals and Bangladesh Bank's guidelines including other rules and regulations. Basically, the Audit Committee plays the role of watchdog on behalf of the Board. As per Bangladesh Bank's BRPD Circular, the Audit Committee of the Bank has been formed with the following Directors of the Board :-

1.	Prof. Santi Narayan Ghosh	Convener
2.	Mr.Dewan Nurul Islam	Member
3.	Mr. Amalendu Mukherjee	Member

EXECUTIVE COMMITTEE (EC)

In line with the BRPD circular numbers 06 and 02 of Bangladesh Bank, dated 04-2-2010 and 15-02-2010, the Executive Committee (EC) of the Bank is comprised of the following Directors:

Mr. Nazem Ahmad Choudhury Chairman, Board of Directors	Chairman
Mr. Mizanur Rahman Managing Director	Member
Mr. M. Ishaque Bhuiyan Director	Member
Mr. Md. Khalilur Rahman Siddiqui Director	Member
Krishibid Moshir Rahman (Humayun) Director	Member
Mr. Md. Fayekuzzaman, MD, ICB Director	Member



MANAGEMENT COMMITTEE (MANCOM)

To bring dynamism as well as to assist the Managing Director in handling the banking activities, a Management Committee (MANCOM) is formed with the following officials, where the Deputy Managing Director (DMD) acts as the Chairman.

Deputy Managing Director	Chairman
All General Managers of Head Office	Member
Company secretary	Member

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

ASSET LIABILITY MANAGEMENT COMMITTEE (ALCO)

The Asset Liability Management Committee of the Bank has been constituted with the following officials, where the Managing Director is the Chairman of the Committee :-

Managing Director	Chairman
General Manager Finance & Accounts Division	Member
General Manager Development Banking Division	Member
Head of Branch Management Department	Member
Head of Loan Operation Department	Member
Head of Investment Banking Department	Member
Head of Central Accounts Department	Member Secretary

The Committee is responsible for managing balance sheet gap with particular emphasis on maturity profile of deposit and lending, interest rate risk and liquidity risk of the Bank. The meetings of the Asset Liability Management Committee holds in every month.

CREDIT COMMITTEE

With a view to bringing dynamism in the activities of the Bank and assisting the Managing Director to perform credit related activities efficiently and effectively, a Credit Committee has been formed with all General Managers of Head Office. Credit proposals that merit considerations in the opinion of the Credit Committee are presented before the Managing Director of the Bank for approval. The credit proposals that are beyond the delegated business power of the Managing Director are placed before the Executive Committee / Board of Directors for consideration / approval. The meetings of the Committee are held regularly to approve and review loan proposals.

SHARE BUY - SALE COMMITTEE

A committee in the name of Share Buy and Sale Committee has been formed for buying and selling share / debentures on behalf of the clients as well as for doing the same for BDBL's own portfolio with the recommendation / instruction of the committee. The members of the Committee are as follows:-

1.	General Manager	Finance and Accounts Division
2.	Deputy General Manager	Head of Investment Banking Department
3.	Deputy General Manager	Head of Central Accounts Department
4.	Assistant General Manager	Investment Banking Department (Secretary of the Committee)

RISK MANAGEMENT UNIT

A Risk Management Unit (RMU) has been formed with the following officials of the Bank to strongly observe the risk level and to do stress testing regularly and thereby take necessary steps to check and control the risk relating to banking activities :-

1.	Mr. Uday Kumar Bhakat, Deputy General Manager Loan Operation Department	Chairman
2.	Mr. Ashim Kumar Kundu, Deputy General Manager Central Accounts Department	Member
3.	Mr. Md. Abdul Matin, Assistant General Manager Loan Accounts Department	Member
4.	Mr. Md. Abdul Baqui, Assistant General Manager Economic & Research Department	Member
5.	Mr. Md. Sayedul Haque, Senior Manager Compliance Department	Member Secretary
6.	Mr. Md. Siddique Ullah, Senior Manager Audit Department	Member

COMPLAIN CELL

In order to bring discipline and to create a congenial environment in the banking activities, a Complain Cell has been set up with the efficient and experienced officials of the Bank to review the complaints against the officers and staff of the Bank. The Managing Director regularly monitors the activities of the Complain Cell.

RECOVERY TASK FORCE (RTF)

A Recovery Task Force has been formed consisting of principal executives and other concerned officers for reviewing and expediting loan recovery activities.

DELEGATION OF POWER

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

AUDIT BY CENTRAL BANK

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

AUDIT BY THE EXTERNAL AUDITORS

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

AUDIT AND INSPECTION

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

INTERNAL CONTROL AND COMPLIANCE

Internal Control contains self-monitoring mechanisms and actions are taken to correct errors and deficiencies as they are identified. To assess the position of internal control and anti-money laundering compliance in various branches of BDBL, Internal Control and Compliance Division carried out on-site inspection of various branches during 2010.

OPERATIONAL ACTIVITIES OF THE BANK

In 2010, Bangladesh Development Bank Ltd. continued its operational activities as was done by former BSB & BSRS to make an effective contribution towards industrial development of the country. It gave emphasis on providing financial assistance for setting up of viable projects having comparative opportunities, export prospects, forward and backward linkages and local technology as well as indigenous raw material based and eco-friendly projects. Commercial banking and capital market operation were also other area of businesses.

Besides, top priority was given to realisation of its loans for augmenting and recycling of the investable funds and maintaining satisfactory loan portfolio for increasing profitability. For regularisation of loan accounts of the projects, the Bank undertook some laudable steps towards rephasing/ rescheduling of sick /closed/ stuck-up projects with waiver facilities where deemed appropriate. Apart from this, initiatives were also taken to bring down the amount of classified loan during the year. The Bank prepared a manual on Lending Policy and Procedures afresh in congruence with Credit Risk Management (CRM) manual of Bangladesh Bank and Industrial Policy, 2010 in order to make the credit management of the Bank more pragmatic and strong.

INCOME & EXPENDITURE OF THE BANK

At the year-end of 2010, the total income of the Bank stood at Tk. 183.77 crore, which was higher by Tk. 20.22 crore than the revised budget of 2010, indicating a 12% rise over the target. The sources of the income attributed to interest income, income from investment, commission, exchange and brokerage fees, other operating income, etc.

Similarly, the total expenditure of the Bank stood at Tk. 101.29 crore in 2010, which was almost same with the revised budget of 2010. The sources of expenditure were comprised of salary and allowances, rent, tax, insurance, directors' fee, depreciation and other ancillary expenses.

The gap between the income and expenditure posted a net profit of Tk. 64.45 crore after tax in 2010.

SHAREHOLDERS' EQUITY

The shareholder's equity increased to Tk. 1563.72 crore in 2010 from Tk. 643.86 crore, showing a rise of 143% over the previous year due to revaluation of fixed assets which was Tk. 36 crore in 2009 and revalued to Tk. 860.41 crore in 2010.

D S L PAYMENT

The Bank in different times took loans from the Government, Bangladesh Bank and Loan Giving Agencies (ADB, IDB, IMF, Rominian Credit Lines, etc.) to continue its lending activities. The total loan liabilities balance with these sources was Tk. 316.19 crore which declined to Tk. 261.02 crore in 2010 due to payment of intallment of Tk. 57.77 crore in time during the period under reference.

APPROPRIATION OF PROFIT

The Bank's net profit after tax was Tk. 64.45 crore, which was appropriated in the following manner :

Sl. No.	Description	Taka in crore
1.	Statutory Reserve	16.45
2.	General Reserve	32.67
3.	Building Fund	10.00
4.	Dividend to Government	5.00
5.	Retained surplus	0.33
	Total :	64.45

INCOME TAX PROVISION

In 2010, the Bank earned operating profit Tk. 82.48 crore. Against this, the Bank made provision Tk. 13.00 crore as corporate tax. Besides, as per BAS-12, deferred tax to the tune of Tk. 4.79 crore was provisioned from profit, showing a total provision of income tax Tk. 17.79 crore in 2010.



Clients are observing on line share trading activities of the Bank

DEPOSIT MOBILISATION

During 2010, the Bank continued efforts to meet its fund requirement from various sources for lending and investment. This year too, the Bank gave more emphasis on deposit mobilization. The total deposit collection was Tk. 325.40 crore as on December 31, 2010 which was higher by Tk. 182.85 crore than that of the previous year in absolute terms and 128 % in percentage terms.



Clients / Customers are in queue for transaction

LOAN APPLICATION RECEIVED

In 2010, the Bank received 757 loan proposals with loan amount of TK. 73.56 crore. Among these loan applications, 24 loan proposals were for long term loan and 31 for SME loan while the others included 19 for cash credit and 683 for consumers credit and commercial loan.

SANCTION AND DISBURSEMENT OF TERM LOAN

The Bank kept on sanctioning of term loans during 2010 also. This year long term local currency loan of Tk 35.93 crore was sanctioned to 37 projects while the Bank disbursed term loan TK. 37.11 crore to 47 projects / loan proposals in the form of local currency at the year-end of 2010.

SANCTION AND DISBURSEMENT OF SHORT TERM LOAN

During the year 2010, the Bank sanctioned working capital loan of Tk. 31.61 crore to 18 projects and disbursed TK 30.32 crore to 16 projects. The Bank also sanctioned consumer credit Tk. 9.70 crore while Tk. 9.56 crore was disbursed against 630 loan proposals. Besides, commercial loan in the form of OD was also sanctioned to 13 projects with loan amount of Tk. 0.08 crore, while the disbursement was Tk. 0.08 crore for 13 projects. The details of sanction and disbursement of term loan including short term loan were shown below in Table - 1:

Table -I
Sanction and disbursement of Loan In 2010 (In crore Taka)

Nature of Loan	Sanction		Disbursement	
	No. of Projects / proposals	Amount in crore Taka	No. of Projects / proposals	Amount in crore Taka
A. Long Term Loan				
1) Loan for new project	13	10.50	47	37.11
2) Loan for BMRE project	2	1.05		
3) Additional loan for existing project	4	20.41		
4) Loan for SME	18	3.96		
Sub Total :	37	35.93	47	37.11
B. Short Term Loan				
1. Cash Credit	18	31.61	16	30.32
2. Consumer Credit	639	9.70	630	9.56
3. Commercial Loan	13	0.08	13	0.08
Sub Total	670	41.39	659	39.96
Grand Total (A+B) :	707	77.32	706	77.07

COMMITMENT (DOCUMENTATION COMPLETED)

At the year-end of 2010, the Bank made a loan agreement of Tk. 65.23 crore in local currency with the entrepreneurs of 38 projects. Out of this, Tk. 9.29 crore was disbursed to 13 projects, while the rest of Tk. 55.94 crore was awaiting for disbursement to 25 projects.

PROJECT IMPLEMENTATION

The Bank intensively monitored and supervised implementation of its financed projects. In 2010, 24 projects with loan amount of Tk. 18.78 crore commenced trial- run and commercial production. Apart from this, 35 projects with loan amount of TK. 102.03 crore (cumulative) were under construction. On the other hand, 17 projects completed documentation where disbursable loan amount was Tk. 50.41 crore. Besides, 12 loan proposals with loan amount of Tk. 14.85 crore were awaiting documentation. The detailed of this implementation status was shown below in Table -2 :

Table – 2

IMPLEMENTATION STATUS OF PROJECTS IN 2010

(Taka in crore)

Stages of implementation	January – December, 2010	
	No. of Projects	Amount Disbursed (cumulative)
(a) Under Construction	35	102.03
(b) Documentation Completed	17	50.41
(c) Awaiting documentation	12	14.85



An Agreement Signing Ceremony between the Bank and Credit Rating Information and Services Ltd. for Credit Rating of the Bank

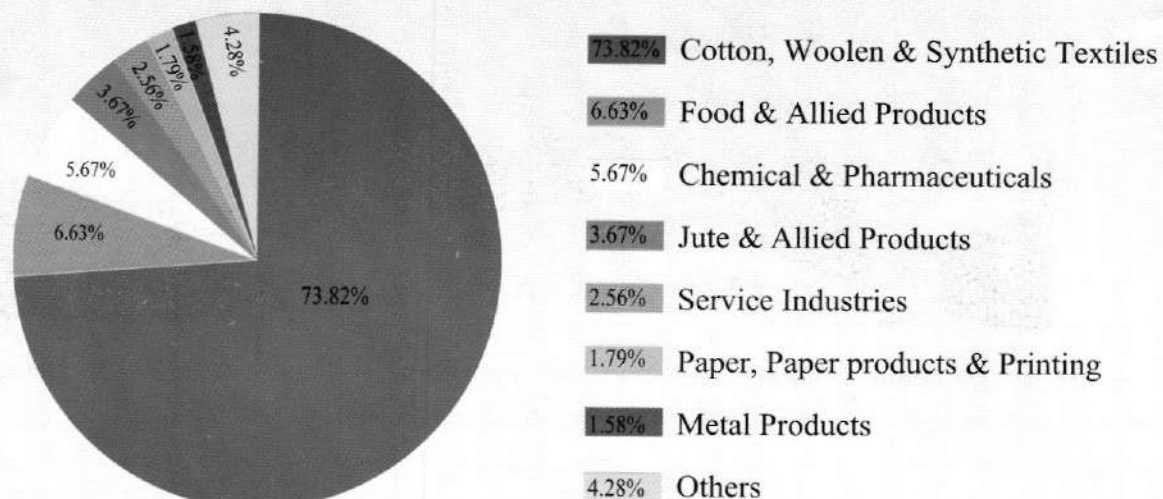
LOAN PORTFOLIO

At the year-end of 2010, the total number of projects in the loan portfolio stood at 205 with total loan outstanding of Tk. 725.63 crore. The total projects included 61 export-oriented, 85 import-substitute and 59 service / other industries. In 2010, 38 projects with loan liabilities of Tk. 118.30 crore were liquidated. Among these, 25 projects were from normal portfolio while 13 projects were from the write-off portfolio. During the reporting year, 27 new projects entered into the loan portfolio with loan liabilities of TK. 25.26 crore. Besides, the total number of sick projects stood at 30 with loan liabilities of Tk. 109.43 crore in 2010. The sector-wise position of Bank's loan portfolio was shown below in Table -3 :

Table – 3
SECTOR-WISE POSITION OF BANK'S LOAN
PORTFOLIO

For the year ended December, 2010 (Taka in Crore)

Sectors	No. of Projects	Total loan outstanding
Food and Allied Products	55	48.14
Jute and Allied Products	3	26.61
Cotton. Woolen and Synthetic Textiles	60	535.63
Paper, Paper Products and Printing	8	13.02
Tannery and Leather Products	2	8.04
Non-Metallic Mineral Products	3	1.68
Forest and Wooden Products	1	2.51
Rubber and Rubber Products	1	0.19
Metal Products	8	11.37
Electrical Machinery and Goods	1	4.47
Machinery and Spare Parts	2	0.12
Water Transport	2	0.90
Chemical and Pharmaceuticals	15	41.17
Petro Chemical Products	2	5.03
Service Industries	33	18.61
Miscellaneous	9	8.14
Total	205	725.63



Division of Sector-wise Outstanding Loan (Major Sectors)

LOAN RECOVERED

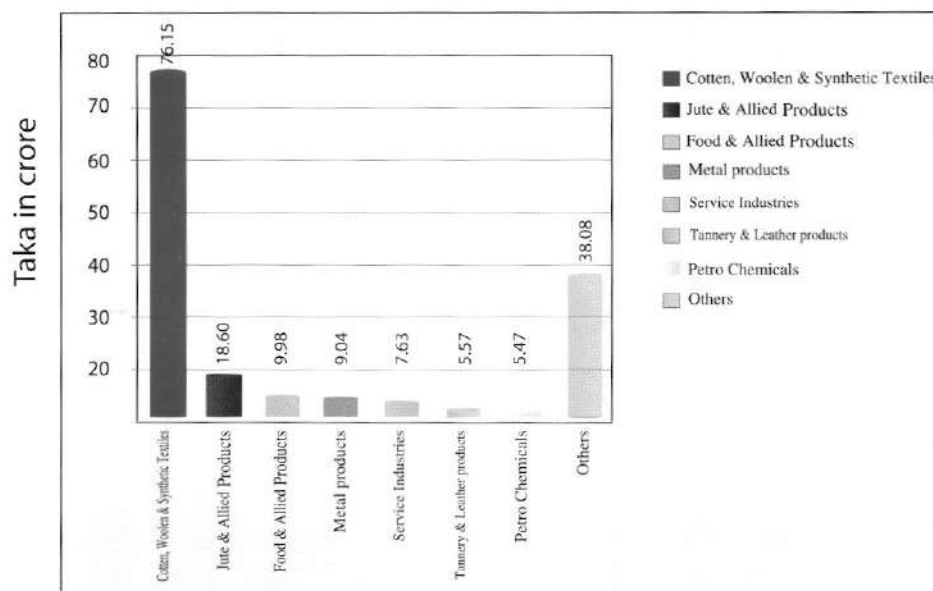
Recovery of loan is a crucial index to measure the success of a lending organisation. The Bank strengthened its recovery drive for realising loans and dues from its borrowers and notable success achieved. In 2010, total recovery target of loans was Tk 163.08 crore, against which actual cash recovery was Tk 170.52 crore, showing about a 5% rise over the target. It showed that Tk. 122.32 crore from unclassified loan, Tk. 23.56 crore from classified loan and Tk. 24.64 crore from written-off loan were recovered during the reporting year. The outstanding loan of Tk. 39.85 crore was regularised through rescheduling and rephasing of bad and doubtful loan accounts of 17 projects. Loan recovery scenario was depicted in Table - 4:

Table - 4

RECOVERY OF LOANS DURING 2010

(Tk. in crore)

Category of Loans	Recovery Target	Amount Recovered
Unclassified	96.80	122.32
Classified	26.28	23.56
Written-off	40.00	24.64
Total :	163.08	170.52



Recovery of Loan (Major Sectors) in 2010

ADVISORY SERVICES

Apart from identification and development of viable projects, the Bank assists the interested entrepreneurs in selecting industrial projects having appropriate technology and potential market by providing advisory services and various information / data.

LIBRARY FACILITIES

The Bank has special library facilities. In order to enhance professional knowledge, expertise and its effectiveness, periodicals, journals, documents and valuable books on Economics, Banking, Financial Management, Computer, National Policies and other related subjects are being preserved in the library. Bank, in every year, allocates fund in its budget for purchasing books which are spent regularly to buy books.

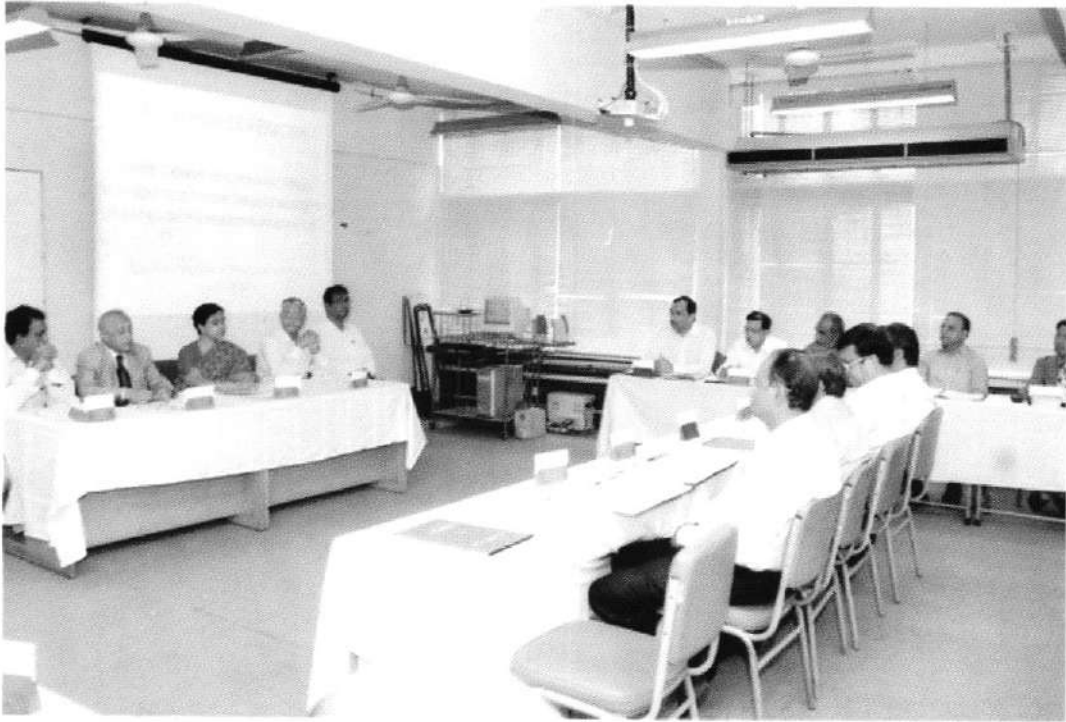
OBSERVANCE OF NATIONAL DAYS

Important national days like National Martyrs' and International Mother Language Day on February 21, Independence Day on March 26 and Victory Day on December 16 were observed with due respect and solemnity. Floral wreaths were laid at the Shaheed Minar and at National Martyrs' Memorial to pay homage to the martyrs who made supreme sacrifices to uphold the dignity of the mother language and to achieve independence of the country.



The officers and staff of the Bank were paying homages at the National Martyrs' Memorial in the Victory Day and in the International Mother Language Day

PHOTO GALLERY



An workshop on Corporate Governance for Executives of the Bank held in BIBM



Chairman of the Board of Directors of BDBL discussing with the DG of BIBM



CERTIFICATE AWARDING CEREMONY

Special Course on Elementary Commercial Banking
for the Principal Officer/Manager, Senior Officer &
Officer of Bangladesh Development Bank Ltd.



CERTIFICATE AWARDING CEREMONY

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Certificate Awarding Ceremony at the Conclusion of Training



Branch Managers' Conference held in 2010



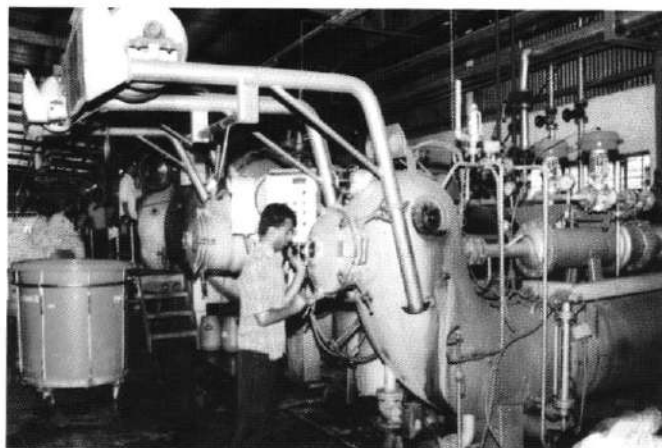
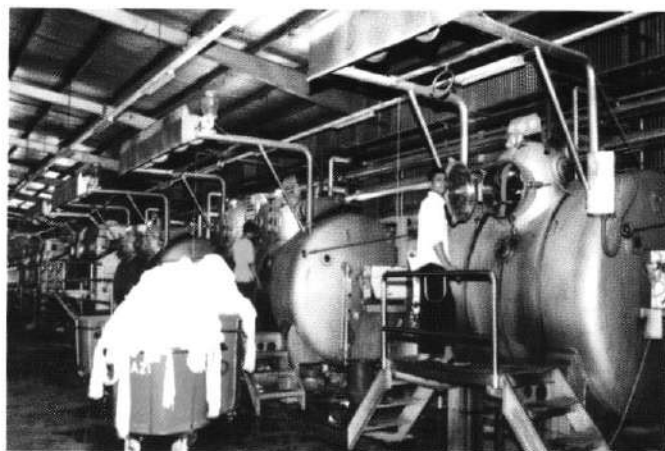
Vendors' Agreements Signing Ceremony held between
the Government of the People's Republic of Bangladesh & BDBL



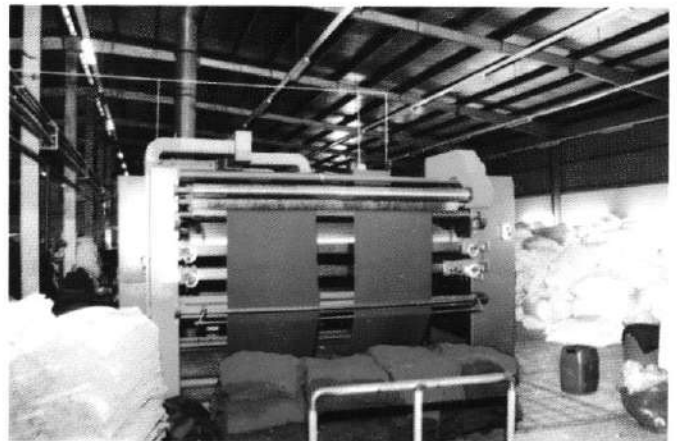
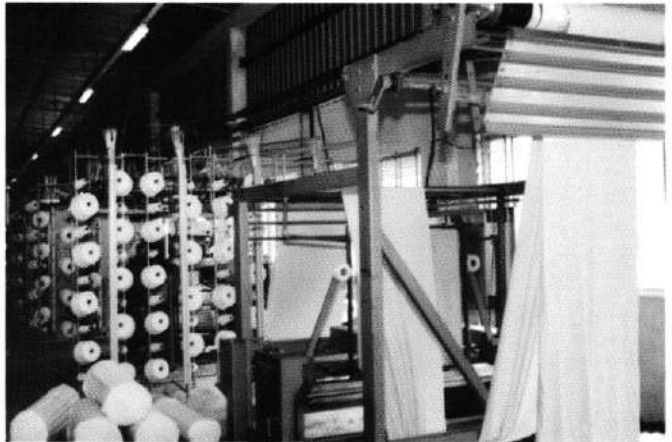
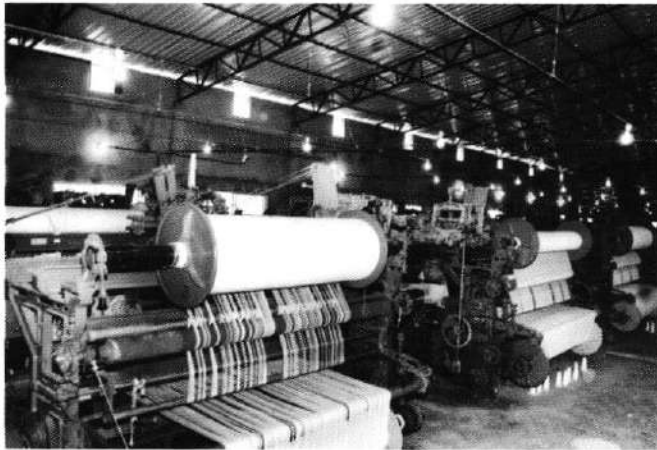
Vendors Agreement Signing Ceremony for establishing a Subsidiary Company



A cheque hand overing ceremony for disabled sportsmen



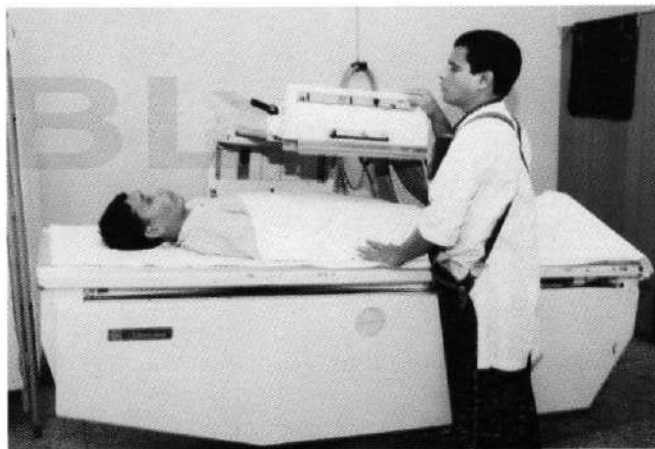
BDBL financed textile spinning, weaving and knitting projects



BDBL financed textile spinning, weaving and knitting projects



A sweater project financed by the Bank



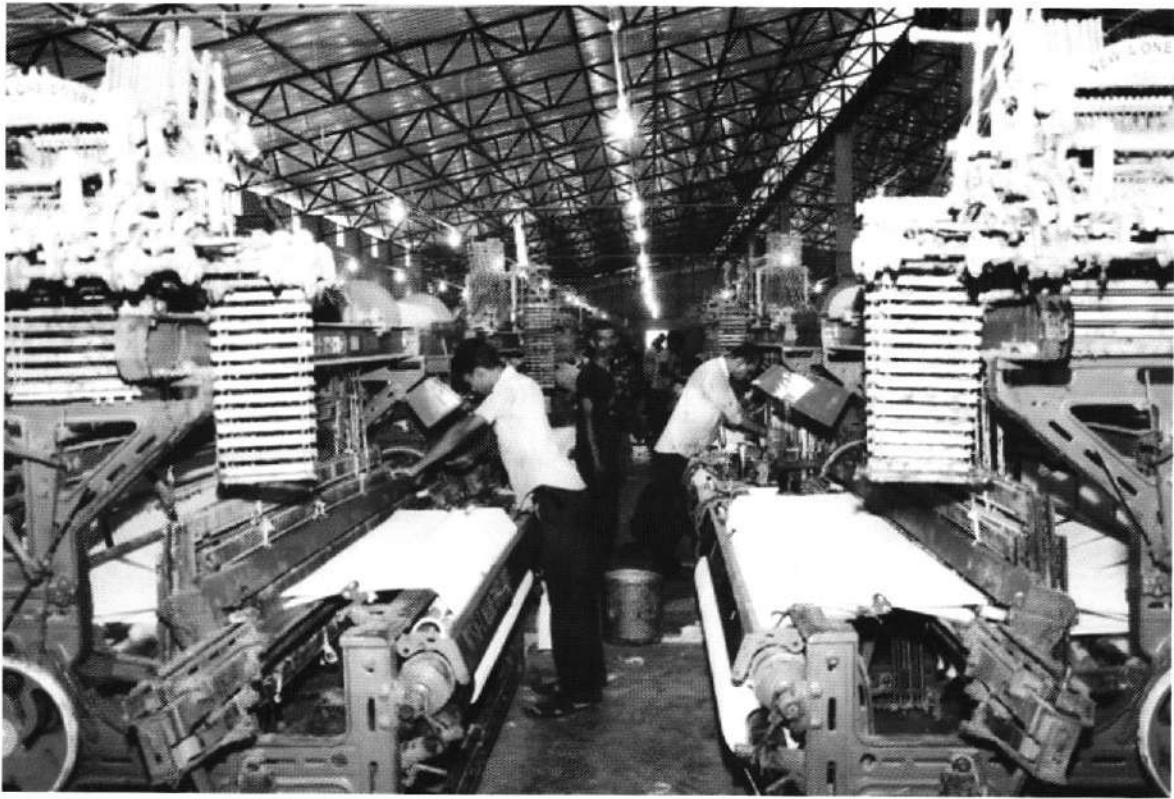
BDBL financed Service Industries



BDBL financed Chemical project



BDBL financed Knitting project



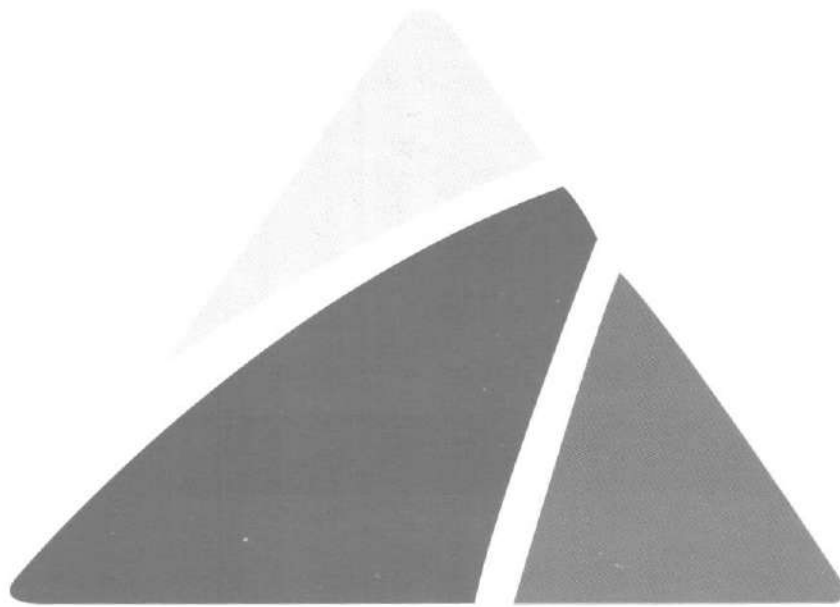
BDBL financed projects



A scenario of emergency Board Meeting



A dividend cheque of Tk. 5.00 crore received by the honourable Finance Minister as representative of the Government



BDBL

AUDITORS' REPORT AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER, 2010

