

AUDITORS' REPORT

TO THE SHAREHOLDERS OF BANGLADESH DEVELOPMENT BANK LIMITED

We have audited the accompanying financial statements of Bangladesh Development Bank Limited (the "Bank") which comprise the balance sheet as at 31 December 2010, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies, other explanatory notes and annexures.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), the Bank Companies Act 1991, the rules and regulations issued by the Bangladesh Bank, the Companies Act, 1994 and other applicable laws and regulations. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Basis for Qualified Opinion

1. The Bank operates a number of post retirement benefit plans for the eligible employees which are in the nature of defined benefit plan as stated in Bangladesh Accounting Standard (BAS) 19 - Employee Benefits. As at 31 December 2010, no actuarial assessment has been made to determine any potential shortfall/excess in those post retirement benefit plans of the Bank. As stated in note 23.01 to the financial statements, as per the valuation report of the erstwhile Bangladesh Shilpa Bank (BSB), at 31 December 2009 a shortfall of BDT 739,931,000 has been identified in BSB Employees Superannuation Fund. As per the decision of the Board of Directors, this shortfall in provision shall be provided within the next five years and accordingly BDT 250,000,000 has been provided during the year ended on December 31, 2010. In absence of an actuarial assessment any potential shortfall in retirement benefit provision cannot be reasonably estimated as on December 31, 2010.
2. As disclosed in Note 12.01.01 to the financial statements, the Bank currently has a number of pending income tax assessments with various taxation authorities on account of erstwhile Bangladesh Shilpa Bank and Bangladesh Shilpa Rin Sangshtha. Since most of those assessments by the taxation authority resulted in substantially higher tax payable amount, the Bank contested and lodged appeals against those assessment orders. The Bank believes, on reasonable grounds that those assessment orders were not in accordance with the taxation regulation and there are strong possibilities in succeeding those appeals. Accordingly, no additional provision has been made by the Bank to cover the difference in income tax provision recognized in the accounts and tax claimed by the tax authority. If the Bank is not successful in those appeals, additional amount will be required to fulfill the shortfall in provision which is not ascertainable at this stage and hence remained unaccounted for.

Opinion

Except for the matters stated above, in our opinion, the financial statements which have been prepared in the format prescribed by Bangladesh Bank vide BRPD Circular # 14 dated 25 June 2003 give a true and fair view of the state of the Bank's affairs as at 31 December 2010 and of the results of its operations and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS) and comply with the relevant sections of the Bank Companies Act 1991, the rules and regulations issued by the Bangladesh Bank, the Companies Act 1994 and other applicable laws and regulations.

We except for as mentioned above also report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;
- c) the Bank's Balance Sheet and Profit and Loss Account together with the annexed notes 1 to 36 dealt with by the report are in agreement with the books of account and returns;
- d) the expenditure incurred was for the purpose of the Bank's operations;
- e) the financial position of the Bank as on December 31, 2010 and the profit for the year then ended have been properly reflected in the financial statements, the financial statements have been prepared in accordance with the generally accepted accounting principles;

- f) the financial statements have been drawn up in conformity with the Bank Companies Act 1991 and in accordance with the accounting rules and regulations issued by the Bangladesh Bank;
- g) adequate provisions have been made for advances and other assets which are in our opinion, doubtful of recovery;
- h) the financial statements conform to the prescribed standards set in the accounting regulations issued by the Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- i) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- j) the information and explanations required by us have been received and found satisfactory; and
- k) 80% of the risk weighted assets have been reviewed by us spending 3,700 person hours.

Dhaka, 26 April, 2011

Sd /-

Hoda Vasi Chowdhury & Co.
Chartered Accountants

Sd /-

ACNABIN
Chartered Accountants

Bangladesh Development Bank Limited

Balance Sheet
As on December 31, 2010

PROPERTY AND ASSETS	Notes	31.12.2010 Taka	31.12.2009 Taka
Cash	3	305,193,069	306,388,879
Cash in Hand		27,355,070	14,264,644
Balance with Bangladesh Bank & its Agent Bank (Including F.C)		277,837,999	292,124,235
Balance with other banks	4	4,819,681,684	2,630,638,204
In Bangladesh		4,807,170,123	2,618,597,101
Outside Bangladesh		12,511,561	12,041,103
Money at Call and Short Notice	5	300,072,231	200,070,238
Investments	6	1,588,432,512	1,493,768,103
Government		3,245,600	1,920,500
Others		1,585,186,912	1,491,847,603
Loans and Advances	7	9,906,002,302	10,265,585,560
Loans, Cash Credit, Overdrafts, etc.		9,906,002,302	10,265,585,560
Premises and Fixed Assets	8	8,961,473,777	359,301,399
Other Assets	9	1,637,950,308	1,525,948,817
Non-banking Assets		-	-
TOTAL ASSETS		27,518,805,883	16,781,701,201
LIABILITIES AND CAPITAL			
Liabilities			
Borrowing from other Banks, Agents, etc.	10	2,610,273,736	3,161,938,877
Deposits & Other Accounts	11	3,254,038,394	1,425,545,653
Current and other Contingency Accounts, etc.		1,326,990,005	395,232,695
Bills Payable		19,789,231	25,191,712
Saving Bank Deposits		462,351,794	339,753,281
Fixed Deposits		1,444,907,364	665,367,965
Other Deposits			
Other Liabilities	12	6,017,241,597	5,755,523,705
Total Liabilities		11,881,553,727	10,343,008,235
Capital/Shareholders' Equity			
Paid-up Capital	13	4,000,000,000	4,000,000,000
Quasi Equity	14	134,744,560	134,744,560
Statutory Reserve	15	1,045,787,336	881,309,336
General Reserve	16.1	950,000,000	623,376,222
Revaluation Reserve	16.2	8,604,108,664	-
Other Reserve	16.3	865,907,514	765,907,514
Retained Earnings		36,704,082	33,355,334
Total Shareholders' Equity		15,637,252,156	6,438,692,966
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		27,518,805,883	16,781,701,201

Off - Balance Sheet items

Notes	31.12.2010 Taka	31.12.2009 Taka
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Contingent Liabilities :

Acceptance & Endorsements as per contra :

Letter of guarantee

Irrevocable letter of credits

Bills for collection

Other contingent liabilities

Total (a)

-	-	-
601,813,389	634,623,069	-
8,694,433	-	-
-	1,435,225	-
11,049,752	35,907,000	-
621,557,574	671,965,294	

Other Commitments :Documentary credit and other short term trade related transaction.
liability on account of outstanding forward exchange contract.

Forward assets purchased and forward deposit placed.

Undrawn note issuance and revolving underwriting facilities.

Undrawn formal stand by facilities, credit lines and other commitments.

Total (b)**Total (a+b)**

-	-	-
-	38,719,700	-
-	-	-
-	-	-
-	-	-
-	38,719,700	
621,557,574	710,684,994	

The annexed notes form an integral part of the Balance Sheet.

Sd /-
DirectorSd /-
DirectorSd /-
Managing DirectorSd /-
Chairman

This is the Balance Sheet referred to in our separate report of even date.

Dhaka, 26 April, 2011

Sd /-
Hoda Vasi Chowdhury & Co.
Chartered AccountantsSd /-
ACNABIN
Chartered Accountants

Bangladesh Development Bank Limited

Profit and Loss Account

For the year ended on December 31, 2010

	Notes	31.12.2010 Taka
OPERATING INCOME		
Interest and discount	18	799,843,287
Interest paid on deposit, borrowing, etc.	19	(115,215,304)
Net Interest Income		684,627,983
Investment income	20	837,929,718
Commission, exchange and brokerage	21	28,583,803
Other operating income	22	171,380,325
		1,037,893,846
Total operating Income		1,722,521,829
Operating Expenses		
Salaries and allowances	23	737,011,139
Rent, taxes, insurance, lighting, etc.	24	20,608,353
Law charges	25	2,604,770
Postage, telegram, telephone and stamps	26	2,458,306
Stationery, printing, advertisement, etc.	27	11,616,159
Managing Director/Chief Executive's remuneration		732,600
Director Fees	28	1,857,320
Auditors' fees		299,000
Depreciation and repair of Bank's assets	29	42,830,491
Charges on loan losses		-
Other expenditure	30	77,715,301
Total Operating Expenses		897,733,439
Profit before Provision		824,788,390
Provision for loans	31	2,400,000
Provision for diminution in value of investment		-
Other provision		-
Total Provisions		2,400,000
Profit before taxation		822,388,390
Provision for Taxation		
Provision for Income Tax		130,000,000
Provision for Deferred Tax		47,937,864
		177,937,864
Net Profit after taxation		644,450,526
Appropriations:		
Statutory Reserve		164,478,000
General Reserve		326,623,778
Building Fund		100,000,000
Dividend to Government		50,000,000
Retained Surplus		3,348,748
		644,450,526
Earning Per Share (EPS)	33	16.11

The annexed notes form an integral part of the Profit and Loss Account.

Sd /-
Director

Sd /-
Director

Sd /-
Managing Director

Sd /-
Chairman

This is the Profit and Loss Account referred to in our report of even date.

Dhaka, 26 April, 2011

Sd /-
Hoda Vasi Chowdhury & Co.
Chartered Accountants

Sd /-
ACNABIN
Chartered Accountants

Bangladesh Development Bank Limited

Cash Flow Statement

For the period ended on December 31, 2010

A. Cash Flow from Operating Activities

Interest and commission received
Interest paid
Dividend received
Fees and commission received
Recovery of Loans previously written-off
Salary and allowances paid
Other expenditure
Income tax paid
assets and liabilities

Operating Profit before Changes in Operating Assets and Liabilities

Changes in operating assets & Liabilities

Net increase in security trading
Increase in loans & advances
Increase in other assets
Increase in deposits from customers & others
Increase in liabilities & provisions

Cash Received from Operating Assets and Liabilities

Net cash flow from operating activities

B. CASH FLOW FROM INVESTING ACTIVITIES

Sale/Liquidation of securities
Purchase of securities
Disposal/adjustment of fixed assets
Acquisition of fixed assets

Net cash used in investing activities

C. CASH FLOW FROM FINANCING ACTIVITIES

Decrease in long term borrowing
Dividend to the Government

Net cash used in financing activities

D. Net increase in cash and cash equivalent (A+B+C)

E. Effects of changes in exchange rate

F. Opening Cash & cash equivalent

G Closing Cash & Cash equivalent (*)

(*) Cash and cash equivalents :

Cash in hand
Balance with Bangladesh Bank
Cash with other banks
Money at call and short notice

31.12.2010
Taka

815,119,325
(115,215,304)
147,336,328
28,583,803
57,387,444
(737,011,139)
(142,048,027)
(83,748,710)
83,876,058

54,279,778

675,317,352
359,583,258
(28,252,781)
1,828,492,741
140,360,013

2,975,500,583

3,059,376,641

496,134,356
(588,453,887)
80,822
(16,193,671)

(108,432,380)

(551,665,141)
(10,000,000)

(561,665,141)

2,389,279,120

520,543

3,035,147,321

5,424,946,984

27,355,070
277,837,999
4,819,681,684
300,072,231

5,424,946,984

Sd /-
Director

Sd /-
Director

Sd /-
Managing Director

Sd /-
Chairman

This is the Cash Flow Statement referred to in our separate report of even date.

Dhaka, 26 April, 2011

Sd /-
Hoda Vasi Chowdhury & Co.
Chartered Accountants

Sd /-
ACNABIN
Chartered Accountants

Bangladesh Development Bank Limited

Statement of Changes in Equity
For the year ended 31 December, 2010

Particulars	Paid-up Capital	Statutory Reserve	Quasi Equity	General Reserve	Revaluation Reserve	Other Reserves	Retained Earnings	Profit/(Loss)	Total
Balance at 01 January 2010	4,000,000,000	881,309,336	134,744,560	623,376,222	-	765,907,514	33,355,334	-	6,438,692,966
Change in accounting policy	-	-	-	-	-	-	-	-	-
Restated Balance	-	-	-	-	-	-	-	-	-
Surplus/Deficit on Revaluation of Properties	-	-	-	-	8,604,108,664	-	-	-	8,604,108,664
Surplus/Deficit on Revaluation of Investments	-	-	-	-	-	-	-	-	-
Difference arises in currency transaction	-	-	-	-	-	-	-	-	-
Net gain and losses not recognized in the Profit and Loss Account	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	-	822,388,390	822,388,390
Provision for taxation	-	-	-	-	-	-	-	(177,937,864)	(177,937,864)
Appropriations made during the year	-	164,478,000	-	326,623,778	-	100,000,000	3,348,748	(594,450,526)	-
Dividend to Govt.	-	-	-	-	-	-	-	(50,000,000)	(50,000,000)
Balance at 31 December 2010	4,000,000,000	1,045,787,336	134,744,560	950,000,000	8,604,108,664	865,907,514	36,704,082	-	15,637,252,156

Director Sd /-
Director

Sd /-
Managing Director

Sd /-
Chairman

This is the Statement of Changes in Equity referred to in our separate report of even date.

Dhaka, 26 April, 2011

Sd /-
Hoda Vasi Chowdhury & Co.
Chartered Accountants

Sd /-
ACNABIN
Chartered Accountants

Bangladesh Development Bank Limited

Liquidity Statement

(Asset and Liability Maturity Analysis)

For the year ended 31 December, 2010

Particulars	Up to 01 month	1 - 3 months	3 - 12 months	1 - 5 years	More than 5 years	Total
Assets:						
Cash in hand	27,355,070	-	-	-	-	27,355,070
Balance with other banks and financial institutions	1,688,815,710	2,051,062,073	1,357,641,900	-	-	5,097,519,683
Money at call on short notice	300,072,231	-	-	-	-	300,072,231
Investment	104,042,504	201,593,808	744,463,957	193,209,825	345,122,418	1,588,432,512
Loans and Advances	363,900,000	396,100,000	953,900,000	4,769,500,000	3,422,602,302	9,906,002,302
Fixed assets including premises, furniture and fixtures	-	-	-	896,147,378	8,065,326,399	8,961,473,777
Other assets	130,603,827	3,511,690	201,373,802	1,022,238,718	280,222,271	1,637,950,308
Non-banking assets	-	-	-	-	-	-
Total Assets	2,614,789,342	2,652,267,571	3,257,379,659	6,881,095,921	12,113,273,390	27,518,805,883
Liabilities:						
Borrowing from Bangladesh Bank, Other banks, financial institutions and agents	223,848,910	-	327,816,038	2,058,608,788	-	2,610,273,736
Deposits & Other Accounts	244,806,434	423,836,577	323,646,256	2,261,749,127	-	3,254,038,394
Provision and other liabilities	-	-	1,995,803,008	131,934,899	3,889,503,690	6,017,241,597
Total Liabilities	468,655,344	423,836,577	2,647,265,302	4,452,292,814	3,889,503,690	11,881,553,727
Net Liquidity Gap	2,146,133,998	2,228,430,994	610,114,357	2,428,803,107	8,223,769,700	15,637,252,156

Net result of the Liquidity Statement represents the Shareholders' Equity of the Bank.

Dhaka, April 26, 2011

Sd / -
Director

Sd / -
Director

Sd / -
Managing Director

Sd / -
Chairman

Bangladesh Development Bank Limited

Notes to the Financial Statements
For the year ended 31 December, 2010

1.00 Background and Activities

1.01 Establishment and Status of the Bank

Bangladesh Development Bank Limited (BDBL or the Bank) was incorporated under the Companies Act, 1994 on 16 November 2009 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 agreements were executed between the Government of the People's Republic of Bangladesh and Bangladesh Development Bank Limited on 31 December 2009 in this regard.

The registered office of the Bank is located at 8 Rajuk Avenue, Motijheel, Dhaka-1000.

1.02 Principal Activities

Bangladesh Development Bank Limited extends financial assistance both in local and foreign currencies for setting up new industries and provides all kinds of commercial banking services to its customer through its branches in Bangladesh. The BDBL inherited membership of Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited, acts as stock dealer and operate two brokerage houses. The BDBL is now managing a close-end Mutual Fund with paid up capital of Tk. 5.00 crore.

2.00 Significant Accounting Policies

2.01 Basis of Presentation of Financial Statements

The financial statements are prepared on a going concern basis under the historical cost convention, except revaluation of fixed assets, and in accordance with the First Schedule (Section 38) of the Banking Companies Act, 1991, Banking Regulation and Policy Department Circular No. 14 of 25 June, 2003 and 15 of 9 November, 2009, other Bangladesh Bank circulars, Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) to the extent that those BAS and BFRS do not contradict with the mandatory compliance of the Bangladesh Banks requirement. Wherever appropriate, such principles are explained in succeeding notes.

2.02 Consolidation of Accounts

A separate set of records for consolidating the statements of affairs and income and expenditure statements of the branches are maintained at the head office of the Bank based on which these financial statements have been prepared.

2.03 Fixed Assets and Depreciation

Fixed assets, except land and premises (buildings) are stated at cost less accumulated depreciation as per BAS-16. Land and premises (buildings) are shown at revalued amount.

- Depreciation is charged on fixed assets other than motor vehicles & computer on reducing balance method. Depreciation on motor vehicles & computer is charged on straight-line method. The relevant rates for depreciation are as follows:

Assets	Rates
Building/Premises	2.5%
Furniture & Fixtures	10.0%
Electric/Gas Installation	20.0%
Typewriters, Ceiling Fans, Office Equipment (including Computer) & SBBL Gun	20.0%
Motor Cars, other Vehicles	20.0%

Depreciation at the applicable rates is charged proportionately on additions made during the year from the month of 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.

2.04 Investments

- Investments in shares are stated at lower of cost and market price. Market value of shares is considered on aggregate portfolio basis and at the year-end. Cost price being lower than market value, investment in shares is stated at cost price.
- Investment in debentures is stated at cost.
- Interest income on investment is recognized on accrual basis. Capital gain on disposal of investments is recognized as investment income when it is realized.
- Provision for investment in unquoted shares is made when there is an objective evidence of impairment (i.e. net assets below equity).
- Provision for investment in quoted shares is done on the basis of the shortfall of the market price and cost price for the traded issues. But, in case of any suspended shares provisions made for the entire cost price. For the most fluctuating issues lump-sum provisions have been done to create a caution against sudden market fall.
- Dividend income is recognized on cash basis in the year in which it is received.
- Bonus shares received are accounted for at nil value.
- Profit/ Loss on sale of investments are accounted for by deducting the average cost of investments from selling price thereof.

2.05 Loans and Advances

- i. Loans and advances have been stated at gross value as per requirement of the Central Bank.
- ii. Interest on unclassified loans and advance are calculated on a daily product basis but charged and accounted for on quarterly basis and in some cases on yearly basis.
- iii. No interest is charged on loan classified as bad and loss.
- iv. Interest is charged on classified loans and advances as per BCD Circular # 34 of 1989, BCD Circular # 20 of 1994, BCD Circular # 12 of 1995, BRPD Circular # 16 of 1998 and BRPD Circular # 9 of 2001 and such interest is not included in income and credited to interest suspense account.
- v. Interest and penal interest, if any, calculated on classified loans and advances is taken as income in the year of receipt of such interest from the defaulting borrowers.
- vi. Provision for loans and advances are made on the basis of information furnished by the branches and of instructions contained in Bangladesh Bank BCD Circular # 12, dated 4 September 1995, BRPD Circular # 16, dated 6 December 1998, BRPD Circular # 9, dated 14 May 2001, BRPD Circular # 2, dated 15 February 2005, BRPD Circular # 9, of August 2005, BRPD Circular # 17, dated 6 December 2005, BRPD Circular # 5, dated 5 June 2006 and BRPD Circular # 5, dated 5 April 2008, stating the following rates:

General provision on unclassified loans and advances	1%
General provision on unclassified Consumer loans	5%
Provision on Special Mentioned Accounts	5%
Provision on substandard loans and advances	20%
Provision on doubtful loans and advances	50%
Provision on bad/loss loans and advances	100%
- vii. Loans and advances are written-off as per BRPD Circular # 2, dated 13 January, 2003.

2.06 Rental Income

Rental income is accounted for on accrual basis.

2.07 Commission on Letters of Credit and Letters of Guarantee

Commission charged to customers on letters of credit and letters of guarantee are credited to income at the time of effecting the transactions.

2.08 Cash Flow Statement

Cash flow statement has been prepared in accordance with the Bangladesh accounting standard-7 "Cash Flow Statement" under the direct method as recommended in BRPD circular no. 14 on 25 June, 2003 issued by the Banking Regulation and Policy Department of Bangladesh Bank.

2.09 Off-Balance Sheet Items

As per the Bangladesh Bank Guidelines, Off-balance sheet items have been disclosed under contingent liabilities and other commitments. The Bank has maintained general provision @ 1% against off-balance sheet exposures (L/C and Guarantee) as per BRPD Circular #10, dated September 18, 2007.

2.10 Statement of Changes in Equity

Statement of changes in Equity is prepared principally in accordance with BAS-1 "Presentation of Financial Statements" and under the guidelines of Bangladesh Bank BRPD Circular No.14 dated 25, June 2003.

2.11 Liquidity Statement

The liquidity statement has been prepared in accordance with the remaining maturity 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 short notice etc. are on the basis of their maturity term
- ii. Investments are 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 realization / amortization.
- vi. Borrowing from Government and other agencies, etc. 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.

2.12 Retirement Benefit Scheme

The Bank is continuing following retirement benefit schemes as applicable for the employees of 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 & Death cum Retirement Benefit Scheme:
 - (a) General Provident Fund (GPF)
 - (b) Pension & Death cum Retirement Benefit Scheme:

Contribution to the above retirement schemes is made by the Bank as per rules and regulations of the respective schemes. These schemes are managed and administered by separate trust formed for that purpose.

2.13 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

2.14 Provision for Taxation

Provision for current income tax has been made @ 42.50% as prescribed in the Finance Act, 2010 on accounting profit made by the Bank after considering some of the add backs to income and disallowances of expenditure as per income tax laws.

2.15 Provision for Bad and Doubtful Debts

Required provision for bad and doubtful debts has been made as per Bangladesh Bank's BCD Circular # 34/89, 20/94, 21/94, 12/95, BRPD Circular # 16/98 and BRPD Circular No 05/06 as stated in Note 25.05.

2.16 Deposits and Other Accounts

Deposits and other accounts includes bills payable which have been analyzed in terms of the maturity grouping showing separately as other deposits and inter-bank deposits.

2.17 Reconciliation Position

a. NOSTRO A/c.: There are eight 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:

To maintain inter branch transactions, a number of current accounts are being maintained among Loan Accounting Department, Central Accounts Department of Head office and seventeen branches namely LAD Current Account, CAD Current Account and Inter Branch Account. The position of Inter Branch outstanding transactions as on 31 December, 2010 is as under:

Debit Entry		Credit Entry		Remarks
No. of entry	Taka	No. of entry	Taka	
176	21,344,501	1004	113,709,971	Less than three months

2.18 Core Risk Management

The risk of the Bank is defined as the possibility of losses, financial or otherwise arising from its operation. The overall risk management aspects of the Bank covers 6 (six) core risk areas of banking i.e. Credit Risk Management, Foreign Exchange Risk Management, Asset Liability Risk Management, Money Laundering Risk Management, Internal Control and Compliance Risk Management and Information Technology Risk Management. The prime objective of the Risk Management is to well-calculate business risks while safeguarding the Bank's capital, its financial resources and profitability from various risks. The Bank has designed and implemented a framework of controls to identify, monitor and manage these risks, which are summarized as follows:

a. Credit Risk Management

Credit risk is the risk that the counterparty to a financial institution fails to meet its obligation and cause 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.

b. Asset Liability Risk Management

The asset liability risk is managed by the Asset Liability Committee ("ALCO") of the Bank. The Asset Liability Committee monthly prepares ALCO paper as per guidelines of Bangladesh Bank. Maturity gap of assets and liabilities and interest rate movement are strongly monitored. As a result the Bank is always maintaining optimum liquidity with required regulatory compliance.

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 transitions. Treasury Division 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 their settlement.

d. Money Laundering 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. Manuals for Prevention of Money Laundering have been established and uniform Know Your Customer (KYC) and Transaction Profile (TP) have been introduced. Training has been continuously given to all the category of Executives and Officers for developing awareness and skill for identifying suspicious transactions and other Money Laundering related activities.

e. Internal Control and Compliance Risk

Operational loss may arise from errors and fraud due to lack of Internal Control and Compliance. Management through Internal Control and Compliance Division controls procedures of the Bank. Internal Control and Compliance Division undertakes periodical and special audit of the branches and departments at Head Office for review of the operation and compliance of the statutory requirement. The Audit Committee of the Board subsequently reviews the report of the Internal Control and Compliance Division.

f. Information & Communication Technology Risk

Information technology has improved over the years and the Bank is gradually becoming dependent on its use 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 and the Branches & Zones located in different Districts of Bangladesh, the Bank follow 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. ICT Department looks after all the affairs related to computer, printer, UPS, LAN, WAN, Software, Hardware and IT-based technologies as well as their proper maintenance under certain pre-fixed criteria. Central & Backup Server room have a glass enclosure with lock and key with a responsible person of the ICT Department / Branch Office. Physical access is restricted. Server rooms are air-conditioned and dust proof. Uninterrupted Power Supply (UPS) is used to ensure the power for the servers. CCTV camera is also used to monitor physical security. Servers and work stations are password protected. Database and software's are highly protected by multilevel passwords. The entire password is preserved securely. Besides, all the file and folders are protected from virus by using updated antivirus software. The sensitive information is kept in the restricted area in the networking environment.

2.19 Implementation of Basel-II

Bangladesh Development Bank Limited is regularly reporting the Risk Based Capital Adequacy under Basel-II. The Bank is complying the minimum capital requirement under Master Circular of Capital Adequacy issued and amended time to time by the Central Bank.

2.20 General

- i. Figures have been rounded off to the nearest taka.
- ii. Figures as appearing as on 31st December, 2009 represents consolidated balance of erstwhile Bangladesh Shilpa Bank and Bangladesh Shilpa Rin Sangstha pertaining to Balance Sheets and have been shown for the comparison purpose only which have been rearranged, where necessary, to conform to the presentation of 31December, 2010.

	31.12.2010	31.12.2009
	Taka	Taka
3. Cash		
Cash in Hand		
Local currency	27,355,070	14,264,644
Foreign currency	-	-
Balance with Bangladesh Bank and Sonali Bank Ltd.	277,837,999	292,124,235
	305,193,069	306,388,879

(Note:3.1)

3.1 Balance with Bangladesh Bank & Sonali Bank Ltd.

Local currency - Bangladesh Bank	249,771,219	271,081,655
Local Currency - Sonali Bank Ltd.	6,962,765	448,668
Foreign currency-Bangladesh Bank	21,104,015	20,593,912
	277,837,999	292,124,235

3.2 Cash Reserve Requirements (CRR) : 6% of average demand and time liabilities

Required reserve	190,746,000	71,503,000
Actual reserve held with Bangladesh Bank	258,012,000	267,018,457
Excess reserve	67,266,000	195,515,457

Cash Reserve Requirements (CRR) has been calculated and maintained in accordance with the Section 33 of the Bank Companies Act, 1991 and subsequent BCD Circular # 13, dated 24 May 1992; BRPD Circular # 12, dated 20 Sept, 1999, BRPD Circular No. 22 dated November 6, 2003, BRPD circular # 11, dated 25 November 2005, and BRPD Circular # 01, dated 12 January 2009 & MPD circular # 04, Dated 01 December 2010.

3.2.1 Statutory Liquidity Ratio (SLR)

This is not applicable for Bangladesh Development Bank Ltd., since both Bangladesh Shilpa Bank and Bangladesh Shilpa Rin Sangstha were exempted from maintaining SLR vide Ministry of Finance Notification.

4. Balance with Other Banks & Financial Institutions

In Bangladesh (4.02)	4,807,170,123	2,618,597,101
Outside Bangladesh(4.01)	12,511,561	12,041,103
	4,819,681,684	2,630,638,204

4.1 Outside Bangladesh

Standard Chartered Bank, USA	8,542,271	7,827,746
BHF Bank AG, Germany	1,834,022	1,939,631
Sonali Bank Ltd., India	1,169,424	1,142,095
Dresdner A.G , London, UK	201,598	875,968
Commerz Bank A.G, Germany	699,101	199,337
UBAF, Japan	65,145	56,326
	12,511,561	12,041,103

4.1.1 Conversion of Foreign Currencies

Foreign currency transactions have been converted into Taka currency at rates prevailing on the transaction dates. At the balance sheet date the monetary assets and liabilities are converted into Taka 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. Exchange loss or gain arising from borrowers accounts are shown under "Exchange Equalization Reserve".

The foreign currencies have been converted by the following rate as 31 December, 2010:

Currency Name	Foreign Currency	Exchange Rate
USD	122,537	70.4650
EURO	27,183	93.1893
GBP	1,000	109.2691
JPY	75,382	0.8642
ACUD	16,596	70.4650

Bank wise position is shown in Annexure-D.

4.2 In Bangladesh	31.12.2010 Taka	31.12.2009 Taka
Current & Other Account:		
Current account	45,803,427	31,828,119
Short Term Deposit	53,116,295	16,297,927
Term Deposit(4.02.01)	3,876,754,346	1,711,950,000
Term Deposit -Depreciation Fund (4.02.02)	132,799,055	159,624,055
Term Deposit -Building Fund (4.02.03)	65,000,000	65,000,000
Term Deposit -Loan Redemption Fund (4.02.04)	633,697,000	633,897,000
	4,807,170,123	2,618,597,101
4.2.1 Term Deposit		
Janata Bank Ltd.	100,000,000	-
Sonali Bank Ltd.	10,000,000	500,000,000
National Bank of Pakistan	40,000,000	50,000,000
AB Bank Ltd.	1,260,000,000	80,000,000
United Commercial Bank Ltd.	340,000,000	30,000,000
ICB Islami Bank Ltd.	13,754,346	13,950,000
National Credit and Commerce Bank Ltd.	215,000,000	135,000,000
Prime Bank Ltd.	210,000,000	-
Social Islami Bank Ltd.	50,000,000	-
Mercantile Bank Ltd.	20,000,000	30,000,000
Standard Bank Ltd.	330,000,000	100,000,000
EXIM Bank Ltd.	140,000,000	-
Bangladesh Commerce Bank Ltd.	20,000,000	5,000,000
First Security Bank Ltd.	100,000,000	-
Shahjalal Islami Bank Ltd.	70,000,000	-
Investment Corporation of Bangladesh	958,000,000	558,000,000
Mutual Trust Bank Ltd.	-	110,000,000
One Bank Ltd.	-	20,000,000
Industrial & Infrastructure Development Finance Co. Ltd.	-	30,000,000
Industrial Promotion & Development Co. Ltd.	-	10,000,000
Delta Brac Housing Ltd.	-	10,000,000
United Leasing Ltd.	-	30,000,000
	3,876,754,346	1,711,950,000
4.2.2 Term Deposit -Depreciation Fund		
National Credit and Commerce Bank Ltd.	55,000,000	55,000,000
Investment Corporation of Bangladesh	77,000,000	77,000,000
Principal Branch, Bangladesh Development Bank Ltd.	799,055	27,624,055
	132,799,055	159,624,055
<p>Depreciation Fund was created by erstwhile BSB with a view to meeting capital replacement obligation of the organisation as per directive of Ministry of Finance through Office Memorandum # MF(ABW-3)MISC-17/85/94(13), dated the 15th August, 1985. The Board of Directors of the Bank at its 100th ordinary meeting held on the 19th January, 1988 approved the creation and investment of the fund in Government approved securities/ term deposit for use of the fund, when necessary, for the purpose mentioned above.</p>		
4.2.3 Term Deposit -Building Fund		
Investment Corporation of Bangladesh	65,000,000	-
Sonali Bank Ltd.	-	65,000,000
	65,000,000	65,000,000
4.2.4 Term Deposit -Loan Redemption Fund		
Janata Bank Ltd.	120,000,000	-
National Bank of Pakistan	20,000,000	40,000,000
United Commercial Bank Ltd.	10,000,000	-
ICB Islamic Bank Ltd.	13,697,000	13,897,000
National Credit and Commerce Bank Ltd.	40,000,000	40,000,000
EXIM Bank Ltd.	50,000,000	-
Mutual Trust Bank Ltd.	30,000,000	70,000,000
Investment Corporation of Bangladesh	350,000,000	250,000,000
Sonali Bank Ltd.	-	120,000,000
Rajshahi Krishi Unnayan Bank	-	100,000,000
	633,697,000	633,897,000

Loan Redemption Fund was created by erstwhile BSB by transferring Tk.5.00 crore (6.00 crore subsequently) per month from the loan recovery amount in order to capacitate the bank to repay the rephased Bangladesh Bank borrowings of Tk.366.03 crore in 18 equal half yearly installment of Tk.20.33 crore commencing from 31st July 2006. During the year under audit required installment have been paid.

		31.12.2010	31.12.2009
		Taka	Taka
4.3 Maturity-wise Grouping			
On demand		1,688,815,710	60,167,149
Up to 3 months		2,051,062,073	1,480,000,000
More than 3 months to 12 months		1,357,641,900	130,000,000
More than 1 year to 5 years		-	-
More than 5 years		-	-
		5,097,519,683	1,670,167,149
5. Money at Call & Short Notice			
Inside Bangladesh	(Note: 5.1)	300,072,231	200,070,238
Outside Bangladesh		-	-
		300,072,231	200,070,238
5.1 Inside Bangladesh			
Janata Bank Ltd., Local office		29,529	28,737
Janata Bank Ltd., Corporate office		27,007	26,292
Sonali Bank Ltd., Foreign Exchange Corporate Branch		15,695	15,209
National Bank of Pakistan		50,000,000	-
Investment Corporation of Bangladesh		250,000,000	-
A B Bank Limited-Call Deposit		-	200,000,000
		300,072,231	200,070,238
6. Investments			
Government securities	(Note: 6.2)	3,245,600	1,920,500
Other investment	(Note: 6.3)	1,585,186,912	1,491,847,603
		1,588,432,512	1,493,768,103
6.1 Maturity Wise Grouping of Investments			
On demand		104,042,504	530,583,427
Less than three months		201,593,808	234,877,474
More than three months but less than one year		744,463,957	431,450,527
More than one year but less than five years		193,209,825	72,023,380
More than five years		345,122,418	224,833,295
		1,588,432,512	1,493,768,103
6.2 Government Securities			
Treasury Bond		-	-
Prize Bond		3,245,600	1,920,500
		3,245,600	1,920,500
6.3 Other investments			
Shares	(Note: 6.3.1)	1,235,730,499	1,417,634,223
Debentures		49,456,413	74,213,380
Investment in Bond		300,000,000	-
		1,585,186,912	1,491,847,603
6.3.1 Investment in Shares by listing status			
Quoted Shares		1,034,409,824	1,405,237,307
Unquoted Shares		201,320,675	188,560,296
		1,235,730,499	1,593,797,603
Market value of quoted shares		33,712,630,756	16,287,538,432

	31.12.2010 Taka	31.12.2009 Taka
6.4 Provision for Investment		
Required Provision	222,221,454	261,718,802
Provision Maintained	284,867,990	299,169,750
Provision Excess/(Shortage)	62,646,536	37,450,948
7. Loans & Advances	9,906,002,302	10,265,585,560
7.1 Break-up of Loans and Advances		
(i) Loans, Cash Credits and Overdrafts, etc. :		
In Bangladesh	9,906,002,302	10,265,585,560
Outside Bangladesh	-	-
	9,906,002,302	10,265,585,560
(ii) Bills discounted & purchased :		
Payable in Bangladesh	-	-
Payable outside Bangladesh	-	-
	9,906,002,302	10,265,585,560
7.2 Maturity wise grouping of Loans & Advances including bills discounted & purchased		
Repayable on demand	363,900,000	32,086,858
Repayable not more than 3 months	396,100,000	193,997,414
Repayable over 3 months but not more than 1 year	953,900,000	1,259,816,854
Repayable over 1 year but not more than 5 years	4,769,500,000	3,980,683,024
Repayable over 5 years	3,422,602,302	4,799,001,410
	9,906,002,302	10,265,585,560
7.3 Nature-wise Loans & Advances		
Cash credits	597,455,209	609,477,192
Long term (Amount Due and Not Due)	7,285,310,006	7,857,014,569
Overdrafts	1,891,235	1,351,144
Bridge loan	78,057,904	86,876,005
Consumer Loan	90,596,596	10,486,858
Loan under Investor Scheme	2,423,991	2,423,991
Staff loan	1,850,267,361	1,697,955,801
	9,906,002,302	10,265,585,560
7.4 Particulars of Advances		
i. Debts considered good in respect of which the bank is fully secured.	6,804,300,302	5,786,195,321
ii. Debts considered good for which the bank hold no other security than the debtors personal security.	-	94,445,146.000
iii. Debts considered good and secured by the personal liabilities of one or more persons in addition to the personal security of the debtors.	-	1,048,685.800
iv. Debts considered doubtful or bad 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.	1,850,267,361	1,697,955,801
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.	139,203,000	259,662,881
vii. Debts due from companies or firms in which the directors of the Bank are	-	-
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.	-	-

	31.12.2010 Taka	31.12.2009 Taka			
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.	3,101,702,000	2,932,329,460			
(a) The balance of bad loan written off is Tk.23,872,342,369 which has been written off as per Bangladesh Bank's Circular No. 02, dated 13 January 2003 and a debt collection unit has been established to take initiative for recovery of that bad loan.	23,872,342,369	24,509,941,430			
7.5 Movement of Loans and Advances					
Opening balance	10,265,585,560	10,233,016,085			
Add : Disbursed during the year	902,248,015	145,058,025			
Add : Interest charged during the year	529,815,062	260,655,341			
	11,697,648,637	10,638,729,451			
Less : Recovery during the year	1,600,382,671	373,143,891			
	10,097,265,966	10,265,585,560			
Less : Write off during the year	191,263,664	-			
Closing balance	9,906,002,302	10,265,585,560			
7.6 Significant concentration-wise grouping					
Other Executives and Officers of the Bank	1,850,267,361	1,697,955,801			
Customers	92,487,831	14,261,992			
Industries	7,963,247,110	8,553,367,767			
	9,906,002,302	10,265,585,560			
7.7 Classification status of Loans & Advances					
Standard	4,699,882,941	5,781,119,179			
Special Mentioned Accounts	254,150,000	15,563,000			
Sub-standard	110,740,000	16,892,000			
Doubtful	19,997,000	232,189,000			
Bad/loss	2,970,965,000	2,683,248,460			
Staff loan	1,850,267,361	1,536,573,921			
	9,906,002,302	10,265,585,560			
7.8 Division wise Loans & Advances					
Dhaka Division	9,450,583,381	7,422,908,174			
Khulna Division	129,450,063	624,083,422			
Chittagong Division	94,194,279	1,088,108,200			
Rajshahi Division	98,618,231	739,389,003			
Barisal Division	46,239,234	247,505,460			
Sylhet Division	17,619,188	57,368,071			
Rangpur Division	69,297,926	86,223,230			
	9,906,002,302	10,265,585,560			
7.9 Particulars of Provision for Loans & Advances					
	Total Outstanding	Rate(%)	Base for Provision	Required Provision	Actual Provision
Unclassified Loan:					
Standard	4,610,771,941	1	4,610,771,941	46,107,719	327,030,853
Standard (C.F)	89,111,000	5	89,111,000	4,455,550	4,455,550
Special Mention Account	254,150,000	5	247,264,000	12,363,200	12,363,200
Sub-Standard	110,740,000	20	72,295,000	14,459,000	14,459,000
Doubtful	19,997,000	50	10,345,000	5,172,500	5,172,500
Bad/Loss	2,970,965,000	100	1,304,088,000	1,304,088,000	1,304,088,000
Staff Loan	1,850,267,361	1	1,850,267,361	18,502,674	18,502,674
Required Provision For loans and advances	-	-	-	1,405,148,643	-
Total Provision Maintained	-	-	-	-	1,686,071,777
Excess Provision at 31 December 2010	-	-	-	-	280,923,134

7.10 Sector-wise Loans & Advances

31.12.2010
Taka

31.12.2009
Taka

Industrial Sector

Food & Allied Products	613,883,078	467,764,582
Jute & Allied Fibre Products	276,017,729	533,255,528
Cotton, Woollen & Synthetic Textile	5,813,806,228	5,910,732,146
Paper, Paper Products & Printing	131,148,328	123,974,984
Tannery & its Products	81,867,824	136,218,275
Non-metallic Mineral products	16,777,054	33,492,054
Basic Metal Products	-	-
Metal Products	129,696,830	30,749,714
Electrical Machinery & Goods	46,026,593	40,728,626
Machinery & Spare Parts	1,207,813	109,556,684
Transport	10,070,177	44,614,648
Chemicals & Pharmaceuticals	450,764,455	617,444,085
Petro-Chemicals	53,151,621	111,666,988
Service Industries	189,617,486	274,789,865
Miscellaneous	2,091,967,086	1,830,597,381
	9,906,002,302	10,265,585,560

7.11 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 2010 is Tk.23,872,342,369.00 in the following manner.

A. Term loans

Particulars	No of Projects	Principal	Interest	Pernal Interest	Other Charges	Total
Balance as on 1 January, 2010	347	4,733,982,453	11,413,888,320	8,149,857,728	81,793,984	24,379,522,485
Add: Written off during the year	-	-	70,460,353	118,316,724	2,486,587	191,263,664
Less: Amount Recovered during the year	-	99,528,261	47,988,437	406,053,289	8,790,181	562,360,168
Add: Amount Adjusted	-	-	68,520,646	-	-	68,520,646
Less: Amount Waived	13	-	208,800,627	117,910,339	-	326,710,966
Balance as on 31 December 2010	334	4,634,454,192	11,296,080,255	7,744,210,824	75,490,390	23,750,235,661

B. Underwriting Advance

Particulars	No of Projects	Principal	Interest	Pernal Interest	Other Charges	Total
Balance as on 1 January, 2010	55	6,944,875	116,508,815	-	-	123,453,690
Add: Written off during the year	-	-	-	-	-	-
Less: Amount Recovered during the year	-	119,000	754,256	-	-	873,256
Less: Amount Waived	1	-	473,726	-	-	473,726
Less: Amount Adjusted	-	-	-	-	-	-
Balance as on 31 December 2010	54	6,825,875	115,280,833	-	-	122,106,708
Total Balance as on 31 December 2010 (A+B)	388	4,641,280,067	11,411,361,088	7,744,210,824	75,490,390	23,872,342,369

7.12 Movement of Written off Loan as per Bangladesh Bank's Circular

Opening balance
Add: Addition during the year

Less: Recovery and adjustment during the year
Closing balance

31.12.2010 Taka	31.12.2009 Taka
24,509,941,430	24,703,759,380
191,263,664	2,556,781
24,701,205,094	24,706,316,161
828,862,725	196,374,731
23,872,342,369	24,509,941,430

8. Premises and Fixed Assets

Opening balance
Add: Addition during the year
Less: Disposal/adjustment during the year

Less: Accumulated depreciation at the year end

Revaluation during the year

708,276,183	706,121,769
16,193,671	2,154,414
1,469,792	-
723,000,062	708,276,183
365,634,949	348,974,784
357,365,113	359,301,399
8,604,108,664	-
8,961,473,777	359,301,399

A separate fixed asset schedule is shown in Annexure-A.

9. Other Assets

Stationery & stamps in hand
Stocks & stores (Spare parts)
Tax paid in advance (9.01)
Prepaid expenses & security deposit
Accrued income (CAD & Branches) (9.02)
Suspense A/c. (CAD & Branches)
Investment, Gratuity & Benevolent Fund (9.03)
Exchange risk adjustment account
Depreciation Fund- Interest Receivable
Sanchaya Patra Encashment A/C.
Legal Expenses Realisable A/C.
Preliminary expenses BDBL
Misc. Receivable
Temporary Advance
Receivable from Security
Employees Provident Fund
Amount Recoverable
BSRS First Mutual Fund
Other Charges Receivables from Write off Project

2,889,740	4,227,101
200,970	200,970
1,232,707,190	1,148,958,480
2,909,469	2,916,924
122,319,475	99,713,153
2,154,732	2,516,399
12,835,401	12,265,908
61,359,262	61,359,262
26,825,000	-
127,569,549	76,364,126
26,646,871	21,255,814
5,749,860	5,709,410
3,364,649	5,081,849
3,034,278	-
75,190	-
25,515	25,515
7,235,287	-
39,293	85,353,906
8,577	-
1,637,950,308	1,525,948,817

9.1 Tax paid in Advance

Movement of the advance tax paid during the year is as follows:

Opening balance
Add : Addition during the year

Less : Adjustment during the year
Closing balance

1,148,958,480	1,128,007,076
83,748,710	20,951,404
1,232,707,190	1,148,958,480
-	-
1,232,707,190	1,148,958,480

Year wise break-up of the above amount is shown as follows:

A: Erstwhile BSRS:

Accounting year	Assessment year	Corporate Advance Tax	Deducted at source	Total Amount in
1997 - 1998	1998 - 1999	-	5,666,165	5,666,165
1998 - 1999	1999 - 2000	-	6,620,718	6,620,718
1999 - 2000	2000 - 2001	12,500,000	4,731,041	17,231,041
2000 - 2001	2001 - 2002	45,473,000	4,391,185	49,864,185
2001 - 2002	2002 - 2003	16,000,000	5,558,725	21,558,725
2002 - 2003	2003 - 2004	4,500,000	7,314,644	11,814,644
2003 - 2004	2004 - 2005	10,000,000	7,020,445	17,020,445
2004 - 2005	2005 - 2006	-	6,936,472	6,936,472
2005 - 2006	2006 - 2007	-	13,412,159	13,412,159

Accounting year	Assessment year	Corporate Advance Tax	Deducted at source	Total Amount in Taka
2006 - 2007	2007 - 2008	20,000,000	18,913,584	38,913,584
2007 - 2008	2008 - 2009	10,000,000	20,865,579	30,865,579
2008 - 2009	2009 - 2010	34,848,614	22,489,729	57,338,343
2009 - 2010	2010 - 2011		13,223,817	13,223,817
Total (A)		153,321,614	137,144,263	290,465,877

B: Erstwhile BSB:

Accounting year	Assessment year	Corporate Advance Tax	Deducted at source	Total Amount in Taka
1996-97		-		480,867,465
1997-98	1998-1999	-	69,230,875	69,230,875
1998-99	1999-2000	-	18,911,461	18,911,461
1999-00	2000-2001	-	12,737,817	12,737,817
2000-01	2001-2002	-	13,926,730	13,926,730
2001-02	2002-2003	-	25,698,639	25,698,639
2002-03	2003-2004	-	30,948,020	30,948,020
2003-04	2004-2005	-	32,943,494	32,943,494
2004-05	2005-2006	-	22,924,846	22,924,846
2005-06	2006-2007	-	25,020,846	25,020,846
2006-07	2007-2008	-	24,016,003	24,016,003
2007-08	2008-2009	50,000,000	24,546,660	74,546,660
2008-09		-	18,992,160	18,992,160
2009-10		-	7,727,587	7,727,587
Total (B)		50,000,000	327,625,138	858,492,603

C: BDBL

Accounting year	Assessment year	Corporate Advance Tax	Deducted at source	Total Amount in
2010	2011-2012	10,000,000	73,748,710	83,748,710
Total (C)		10,000,000	73,748,710	83,748,710

Total Advance Tax Paid (A+B+C)

1,232,707,190

9.2 Accrued Income

CAD, Head office:

Interest on debenture

Rent

Accrued income from FDR

Interest on Money at call & Short Notice

Treasury bond/Bond

Sub-total

Branch Offices'

Sub-total

Grand-total

	31.12.2010 Taka	31.12.2009 Taka
Interest on debenture	36,977,991	66,670,102
Rent	6,054,690	-
Accrued income from FDR	73,200,000	29,840,499
Interest on Money at call & Short Notice	333,333	-
Treasury bond/Bond	2,764,932	-
Sub-total	119,330,946	96,510,601
Branch Offices'	2,988,529	3,202,552
Sub-total	2,988,529	3,202,552
Grand-total	122,319,475	99,713,153

9.3 Investment: Gratuity & Benevolent Fund

Opening balance

Add : Investment during the year

Less : Encashment during the year

Closing balance

	31.12.2010 Taka	31.12.2009 Taka
Opening balance	12,265,908	11,501,723
Add : Investment during the year	17,535,218	12,265,908
Less : Encashment during the year	29,801,126	23,767,631
Closing balance	16,965,725	11,501,723
	12,835,401	12,265,908

10. Borrowing from Other Banks, Financial Institutions and Agents, etc.

Inside Bangladesh

Outside Bangladesh

(Note:10.1)

	31.12.2010 Taka	31.12.2009 Taka
Inside Bangladesh	2,610,273,736	3,161,938,877
Outside Bangladesh	-	-
	2,610,273,736	3,161,938,877

a) As per following segregation

Secured

Un-Secured

	31.12.2010 Taka	31.12.2009 Taka
Secured	-	-
Un-Secured	2,610,273,736	3,161,938,877
	2,610,273,736	3,161,938,877

b) As per following maturity grouping		31.12.2010 Taka	31.12.2009 Taka
On Demand		-	-
On Maturity		2,610,273,736	3,161,938,877
		2,610,273,736	3,161,938,877
10.1 Inside Bangladesh			
K.F.W. Counterpart Fund		165,929,516	165,929,517
Long Term Loan from Bangladesh Bank (Block A/c.)		1,830,140,188	2,236,838,008
Long Term Loan from Bangladesh Bank		384,220,771	480,275,964
DM 3.00 million K.F.W. Loan		9,206,746	9,818,874
Danish Credit Counterpart Fund		7,487,224	7,487,224
Rephased Account with Government (DSL)		184,089,291	225,089,290
LC Borrowing DSE Not Matured		29,200,000	36,500,000
		2,610,273,736	3,161,938,877
11. Deposits & Other Accounts			
Current and other accounts,etc.(11.01)		1,326,990,005	395,232,695
Bills Payable(11.02)		19,789,231	25,191,712
Saving Bank Deposits		462,351,794	339,753,281
Fixed Deposits		1,444,907,364	665,367,965
		3,254,038,394	1,425,545,653
11.1 Current & Other Accounts			
Short Term Deposit Account		1,028,812,819	115,253,390
Deposit Pension Scheme, SBSS, SSS, CSS		44,703,424	28,162,990
Sundry Deposit		49,284,735	96,083,213
Current Account		177,732,521	126,301,569
Margin Deposits		15,390,547	13,567,075
Guarantee Margin Security Deposits		56,672	4,487,560
Earnest Money		74,200	72,200
Payable Under Investment Scheme		10,935,087	11,304,698
		1,326,990,005	395,232,695
11.2 Bills Payable			
Payment Order		18,672,655	21,407,109
Drafts Payable		585,958	3,305,482
Un-claimed Drafts & Payment Order		-	9,660
Un-claimed In-operative Account		530,618	469,461
		19,789,231	25,191,712
11.3 Deposits & Other Accounts by Maturity			
Payable on demand		177,732,521	211,705,542
Repayable within 1 month		67,073,913	26,615,341
Over 1 month but within 6 months		423,836,577	310,676,858
Over 6 months but within 1 years		323,646,256	383,416,442
Over 1 year but within 5 years		2,261,218,509	305,063,720
Over 5 years but within 10 years		-	187,588,629
Unclaimed deposits held by the bank more than 10 years		530,618	479,121
		3,254,038,394	1,425,545,653
12. Other Liabilities			
Provision for Income tax	(Note: 12.1)	1,262,024,199	1,189,567,478
Provision for Deferred Tax	(Note: 12.2)	75,078,123	27,140,259
Accrued Expenses	(Note: 12.3)	56,325,971	68,702,999
Others Funds	(Note: 12.4)	261,627,686	16,692,810
Provision for B/D Equity		106,731,020	106,731,020
Provision for B/D Debenture		74,246,545	89,621,322
Provision for Share		103,890,425	102,817,408
Other Provisions	(Note: 12.5)	206,778,740	141,176,219
Provision for Unclassified Loan	(Note: 12.6)	297,904,010	297,904,010
Provision for classified Loan	(Note: 12.7)	1,388,167,767	1,344,736,818
Interest Suspense	(Note: 12.8)	1,376,551,588	1,607,248,898
Advance deposit Receipts	(Note: 12.9)	470,847,458	430,519,521
Miscellaneous	(Note: 12.10)	337,068,065	332,664,943
		6,017,241,597	5,755,523,705

12.1 Provision for Income Tax

Opening Balance
Add: Provision made during the year

Less: Adjustment made during the year

31.12.2010 Taka	31.12.2009 Taka
1,189,567,478	1,081,446,478
130,000,000	108,121,000
1,319,567,478	1,189,567,478
57,543,279	-
1,262,024,199	1,189,567,478

12.1.1 Provision for Income tax

The year wise break-up of provision for taxes is as under:

A) Erstwhile BSB

Financial Year	Assessment Year	Provision for Tax	Tax Assessed	Difference	Assessment Status
1983-1984	-	179,816,842	-	179,816,842	Setteled and paid tax amount yet not credited
1984-1985	1985-1986	120,000,000	-	120,000,000	"
1985-1986	1986-1987	321,000	-	321,000	"
1986-1987	1987-1988	-	-	-	"
1987-1988	1988-1989	10,000,000	-	10,000,000	"
1988-1989	1989-1990	52,500,000	-	52,500,000	"
1989-1990	1990-1991	57,500,000	-	57,500,000	"
1990-1991	1991-1992	57,500,000	-	57,500,000	"
1991-1992	1992-1993	44,500,000	-	44,500,000	"
1992-1993	1993-1994	60,000,000	-	60,000,000	"
1993-1994	1994-1995	61,100,000	-	61,100,000	"
1994-1995	1995-1996	-	-	-	"
1995-1996	1996-1997	-	-	-	"
1996-1997	1997-1998	-	-	-	"
1997-1998	1998-1999	-	69,612,821	(69,612,821)	"
1998-1999	1999-2000	-	89,282,182	(89,282,182)	"
1999-2000	2000-2001	-	-	-	"
2000-2001	2001-2002	-	-	-	"
2001-2002	2002-2003	-	-	-	"
2002-2003	2003-2004	-	13,341,918	(13,341,918)	"
2003-2004	2004-2005	-	-	-	"
2004-2005	2005-2006	-	132,836,689	(132,836,689)	"
2005-2006	2006-2007	-	-	-	"
2006-2007	2007-2008	49,725,330	-	49,725,330	"
2007-2008	2008-2009	77,148,000	Tax liability yet not finished	-	"
2008-2009	2009-2010	56,215,000	"	-	Assessment of tax amount yet not setteled
2009-2010	2010-2011	70,121,000	"	-	"

896,447,172

B) Erstwhile BSRS

Financial Year	Assessment Year	Provision for Tax	Tax Assessed	Difference	Assessment Status
1995-1996	1996-1997	23,400,000	145,044	23,254,956	Setteled
1996-1997	1997-1998	12,500,000	10,332,462	2,167,538	Applied for correction U/S-173 Appeals and Tribunal order not yet revised.
1997-1998	1998-1999	-	31,228,906	(31,228,906)	Applied for certified copy of order sheet. Prater mode u/s 173
1998-1999	1999-2000	-	36,475,913	(36,475,913)	Applied for certified copy of order sheet. Tribunal order not yet revised
1999-2000	2000-2001	22,400,000	29,511,013	(7,111,013)	Tribunal order restored for hearing
2000-2001	2001-2002	39,000,000	40,554,139	(1,554,139)	"
2001-2002	2002-2003	27,000,000	39,454,744	(12,454,744)	"
2002-2003	2003-2004	(70,592,732)	22,250,825	(92,843,557)	"
2003-2004	2004-2005	-	-	-	Setteled tax credit yet not allowed
2004-2005	2005-2006	30,041,556	-	30,041,556	Assessed but assessment order yet not received
2005-2006	2006-2007	20,000,000	63,094,381	(43,094,381)	Appeal file
2006-2007	2007-2008	60,000,000	59,443,658	556,342	Return submitted under self assessment but yet not assessed
2007-2008	2008-2009	76,400,000	87,555,451	(11,155,451)	Under first appeal still pendong
2008-2009	2009-2010	14,971,482	57,578,300	(42,606,818)	Return submitted but yet not assessed
2009-2010	2010-2011	38,000,000	37,471,444	528,556	"

293,120,306

C) **BDBL**

Financial Year	Assessment Year	Amount of Prov. for Tax	Adjustment
2010	2011-2012	130,000,000	(57,543,279)

Balance Position

72,456,721

Total Tax Provision (A+B+C)

1,262,024,199

12.2 Deferred tax liability

31.12.2010
Taka

31.12.2009
Taka

Deferred tax liabilities have been computed in accordance with BAS-12 based on taxable temporary difference in carrying amount of the fixed assets and its tax base as follows:

Carrying amount of fixed assets at balance sheet

180710705 109871478

Tax base

357365113 173,730,911

Taxable/(deductible) temporary difference

(176,654,408) (63,859,433)

applicable tax rate

42.50% 42.50%

Deferred tax assets/(liabilities)

(75,078,123) (27,140,259)

12.3 Accrued Expense

Accrued Interest

20,383,189 26,627,128

Accrued Expense

33,607,129 37,272,746

Accrued Payroll

2,335,653 4,803,125

56,325,971 68,702,999

12.4 Other Funds

Pension & Death Cum Retirement

252,509,876 5,657,480

Employees Provident Fund

3,579,375 9,135,556

Employees Gratuity Fund

- 3,662

Employees Benevolent Fund

5,538,435 1,896,112

261,627,686 16,692,810

12.5 Other Provisions

Provision for Bonus

35,152,537 10,753,046

Provision for Suspense Account

432,000 432,000

Dividend to Govt.

50,000,000 10,000,000

Payable to Govt. Against Share Dividend

3,693,568 2,324,851

Provision for Realisable legal Expenses

17,340,373 17,340,372

Provision for Interest on Depreciation Fund

26,462,500 26,462,500

Provision for Off Balance Sheet Item

8,450,000 8,450,000

Provision for Exchange Risk Adjustment A/c

61,359,262 61,359,262

Provision for Other Asset

3,888,500 4,054,188

206,778,740 141,176,219

12.6 Provision for Un-Classified Loan

Provision held at the beginning of the year

297,904,010 320,315,744

Fully provided debts written off(-)

- -

Recoveries of amount Previously Written Off(+)

- -

Specific provision for the year (+)

- -

Excess provision transferred to Provision for CI Loan (-)

- 22,411,734

Specific Provision For Special Mentioned A/C.(+)

- -

Provision held at the end of the Year

297,904,010 297,904,010

12.7 Provision for Classified Loan

Provision held at the beginning of the year

1,344,736,818 1,326,497,132

Fully provided debts written off(-)

191,263,664 -

Recoveries of amount Previously Written Off(+)

191,263,664 -

Specific provision for the year (+)

2,400,000 511,500

Recoveries & provision no longer required (-)

79,141,579 4,683,548

Excess provision transferred from Un classified loan

120,172,528 22,411,734

Provision held at the end of the Year

1,388,167,767 1,344,736,818

	31.12.2010 Taka	31.12.2009 Taka
12.8 Interest Suspense		
Opening Balance	1,560,642,221	1,623,098,080
Add: Credited during the year	44,432,223	60,305,946
Less: Transferred to Income	34,509,649	100,881,923
Less: Written off during the year	230,819,816	13,404,500
Less: Adjustment during the year	86,495,593	8,475,382
Closing Balance	1,253,249,386	1,560,642,221
Add: Interest Suspense A/C (IDCP)	123,302,202	46,606,677
	<u>1,376,551,588</u>	<u>1,607,248,898</u>
12.9 Advance Deposits Receipts		
L/C Charge Received in Advance	383,965	383,965
Commitment charge received in Advance	81,349	81,349
Other Deposits Received in Advance	198,533,913	103,144,950
Sundry Deposits(Cash Credit & Bridge Loan)	900,875	-
Advance Rent Received on Bank's Premises	2,191,111	1,134,384
Sundry Deposits(Write Off)	268,756,245	325,774,873
	<u>470,847,458</u>	<u>430,519,521</u>
12.10 Miscellaneous		
FCTA Exchange Premium	100,903,050	99,276,912
FCTA Penal Premium	14,399,803	13,494,019
Liabilities towards BSB & EPF	6,394,900	6,394,900
Sanchaya Patra Sold	11,600,000	30,595,000
Inter Branch Adjustment Account (12.10.01)	92,365,470	103,513,736
Special Adjustment Account	28,318,986	15,764,752
Managed Fund	725,542	725,542
Exchange Equalisation Account	50,014,200	50,014,200
Liability for Other finance	1,444	1,444
Other Payable	6,793,094	1,283,588
Liability for Other Expenses	6,474,843	2,599,583
Payable to CDBL	657,900	-
Clients Payable	18,418,833	9,001,267
	<u>337,068,065</u>	<u>332,664,943</u>
12.10.1 Inter office adjustment account		
CAD Current Account in Branch Office Book	354,108,503	2,152,406,604
Branch Office Current Account in CAD's Book	(349,646,896)	(2,138,548,127)
LAD's Current Account in CAD's Book	(3,257,986,863)	(2,888,716,593)
CAD's Current Account in LAD's Book	3,352,824,633	2,975,534,286
Branch Office Current Account in LAD's Book	1,586,806,870	1,707,283,000
LAD's Current Account in Branch Office Book	(1,586,810,173)	(1,707,283,000)
Inter Branch Current Account	(6,930,604)	2,837,566
	<u>92,365,470</u>	<u>103,513,736</u>
13. CAPITAL		
Authorized Capital:		
100,000,000 Shares of Tk.100 each	<u>10,000,000,000</u>	<u>10,000,000,000</u>
Issued, Subscribed and Paid up Capital:		
40,000,000 Shares of Tk.100 each fully paid by the government and government nominated shareholders.	<u>4,000,000,000</u>	<u>4,000,000,000</u>
13.1 Capital Adequacy Ratio (CAR)		
Actual Capital		
i) Core Capital (Tier-1)		
Paid-up Capital	4,000,000,000	
General Reserve	950,000,000	
Statutory Reserve	1,045,800,000	
Retained Earnings	36,700,000	
Less:Any investment exceeding Approved limit as per BCA 1991	-	
	<u>6,032,500,000</u>	

ii) Supplementary Capital (Tier-2)	31.12.2010
	Taka
General Provision Limited to 1.25% of RWA	297,900,000
Assets Revaluation Reserves up to 50%	4,302,100,000
Less:Any investment exceeding Approved limit as per BCA 1991	-
	4,600,000,000
iii)Additional Supplementary Capital (Tier-3)	
Short-term subordinated debt	-
Total Supplementary Capital (ii+iii)	4,600,000,000
A Total Eligible Capital (Tier-1+2+3)	10,632,500,000
B Total Risk Weighted Assets	37,860,000,000
9% of Total Risk Weighted Assets	3,407,400,000
C Required Capital (9% of Risk Weighted Assets or Tk.400.00 crore whichever is higher)	4,000,000,000
D Capital Surplus (A-C)	6,632,500,000
Capital Adequacy Ratio	28.08%
Core Capital to Risk Weighted Assets	15.93%
Supplementary Capital to Risk Weighted Assets	12.15%
14. Quasi Equity	134,744,560

This was created as per government decision in 1982 by converting the 3rd, 5th, 6th and 8th UK credits received by erstwhile BSB. This liability has been waived by the government of Bangladesh.

	31.12.2010	31.12.2009
	Taka	Taka
15. Statutory Reserve		
Opening Balance	881,309,336	821,698,643
Add: Addition made for the year	164,478,000	59,610,693
Closing Balance	1,045,787,336	881,309,336
16. General, Revaluation & Other Reserve	10,420,016,178	1,389,283,736
16.1 General Reserve		
Opening Balance	623,376,222	991,723,750
Add: Appreciation made for the year	326,623,778	115,052,472
Less: Transferred to Paid-Up Capital	-	483,400,000
Closing Balance	950,000,000	623,376,222
16.2 Asset Revaluation reserve	8,604,108,664	-

Re wording as per Agreement signed between the Government of Bangladesh and Bangladesh Development Bank Limited, the fixed assets of the Bangladesh Shilpa Bank and Bangladesh Shilpa Rin Sangstha as on 31 December 2009 was revalued by AHMED & AKHTER, Chartered Accountants, Accordingly on revaluation of fixed assets a surplus stood amounting to Tk.8,604,108,664 has been accounted for as asset revaluation reserve in the accounts of Bangladesh Development Bank Limited ended on 31 December 2010. The details are as under:

Name of the assets	Original Cost/ Written Down Value	As per valuation Taka	Valuation surplus Taka
BSB:			
Land	10,946,345	2,251,071,000	2,240,124,655
Building	154,372,359	3,163,634,000	3,009,261,641
Motor vehicle	5,684,116	15,189,723	9,505,607
Total (A)	171,002,820	5,429,894,723	5,258,891,903
BSRS:			
Land	1,920,487	937,500,000	935,579,513
Building	142,051,316	2,548,524,000	2,406,472,684
Motor vehicle	1,035,436	4,200,000	3,164,564
Total (B)	145,007,239	3,490,224,000	3,345,216,761
Grand Total (A+B)	316,010,059	8,920,118,723	8,604,108,664

	31.12.2010	31.12.2009
	Taka	Taka
16.3 Other Reserve		
i) Capital Reserve :	865,907,514	765,907,514
Opening Balance	66,503,916	66,503,916
Add: Appreciation made for the year	-	-
Closing Balance	66,503,916	66,503,916
ii) Reserve for unforeseen losses:		
Opening Balance	560,000	560,000
Add: Appreciation made during the year	-	-
Closing Balance	560,000	560,000
iii) Building Fund :		
Opening Balance	339,241,000	339,241,000
Add: Appropriation made for the year	100,000,000	-
Closing Balance	439,241,000	339,241,000
iv) Special Assistance Fund		
Opening Balance	109,161,572	109,161,572
Add: Appreciation made for the year	-	-
Closing Balance	109,161,572	109,161,572
In accordance with the Industrial Policy 1986, a Special Assistance Fund (SAF) was created by erstwhile BSB as the prime DFI of the country to provide concessional loans to projects:		
a. Based on local innovation and invention of product and processes;		
b. Utilizing locally manufactured capital goods; and		
c. For production of capital machinery and other non-traditional items.		
v) Equity Adjustment Reserve		
Opening Balance	43,206,475	717,306,475
Add: Appreciation made for the period	-	-
Less: Transferred to Paid-Up Capital	-	674,100,000
Closing Balance	43,206,475	43,206,475
vi) Exchange Equalisation reserve		
Opening Balance	131,518,243	131,518,243
Add: Addition/adjustment for the period	-	-
Closing Balance	131,518,243	131,518,243
VII) Special reserve		
Opening Balance	75,716,308	212,445,885
Add: Appreciation made for the period	-	5,770,423
Less: Transferred to Paid-Up Capital	-	(142,500,000)
Closing Balance	75,716,308	75,716,308

Special reserve was created by erstwhile BSRS as per section 29(1)(V) of the Income Tax Ordinance, 1984.

	2010 Taka
17. Profit & Loss Account	
Opening balance	-
Add: Profit during the year	822,388,390
Less: Provision for Taxation	(177,937,864)
Less: Statutory Reserve	(164,478,000)
Less: General Reserve	(326,623,778)
Less: Building Fund	(100,000,000)
Less: Dividend to Government	(50,000,000)
Less: Retained Surplus	(3,348,748)
	-
18. Interest and discount	
Interest on taka loans	376,861,959
Interest on amount due	30,058,740
Interest on money at call & short notice	40,162,082
Interest on term deposit	272,898,853
Interest on F.C. A/c. with Bangladesh Bank	51,618
Interest on government securities	-
Interest on advance	78,303,740
Interest on Bridge Financing	158,400
Interest Waiver Receipt From Govt.	-
Interest on Treasury Bond	-
Interest on Account with First BSRS Mutual Fund	1,347,895
	799,843,287
19. Interest paid on Borrowing, Deposit, etc.	
Interest on L. C Borrowing DSE	2,315,267
Interest on Borrowing from B. Bank	21,866,982
Interest on Deposit at call	40,347
Interest on F.D. Account	66,462,396
Interest on S.B Account	13,073,748
Interest on STD Account	8,259,662
Interest on Deposit Pension Scheme	3,196,902
	115,215,304
20. Investment Income	
Profit on sale of shares	675,317,352
Dividend Shares	147,336,328
Interest on Debentures	12,511,106
Interest on Bond	2,764,932
	837,929,718
21. Commission, Exchange & Brokerage	
Other Fees Commission & Charges	633,792
Commission on F.C./ L.C.	795,937
Commission on Bills for Collection	2,519,439
Exchange Commission	462,598
Brokerage Commission	24,172,037
	28,583,803
22. Other Operating Income	
Rent on Bank's Premises	104,504,062
Profit on Sale of Assets	291,257
Technical Examination Fees	1,554,717
Legal Amount & Documentation Charges	232,366
Miscellaneous Earnings	4,975,203
Management Fee	250,000
Gain or Loss on Re-valuation of F.C A/c.	520,543
Income from write off loan account	57,387,444
Prior Years Income	1,664,733
	171,380,325

23. Salaries & Allowances	2010 Taka
Salary Allowances	250,811,483
Bank's contribution to Employees P.F	37,339
Staff House Rent	1,064,191
Payroll Taxes	9,494,493
Staff overtime Allowances	8,182,739
Employees Gratuity & Pension	396,397,056
Staff welfare facilities	11,807,785
Staff education expenses	361,811
Festival bonus	26,586,842
Incentive bonus (23.02)	33,000,000
	737,743,739
Less: Managing Director/Chief Executive's remuneration	732,600
	737,011,139
23.1 Employees Gratuity & Pension	
<p>As per valuation report of Bangladesh Shilpa Bank submitted by AHMED & AKHTER, Chartered Accountants, a shortfall of provision to the employees gratuity & pension fund stood at Tk. 739,931,000 as on 31 December 2009. The above shortfall would be provided for against income in five years as per decision of the Board of Directors in its meeting held on 30.12.2010. Accordingly Tk.25 crore has been provided for in the accounts during the current year. The rest amount will be provided for during the next four years along with the liabilities of the respective year.</p>	
23.2 Incentive Bonus	
<p>Provision for incentive bonus has been provided for in the accounts in accordance with circular letter no. BCD (P) 613/10-1149 dated 30 May 1975 issued by Bangladesh Bank.</p>	
24. Rent, Taxes, Insurance, Lighting, etc.	
Rent & Property Taxes	9,415,042
Electricity, Light & Gas	9,061,477
Insurance	2,131,834
	20,608,353
25. Law Charges	
Legal & Documentation Charges	1,336,958
Professional Charges	1,267,812
	2,604,770
26. Postage, Telegram & Telephone	
Postage & Telegram	354,899
Telephone-Local & Trunkcall	2,103,407
	2,458,306
27. Stationary, Printing & Advertisement	
Printing & Stationary	9,119,969
Advertisement	2,496,190
	11,616,159
28. Director Fees	1,857,320
<p>Each director is paid Tk.5,000 per meeting per attendance</p>	
29. Depreciation & Repair of Bank's Assets	
Depreciation of fixed assets	18,049,135
Repair & maintenance of bank's properties	24,781,356
	42,830,491

**2010
Taka**

30. Other Expenditure

Repairs of rental property	72,336
Entertainment	3,237,082
Donation & subscription	2,144,415
Sundries	5,423,094
Books and periodicals	147,498
Lunch Subsidy	26,867,650
Business development expenditure	1,655,339
Expenditure in minor assets	10,225
Staff training expenses	2,990,420
Liveries & uniform	719,949
Local conveyances	2,397,911
Staff medical facilities	1,399,163
TA/DA & conveyances	3,736,291
Motor car running expenses	6,969,843
Staff bus facilities	10,975,218
Other expenditure	1,418,124
Stock exchange charges	6,787,180
Security Service	138,425
Interest waived	625,138
	<u>77,715,301</u>

31. Provision for Loan Loss, Investment and Others

Provision for Loan & Advances

	2,400,000
For unclassified Loans	-
For classified Loans	2,400,000
Other Provision:	-
Off-Balance Sheet Items	-
Investment in Shares	-
Others (Staff loan)	-
	<u>2,400,000</u>

32. Closing cash & cash equivalent

Cash in hand	27,355,070
Balance with Bangladesh Bank (Including Foreign Currencies)	277,837,999
Balance held with Other Banks	4,819,681,684
Money at call & short notice	300,072,231
	<u>5,424,946,984</u>

33. Earnings per Share (EPS)

a) Attributable Profit for the year	644,450,526
b) Number of Outstanding Shares	40,000,000

Earnings per Share (EPS) (a ÷ b) **16.11**

Earnings per Share (EPS) has been calculated in accordance with "Bangladesh Accounting Standard (BAS) - 33 Earnings per Share" which has been shown on the face of Profit & Loss Account. This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year.

34 Audit Committee

34.1 Member

An audit committee has been reconstituted by the Board of Directors of the Bank in its 2nd meeting held on 18 January 2010. The member of the Audit Committee as on 31 December 2010 is as under:

Sl. No.	Name	Qualification	Status with the Bank	Status with the Committee
1.	Prof. Santi Narayan Ghosh	B.Com (Hons.) M.Com in Accounting, MBA	Director	Convener
2.	Mr. Dewan Nurul Islam	MBA, FCA	Director	Member
3.	Mr. Amalendu Mukherjee	MSc. in Marine Science	Director	Member

34.2 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 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.

35. Name of the Directors and the entities in which they have interest as on 31 December 2010

Sl. No.	Name	Status with the Bank	Name of the firms/companies in which interest as proprietor, partner, director, managing agent, guarantor, employee, etc.
1	Mr. Nazem Ahmad Choudhury	Chairman	-
2	Prof. Santi Narayan Ghosh	Director	Treasurer, Bangladesh Open University
3	Mr. Dewan Nurul Islam	Director	Vice Chairman, National Assets Management Limited
4	Mr. Niaz Rahim	Director	Director, DCCI
5.	Mr. Amalendu Mukherjee	Director	-
6.	Mr. Md. Ishaque Bhuiyan	Director	-

Sl. No.	Name	Status with the Bank	Name of the firms/companies in which interest asproprietor, partner,director, managingagent, guaraantr,employee, etc.
7.	Mr. Md. Khalilur Rahman siddiqui	Director	-
8.	Mrs. Selima Ahmad	Director	Vice Chairman, Nitol Niloy Group
9.	Krishibid Moshiur Rahman (Humayun)	Director	-
10.	Mr. Md. Fayekuzzaman	Director	Managing Director, ICB
11.	Mr. Md. Mizanur Rahman	Managing Director	Bangladesh Development Bank Limited

36. Related Party Transaction

All the directors of the bank are appointed by the Government of Bangladesh. There was no related party transaction of the directors and they have no loan labiality with the bank during the year.

Bangladesh Development Bank Limited

Fixed Assets Schedule
As at 31 December 2010

Annexure - A

Particulars	C O S T			Dep. Rate	DEPRECIATION			Written down value as on 31.12.2010
	Balance as On 01.01.2010	Addition during the year	Sales/Adj. during the year		Balance as on 01.01.2010	Charged during the year	Sales/Adj. during the year	
At cost :								
Land	12,866,833	-	-	-	-	-	-	12,866,833
Premises	574,174,813	-	-	2.5	12,478,445	-	266,469,232	307,705,581
Building U/C	5,333,190	-	-	2.5	75,506	-	1,095,942	4,237,248
Vehicles	48,249,433	5,590,000	1,005,150	20	2,521,841	1,005,149	43,046,574	9,787,709
Equipments	21,954,135	302,140	(11,844)	20	984,466	(9,001)	18,189,904	4,078,215
Computer equipments & software	23,085,598	10,089,405	-	20	1,220,938	-	19,500,161	13,674,842
Furniture & fittings	21,484,593	212,126	476,486	20	708,493	392,821	16,206,683	5,013,550
Sundry Asset	1,127,588	-	-	20	59,447	-	1,126,453	1,135
Sub-Total (A)	708,276,183	16,193,671	1,469,792		18,049,135	1,388,969	365,634,949	357,365,113
At revaluation :								
Land	-	3,175,704,168	-	-	-	-	-	3,175,704,168
Premises	-	5,415,734,325	-	-	-	-	-	5,415,734,325
Vehicles	-	12,670,171	-	-	-	-	-	12,670,171
Sub-Total (B)	-	8,604,108,664	-		-	-	-	8,604,108,664
Grand Total (A+B)	708,276,183	8,620,302,335	1,469,792		18,049,135	1,388,969	365,634,949	8,961,473,777

Detail of information on advances more than 15% of bank's total capital (funded & non-funded)

Sl. No.	Name of the Borrower	Outstanding As on 31.12.10	Classified	Recovery 2010
	Nil	-	-	-
	Total	-		-

Bangladesh Development Bank Limited

Highlights on the overall activities of the Bank for the year 2010

Sl	Particulars	Amount in Taka
1	Paid up Capital	4,000,000,000
2	Total Capital	15,637,252,156
3	Capital Surplus / (Deficit)	6,632,500,000
4	Total Assets	27,518,805,883
5	Total Deposits	3,254,038,394
6	Total Loans and Advances	9,906,002,302
7	Total Contingent Liabilities and Commitments	621,557,574
8	Credit Deposit Ratio (%)	304.42%
9	Percentage of classified loans against total loans and advances	31.31
10	Profit after Tax and Provision	644,450,526
11	Amount of Classified Loans during current year	124,293,000
12	Provisions kept against Classified Loans	1,388,167,767
13	Provision Surplus / (Deficit)	280,923,134
14	Cost of Fund (%)	8.91%
15	Interest Earning Assets	11,463,600,000
16	Non-interest Earning Assets	16,055,205,883
17	Return on Investment (ROI)(%)	52.75
18	Return on Assets (ROA)(%)	2.34
19	Incomes from Investments	837,929,718
20	Earning per Share	16.11
21	Net Income per Share	16.11
22	Price Earning Ratio	N/A

Bangladesh Development Bank Limited

Closing Balance with NOSTRO Account

As on 31 December 2010

Annexure - D

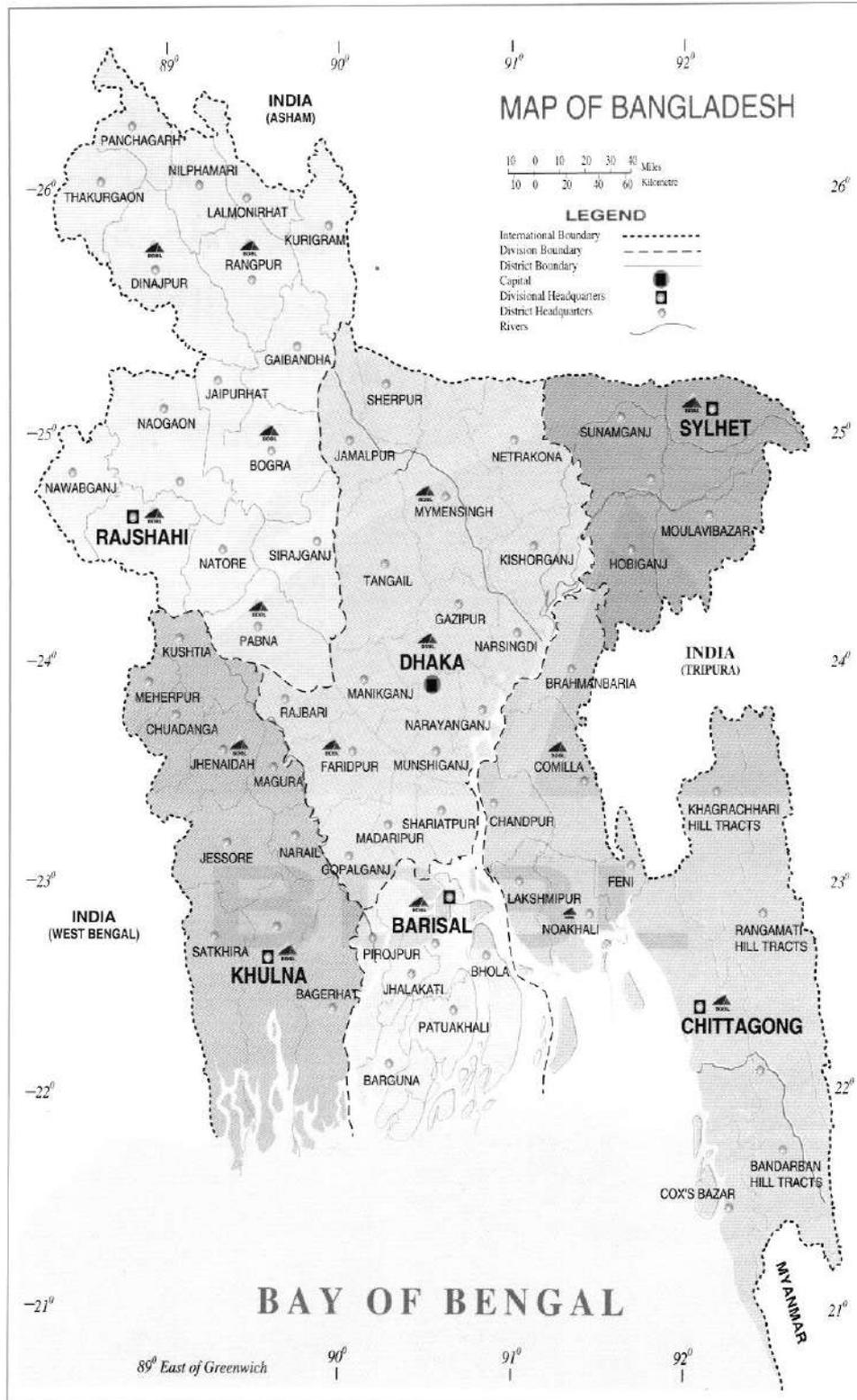
Name of the Bank	Name of the Country	Currency Name	As on 31.12.2010			As on 31.12.2009		
			Amount in FC	Conversion rate per unit FC	Amount in BDT	Amount in FC	Conversion rate per unit FC	Amount in BDT
Standard Chartered Bank	USA	USD	121,227.15	70.4650	8,542,271	113,709.27	68.8400	7,827,746
BHF Bank AG	Germany	EUR	19,680.61	93.1893	1,834,022	19,687.41	98.5214	1,939,630
Sonali Bank	India	ACU	16,595.80	70.4650	1,169,424	16,595.80	68.8400	1,142,455
Dresdner A.G London	U.K	USD	1310.00	70.4650	92,309	1310.00	68.2300	89,381
Dresdner A.G London	U.K	GBP	1000.18	109.2691	109,289	1000.18	109.9364	109,956
Commerz Bank A.G	Germany	EUR	7501.94	93.1893	699,101	8996.63	97.3662	875,968
UBAF	Japan	JPY	75382.00	0.8642	65,145	75382.00	0.7472	56,325
Grand Total					12,511,561			12,041,461

REMEMBRANCE

We express our profound grief at the sad demise of Md. Fazlur Rahman, Assistant General Manager and Md. Korshed Alam, Manager. The Bank records its deep appreciation for the valuable services rendered by them. May the souls rest in eternal peace.



Branch Offices of the Bank in different districts





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