

Bangladesh Development Bank Limited
8, RAJUK Avenue
Dhaka 1000.

BANGLADESH DEVELOPMENT BANK LIMITED AND IT'S SUBSIDIARIES
INDEPENDENT AUDITORS' REPORT AND AUDITED CONSOLIDATED AND SEPARATE FINANCIAL
STATEMENTS

For the year ended 31 December 2019

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Bangladesh Development Bank Limited and Its Subsidiaries

**Consolidated Balance Sheet
As at 31 December 2019**

	Notes	2019 BDT	2018 BDT
PROPERTY AND ASSETS			
Cash	3(a)	2,380,756,940	1,759,749,563
In hand (including foreign currencies)		76,973,099	56,711,532
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		2,303,783,841	1,703,038,031
Balance with other banks and financial institutions	4(a)	12,464,584,433	16,070,822,888
In Bangladesh		11,866,454,294	15,847,888,532
Outside Bangladesh		598,130,139	222,934,356
Money at call and on short notice	5	1,770,000,000	-
Investments	6(a)	10,244,293,959	10,193,884,798
Government		1,514,000	1,085,500
Others		10,242,779,959	10,192,799,298
Loans and advances	7(a)	19,809,919,239	18,970,535,072
Loans, cash credit and overdrafts, etc		19,168,356,975	18,478,633,944
Bill purchased and discounted		641,562,264	491,901,128
Fixed assets including premises, furniture and fixtures	8(a)	7,824,704,883	7,951,060,570
Other assets	9(a)	4,403,199,626	4,741,420,988
Total assets		58,897,459,080	59,687,473,879
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other Banks, financial institutions and agents	10	35,826,453	108,482,619
Deposits and other accounts	11(a)	27,645,591,525	28,305,797,875
Current and other accounts		2,743,354,363	2,235,810,145
Bills payable		128,914,922	126,058,767
Savings Bank deposits		1,451,212,270	1,118,957,007
Fixed deposits		23,322,109,970	24,824,971,956
Other deposits		-	-
Other liabilities	12(a)	11,948,508,221	11,992,980,743
Total liabilities		39,629,926,199	40,407,261,237
Shareholders' equity			
Total shareholders' equity		19,267,532,881	19,280,212,642
Paid-up capital	13	4,000,000,000	4,000,000,000
Quasi equity	14	134,744,560	134,744,560
Statutory reserve	15	2,592,421,336	2,555,421,336
General reserve	16.1	4,347,755,114	4,347,755,114
Revaluation reserve	16.2(a)	6,505,569,700	6,601,572,270
Other reserve	16.3(a)	1,074,351,242	1,069,907,514
Retained earnings	16(a.i)	612,690,929	570,811,848
Total liabilities and shareholders' equity		58,897,459,080	59,687,473,879

**Consolidated Balance Sheet
As at 31 December 2019**

	Notes	2019 BDT	2018 BDT
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	16.4	1,026,942,358	1,565,322,126
Acceptance and endorsements		-	-
Acceptance for FC guarantee		340,370,238	340,370,238
Letters of credit		399,980,377	591,894,760
Bills for collection		248,571,936	609,805,218
Other contingent liabilities		38,019,807	23,251,910
Other commitments		-	-
Documentary credits and other short term trade-related transaction		-	-
Liability on account of outstanding forward exchange contract		-	-
Forward assets purchased and forward deposit placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total off-balance sheet items including contingent liabilities		1,026,942,358	1,565,322,126

These financial statements should be read in conjunction with the annexed notes (1 to 34).

Managing Director

Director

Director

Chairman

This is the consolidated balance sheet referred to in our separate report of even date.

Md. Amirul Islam FCA
Senior Partner
K. M. HASAN & CO.
Chartered Accountants

M. Moniruzzaman, FCA
Partner
ACNABIN
Chartered Accountants

Dhaka, Bangladesh
Dated, 30 June 2020

Bangladesh Development Bank Limited and Its Subsidiaries

**Consolidated Cash Flow Statement
For the year ended 31 December 2019**

	Notes	2019 BDT	2018 BDT
A. Cash flows from operating activities			
Interest receipts in cash		2,376,903,948	2,635,959,362
Interest payments		(1,662,260,139)	(1,465,156,334)
Dividends receipts		710,635,113	719,690,179
Fees and commission receipts in cash		47,394,737	52,106,830
Recoveries of loans previously written-off		185,424,935	172,441,936
Cash payments to employees		(883,986,380)	(1,040,339,020)
Cash payments to suppliers		(9,451,143)	(6,123,786)
Income taxes paid		(282,293,764)	(355,562,058)
Receipts from other operating activities		664,856,084	753,384,760
Payments for other operating activities		(819,496,215)	(292,930,665)
Operating profit before changes in operating assets and liabilities		327,727,176	1,173,471,204
Increase/(Decrease) in operating assets and liabilities			
Loans and advances		(724,889,825)	(1,269,412,305)
Other assets		(149,112,122)	(306,677,121)
Deposits from other banks		-	2,500,000,000
Deposits from customers and others		(660,206,350)	(2,772,438,464)
Other liabilities		(22,818,754)	269,425,269
Cash flows used in operating assets and liabilities		(1,557,027,051)	(1,579,102,621)
Net cash used in operating activities		(1,229,299,875)	(405,631,417)
B. Cash flows from investing activities			
Proceeds from sale of securities		410,131,357	1,165,430,611
Payments for purchase of securities		(316,574,077)	(472,739,338)
Purchase of property, plant and equipment		(16,349,386)	(10,103,383)
Net cash from investing activities		77,207,894	682,587,890
C. Cash flows from financing activities			
Decrease in long term borrowing		(72,656,166)	(90,642,105)
Dividend paid		-	(130,000,000)
Net cash used in financing activities		(72,656,166)	(220,642,105)
D. Net increase in cash and cash equivalents (A+B+C)		(1,224,748,148)	56,314,368
E. Effects of changes in exchange rate		9,517,070	2,110,116
F. Cash and cash equivalents at beginning of the year		17,830,572,451	17,772,147,967
G. Cash and cash equivalents at end of the year (D+E+F)	32(a)	16,615,341,373	17,830,572,451
Cash and cash equivalents at end of the year			
Cash in hand (including foreign currencies)		76,973,099	56,711,532
Balance with Bangladesh Bank and its agent bank(s)		2,303,783,841	1,703,038,031
Balance with other banks and financial institutions		14,234,584,433	16,070,822,888
		16,615,341,373	17,830,572,451

These financial statements should be read in conjunction with the annexed notes (1 to 34).

Managing Director

Director

Director

Chairman

Dhaka, Bangladesh
Dated, 30 June 2020

Bangladesh Development Bank Limited and Its Subsidiaries

**Consolidated Statement of Changes in Equity
For the year ended 31 December 2019**

Particulars	Paid-up capital BDT	Quasi equity BDT	Statutory reserve BDT	General reserve BDT	Revaluation reserve BDT	Other reserve BDT	Retained earnings BDT	Profit/ (Loss) BDT	Total equity BDT
Balance at 01 January 2019	4,000,000,000	134,744,560	2,555,421,336	4,347,755,114	6,601,572,270	1,069,907,514	570,811,848	-	19,280,212,642
Share Issued (BDBL Securities)	-	-	-	-	-	-	-	-	-
Transfer to Capital Reserve	-	-	-	-	-	4,443,728	(4,443,728)	-	-
Surplus/Deficit on revaluation of properties	-	-	-	-	-	-	-	-	-
Surplus/Deficit on revaluation of investments	-	-	-	-	-	-	-	-	-
Adjustment for sold assets	-	-	-	-	-	-	-	-	-
Dep. during the year	-	-	-	-	(110,347,417)	-	-	-	(110,347,417)
Adjustment for deferred tax	-	-	-	-	14,344,847	-	-	-	14,344,847
Difference arises in currency transaction	-	-	-	-	-	-	-	-	-
Net gain and losses not recognized in the profit and loss account	-	-	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	-	-	83,322,809	83,322,809
Appropriations made during the year	-	-	37,000,000	-	-	-	46,322,809	(83,322,809)	-
Dividend to Govt./BDBL	-	-	-	-	-	-	-	-	-
Balance at 31 December 2019	4,000,000,000	134,744,560	2,592,421,336	4,347,755,114	6,505,569,700	1,074,351,242	612,690,929	-	19,267,532,881
Balance at 31 December 2018	4,000,000,000	134,744,560	2,555,421,336	4,347,755,114	6,601,572,270	1,069,907,514	570,811,848	-	19,280,212,642

Managing Director

Director

Director

Chairman

Dhaka, Bangladesh
Dated, 30 June 2020

Bangladesh Development Bank Limited

Balance Sheet

As at 31 December 2019

	Notes	2019 BDT	2018 BDT
PROPERTY AND ASSETS			
Cash	3	2,380,750,523	1,759,744,279
Cash in hand (including foreign currencies)		76,966,682	56,706,248
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		2,303,783,841	1,703,038,031
Balance with other banks and financial institutions	4	12,331,718,479	15,641,211,836
In Bangladesh		11,733,588,340	15,418,277,480
Outside Bangladesh		598,130,139	222,934,356
Money at call and on short Notice	5	1,770,000,000	-
Investments	6	9,720,573,640	9,814,130,919
Government		1,514,000	1,085,500
Others		9,719,059,640	9,813,045,419
Loans and advances	7	19,983,903,304	19,307,160,674
Loans, cash credit and overdrafts, etc		19,342,341,040	18,815,259,546
Bill purchased and discounted		641,562,264	491,901,128
Fixed assets including premises, furniture and fixtures	8	7,815,420,467	7,940,379,714
Other assets	9	4,393,300,445	4,728,319,608
Total assets		<u>58,395,666,858</u>	<u>59,190,947,030</u>
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other Banks, financial institutions and agents	10	35,826,453	108,482,619
Deposits and other accounts	11	27,645,878,512	28,312,287,371
Current and other accounts		2,743,641,350	2,242,299,641
Bills payable		128,914,922	126,058,767
Savings Bank deposits		1,451,212,270	1,118,957,007
Fixed deposits		23,322,109,970	24,824,971,956
Other deposits		-	-
Other liabilities	12	11,642,128,217	11,667,890,872
Total liabilities		<u>39,323,833,182</u>	<u>40,088,660,862</u>
Shareholders' equity			
Total shareholders' equity		<u>19,071,833,676</u>	<u>19,102,286,168</u>
Paid-up capital	13	4,000,000,000	4,000,000,000
Quasi equity	14	134,744,560	134,744,560
Statutory reserve	15	2,592,421,336	2,555,421,336
General reserve	16.1	4,347,755,114	4,347,755,114
Revaluation reserve	16.2	6,505,569,700	6,601,572,270
Other reserve	16.3	1,065,907,514	1,065,907,514
Retained earnings	16.5	425,435,452	396,885,374
Total liabilities and shareholders' equity		<u>58,395,666,858</u>	<u>59,190,947,030</u>

Bangladesh Development Bank Limited

**Balance Sheet
As at 31 December 2019**

	Notes	2019 BDT	2018 BDT
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	16.4	1,026,942,358	1,565,322,126
Acceptance and endorsements		-	-
Acceptance for FC guarantee		340,370,238	340,370,238
Letters of credit		399,980,377	591,894,760
Bills for collection		248,571,936	609,805,218
Other contingent liabilities		38,019,807	23,251,910
Other commitments		-	-
Documentary credits and other short term trade related transaction		-	-
Liability on account of outstanding forward exchange contract		-	-
Forward assets purchased and forward deposit placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal stand by facilities, credit lines and other commitments		-	-
Total off-balance sheet items including contingent liabilities		<u>1,026,942,358</u>	<u>1,565,322,126</u>

These financial statements should be read in conjunction with the annexed notes (1 to 34).

Managing Director

Director

Director

Chairman

This is the balance sheet referred to in our separate report of even date.

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Partner
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Chartered Accountants

Dhaka, Bangladesh
Dated, 30 June 2020

Bangladesh Development Bank Limited

Profit and Loss Account

For the year ended 31 December 2019

	Notes	2019 BDT	2018 BDT
Interest income	18	2,348,367,160	2,738,916,029
Interest paid on borrowings, deposits, etc	19	(1,689,041,868)	(1,582,987,686)
Net Interest Income		659,325,292	1,155,928,343
Income from investments	20	307,473,542	843,953,668
Commission, exchange and brokerage	21	28,906,780	20,355,811
Other operating income	22	487,873,074	468,154,507
		824,253,396	1,332,463,986
Total operating income		1,483,578,688	2,488,392,329
Operating expenses			
Salaries and allowances	23	791,954,531	1,062,231,130
Rent, taxes, insurance, lighting, etc	24	56,480,792	51,805,898
Legal expenses	25	1,125,631	3,425,307
Postage, telecommunication, etc	26	6,419,367	6,895,357
Stationery, printing, advertisement, etc	27	9,063,368	6,123,786
Managing Director's/Chief Executive's remuneration		1,746,184	3,000,000
Directors' fees	28	1,512,157	1,490,400
Auditors' fees		1,143,500	1,007,250
Depreciation and repair of Bank's assets	29	53,626,826	56,343,471
Other expenses	30	125,386,152	123,376,090
Total operating expenses		1,048,458,508	1,315,698,689
Profit before provision		435,120,180	1,172,693,640
Provision for loans and advances	31	34,000,000	70,000,000
Provision for diminution in value of investments		-	9,500,000
Other provisions		216,500,000	1,400,000
Total provision		250,500,000	80,900,000
Total profit before taxes		184,620,180	1,091,793,640
Provision for taxation			
Current tax		120,000,000	350,000,000
Deferred tax		(929,898)	(7,147,206)
		119,070,102	342,852,794
Net profit after tax		65,550,078	748,940,846
Appropriations:			
Statutory reserve		37,000,000	220,000,000
General reserve		-	300,000,000
Building fund		-	100,000,000
Dividend to Government		-	100,000,000
		37,000,000	720,000,000
Retained surplus		28,550,078	28,940,846
Earnings per share (EPS)	33	1.64	18.72

These financial statements should be read in conjunction with the annexed notes (1 to 34).

Managing Director

Director

Director

Chairman

This is the profit and loss account referred to in our separate report of even date.

Md. Amirul Islam FCA
Senior Partner
K. M. HASAN & CO.
Chartered Accountants

M. Moniruzzaman, FCA
Partner
ACNABIN
Chartered Accountants

Dhaka, Bangladesh
Dated, 30 June 2020

Bangladesh Development Bank Limited

**Cash Flow Statement
For the year ended 31 December 2019**

	Notes	2019 BDT	2018 BDT
A. Cash flows from operating activities			
Interest receipts in cash		2,396,514,355	2,647,135,190
Interest payments		(1,689,094,043)	(1,508,007,773)
Dividend receipts		671,212,999	693,020,159
Fees and commission receipts in cash		28,906,780	20,355,811
Recoveries on loans previously written-off		185,424,935	172,441,936
Cash payments to employees		(883,986,380)	(1,040,339,020)
Cash payments to suppliers		(9,451,143)	(6,123,786)
Income taxes paid		(268,593,078)	(348,027,264)
Receipts from other operating activities	22(b)	413,322,897	453,494,117
Payments for other operating activities	30(b)	(213,696,270)	(207,557,852)
Operating profit before changes in operating assets and liabilities		630,561,052	876,391,518
Increase/(Decrease) in operating assets and liabilities			
Loans and advances		(724,889,825)	(1,269,412,305)
Other assets		(149,112,122)	(306,677,121)
Deposits from other banks		-	2,500,000,000
Deposits from customers and others		(666,408,859)	(2,767,965,418)
Other liabilities		(22,818,754)	269,425,269
Cash flows used in operating assets and liabilities		(1,563,229,560)	(1,574,629,575)
Net cash used in operating activities		(932,668,508)	(698,238,057)
B. Cash flows from investing activities			
Proceeds from sale of securities		410,131,357	1,034,140,999
Payments for purchase of securities		(316,574,077)	(341,601,551)
Purchase of property, plant and equipment		(16,236,789)	(9,608,533)
Net cash from investing activities		77,320,491	682,930,915
C. Cash flows from financing activities			
Decrease in long term borrowing		(72,656,166)	(90,642,105)
Dividend paid		-	(100,000,000)
Net cash (used in) financing activities		(72,656,166)	(190,642,105)
D. Net increase/(Decrease) in cash and cash equivalents (A+B+C)		(928,004,183)	(205,949,247)
E. Effects of changes in exchange rate		9,517,070	2,110,116
F. Cash and cash equivalents at beginning of the year		17,400,956,115	17,604,795,246
G. Cash and cash equivalents at end of the year (D+E+F)	32	16,482,469,002	17,400,956,115
Cash and cash equivalents at end of the year			
Cash in hand (including foreign currency)		76,966,682	56,706,248
Balance with Bangladesh Bank and its agent bank(s)		2,303,783,841	1,703,038,031
Balance with other banks and financial institutions		14,101,718,479	15,641,211,836
		16,482,469,002	17,400,956,115

These financial statements should be read in conjunction with the annexed notes (1 to 34).

Managing Director

Director

Director

Chairman

Dhaka, Bangladesh
Dated, 30 June 2020

Bangladesh Development Bank Limited

**Statement of Changes in Equity
For the year ended 31 December 2019**

Particulars	Paid-up capital BDT	Quasi equity BDT	Statutory reserve BDT	General reserve BDT	Revaluation reserve BDT	Other reserves BDT	Retained earnings BDT	Profit/ (loss) BDT	Total BDT
Balance at 01 January 2019	4,000,000,000	134,744,560	2,555,421,336	4,347,755,114	6,601,572,270	1,065,907,514	396,885,374	-	19,102,286,168
Surplus/deficit on revaluation of properties	-	-	-	-	-	-	-	-	-
Surplus/deficit on revaluation of investments	-	-	-	-	-	-	-	-	-
Adjustment for sold assets	-	-	-	-	-	-	-	-	-
Depreciation during the year	-	-	-	-	(110,347,417)	-	-	-	(110,347,417)
Adjustment for deferred tax	-	-	-	-	14,344,847	-	-	-	14,344,847
Difference arises in currency transaction	-	-	-	-	-	-	-	-	-
Net gain and losses not recognised in the profit and loss account	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	-	65,550,078	65,550,078
Appropriations made during the year	-	-	37,000,000	-	-	-	28,550,078	(65,550,078)	-
Dividend to Govt.	-	-	-	-	-	-	-	-	-
Balance at 31 December 2019	4,000,000,000	134,744,560	2,592,421,336	4,347,755,114	6,505,569,700	1,065,907,514	425,435,452	-	19,071,833,676
Balance at 31 December 2018	4,000,000,000	134,744,560	2,555,421,336	4,347,755,114	6,601,572,270	1,065,907,514	396,885,374	-	19,102,286,168

Managing Director

Director

Director

Chairman

Dhaka, Bangladesh
Dated, 30 June 2020

Bangladesh Development Bank Limited

Liquidity Statement (Analysis of Maturity of Assets and Liabilities)

As at 31 December 2019

Particulars	Not more than 1 month term	1-3 months term	3-12 months term	1-5 years term	Above 5-years term	Total
	BDT	BDT	BDT	BDT	BDT	BDT
Assets						
Cash in hand	76,966,682	-	-	-	-	76,966,682
Balance with Bangladesh Bank and Sonali Bank (incl. foreign currencies)	567,200,000	-	-	-	1,736,583,841	2,303,783,841
Balance with other banks and financial institutions and agents	6,653,800,000	4,911,800,000	766,118,479	-	-	12,331,718,479
Money at call and on short notice	1,770,000,000	-	-	-	-	1,770,000,000
Investments	1,514,000	7,286,000	3,828,500,000	1,574,900,000	4,308,373,640	9,720,573,640
Loans and advances	1,252,400,000	2,045,800,000	3,871,800,000	9,858,400,000	2,955,503,304	19,983,903,304
Fixed assets including premises, furniture and fixtures	-	-	-	-	7,815,420,467	7,815,420,467
Other assets	83,600,000	489,300,000	419,700,000	3,319,800,000	80,900,445	4,393,300,445
Non-banking assets	-	-	-	-	-	-
Total Assets	10,405,480,682	7,454,186,000	8,886,118,479	14,753,100,000	16,896,781,697	58,395,666,858
Liabilities						
Borrowing from Bangladesh Bank, Other banks, financial institutions and agents	3,200,000	8,700,000	21,500,000	2,426,453	-	35,826,453
Deposits and other accounts	1,416,000,000	2,649,400,000	6,543,100,000	17,037,378,512	-	27,645,878,512
Provision and other liabilities	-	241,900,000	959,700,000	2,489,000,000	7,951,528,217	11,642,128,217
Total Liabilities	1,419,200,000	2,900,000,000	7,524,300,000	19,528,804,965	7,951,528,217	39,323,833,182
Net liquidity gap	8,986,280,682	4,554,186,000	1,361,818,479	(4,775,704,965)	8,945,253,480	19,071,833,676

Managing Director

Director

Director

Chairman

Dhaka, Bangladesh

Dated, 30 June 2020

- i) Balance with other banks and financial institutions, Money at call and on short notice are on the basis of their maturity.
- ii) Investments are on the basis of their maturity.
- iii) Loans and advances are on the basis of their maturity.
- iv) Fixed assets including premises land and buildings, furniture and fixtures are on the basis of their useful life.
- v) Other assets are on the basis of their adjustment.
- vi) Borrowings from Bangladesh Bank, other banks, financial institutions and agents are on the basis of their payment.
- vii) Deposits and other accounts are on the basis of their maturity and payment.
- viii) Provision and other liabilities are on the basis of their adjustment.

Bangladesh Development Bank Limited

Notes to the financial statements For the year ended 31 December 2019

1. Status of the Bank

1.1 Legal form of the Bank

Bangladesh Development Bank Limited ("BDBL" or the "Bank") a state owned Bank was incorporated in Bangladesh on 16th November, 2009 under the Companies Act, 1994 to acquire and take-over, as a going concern, the undertakings and business of two specialized Banks i.e.. Bangladesh Shilpa Bank (BSB) and Bangladesh Shilpa Rin Sangstha (BSRS) constituted respectively under the Bangladesh Shilpa Bank Order, 1972 (President Order No.129 of 1972) and Bangladesh Shilpa Rin Sangstha Order, 1972 (President Order No.128 of 1972) with all of their assets, benefits, rights, powers, authorities, privileges, liabilities, borrowings and obligations and to carry on with the same business. Two vendors agreements were executed between the Government Bangladesh and Bangladesh Development Bank Limited on 31 December 2009 in this regard. The Bank has 46 Branches & two 100% owned subsidiaries named BDBL Securities Limited (BSL) and BDBL Investment Services Limited (BISL).

The registered office of the Bank is located at 8 Rajuk Avenue, Motijheel, Dhaka-1000 and the website address is www.bdbl.com.bd

1.2 Nature of business

Bangladesh Development Bank Limited extends financial assistance both in local and foreign currencies for setting up of new industries and provides all kinds of commercial banking services to its customer through its branches in Bangladesh.

The principal activities of the bank are to vastly involved to provide a comprehensive range of financial services:

(a) personal and commercial banking, including accepting deposits, remittance, money transfer, foreign exchange transaction, guarantee, commitments, trade and services, cash management, etc. to its customers.

(b) Fund based services include short term & long term loans, Project wise industrial credit, discounting and purchasing bills, consumers and staff loans, House & car loans etc.

1.3 BDBL Securities Limited (BSL)

BDBL Securities Limited, a fully owned subsidiary company which was incorporated on 23 May 2011 with the Registrar of Joint Stock Companies & Firms with an authorised and paid up capital of BDT 500 million and BDT 200 million respectively. The company is a member of Dhaka Stock Exchange Ltd. (DSE) and Chittagong Stock Exchange Ltd. and obtained Stock Broker and Stock Dealer Licenses of DSE on 18 January 2012 and CSE on 15 May 2012.

1.4 BDBL Investment Services Limited (BISL)

BDBL Investment Services Limited, another fully owned subsidiary company which was incorporated on 06 August, 2014 with authorised and paid up capital of BDT 500 million and BDT 200 million respectively. A vendor's Agreement was signed on 11 September, 2014 between BDBL and BISL for transfer of membership of DSE Trading Right Entitlement Certificate (TREC) # 152 and shares (7,215,106 share of BDT 10 each). DSE approved conversion of DSE TREC # 152 and shares in favor of BISL at its 813th Board Meeting held on 26 November 2015 and then BSEC issued Stock Dealer and Stock Broker Registration Certificate in favor of BISL on 19 January 2016.

2. Significant accounting policies

2.1 Basis of preparation of the financial statements

The consolidated financial statements of the Group and separate financial statements the Bank have been prepared under the historical cost convention in accordance with International Financial Reporting Standards (IFRSs) with reference to the provisions of the Bank Companies Act, 1991 (as amended) and other circulars/instructions of Bangladesh Bank and the Companies Act, 1994.

In case any requirement of the Bank Companies Act 1991 (as amended) and provisions and circulars issued by Bangladesh Bank differ with those of IFRSs as adopted, the requirements of the Bank Companies Act 1991 and provisions and circulars issued by Bangladesh Bank shall prevail.

As such the Group and the Bank has departed from those which are the requirements of IAS and IFRS in order to comply with the rules and regulations of Bangladesh Bank are disclosed below:

i) Presentation of financial statements

IFRS: As per IAS 1, a complete set of financial statements comprises a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity, a statement of cash flows, notes comprising a summary of significant accounting policies and other explanatory information and comparative information. IAS 1 has also stated the entity to disclose assets and liabilities under current and non-current classification separately in its statement of financial position.

**Notes to the financial statements
For the year ended 31 December 2019**

Bangladesh Bank: A format of financial statements (i.e. balance sheet, profit and loss account, cash flow statement, statement of changes in equity, liquidity statement) is prescribed in the "First Schedule" of section 38 of the Bank Company Act 1991 (amended up to 2018) and BRPD circular no. 15 dated 09 November 2009 of Bangladesh Bank. Assets and liabilities are not classified under current and non-current heading in the prescribed format of financial statements.

ii) Investment in shares and securities

IFRS: As per requirements of IFRS 9, classification and measurement of investment in shares and securities will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Based on these factors it would generally fall either under "at fair value through profit or loss account" or under "at fair value through other comprehensive income" where any change in the fair value (as measured in accordance with IFRS 13) at the year-end is taken to profit and loss account or other comprehensive income respectively.

Bangladesh Bank: As per BRPD circular no. 15 dated 09 November 2009 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; otherwise investments are recognised at cost.

iii) Revaluation gains/losses on Government securities

IFRS: As per requirement of IFRS 9 "Financial Instruments: where securities will fall under the category of fair value through profit or loss account and any change in fair value of the asset is recognised through profit or loss account. Held for Trading (HFT), any change in the fair value of held for trading assets is recognised through profit and loss account. Securities designated as amortized cost are measured at effective interest rate method and interest income is recognized through the profit and loss account.

Bangladesh Bank: HFT securities are revalued on the basis of mark to market and at year end any gains on revaluation of securities which have not matured as at the balance sheet date are recognized in other reserves as a part of equity and any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortized at the year end and gains or losses on amortization are recognized in other reserve as a part of equity.

iv) Provision on investments and off-balance sheet items

IFRS: As per IFRS 9 an entity shall recognise an impairment allowance on investments (loan) based on expected credit losses. At each reporting date, an entity shall measure the impairment allowance for investment (loan) at an amount equal to the lifetime expected credit losses if the credit risk on these investments has increased significantly since initial recognition whether assessed on an individual or collective basis considering all reasonable information, including that which is forward-looking. For those investments (loans) for which the credit risk has not increased significantly since initial recognition, at each reporting date, an entity shall measure the impairment allowance at an amount equal to 12 month expected credit losses that may result from default events on investments that are possible within 12 months after reporting date.

Bangladesh Bank: As per BRPD circular No.14 (23 September 2012), BRPD circular No. 19 (27 December 2012), BRPD circular No. 05 (29 May 2013), BRPD circular No. 16 (18 November 2014), BRPD Circular No. 15 (27 September 2017), BRPD Circular No. 01 (20 February 2018), BRPD Circular No. 03 (21 April 2019) and BRPD Circular No. 07 (19 March 2020) a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively (except short-term agricultural and micro-credits where 5% for sub-standard and doubtful investments and 100% for bad & loss investments) for loans and advances depending on the duration of overdue. Again as per BRPD circular no. 10 dated 18 September 2007 and BRPD circular no. 14 dated 23 September 2012, a general provision at 1% is required to be provided for all off-balance sheet exposures (except LC issued against Fast Track Electricity Project & Bills for Collection according to BRPD circular letter no. 01 dated 03 January 2018 & BRPD circular no. 07 dated 21 June 2018 respectively). Such provision policies are not specifically in line with those prescribed by IFRS 9 "Financial Instruments".

v) Recognition of investment income in suspense

IFRS: Investments (Loans) to customers are generally classified at amortised cost as per IFRS 9 and interest income is recognised by using the effective interest rate method to the gross carrying amount over the term of the loan. Once a loan subsequently become credit-impaired, the entity shall apply the effective interest rate to the amortised cost of these Investments (Loans).

Bangladesh Bank: As per BRPD circular no. 14 dated 23 September 2012, once an investment (loan) is classified, investment income on such investments are not allowed to be recognised as income, rather the corresponding amount needs to be credited to an investment income in suspense account, which is presented as liability in the balance sheet.

Bangladesh Development Bank Limited

Notes to the financial statements For the year ended 31 December 2019

- vi) Other comprehensive income**
IFRS: As per IAS 1 Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single other comprehensive income statement.
Bangladesh Bank: Bangladesh Bank has issued templates for financial statements which will strictly be followed by all Banks. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income nor are the elements of Other Comprehensive Income allowed to be included in a single Other Comprehensive Income (OCI) Statement. As such the Bank does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity.
- vii) Financial instruments – presentation and disclosure**
In several cases Bangladesh Bank guidelines categorise, recognise, measure and present financial instruments differently from those prescribed in IFRS 9. As such full disclosure and presentation requirements of IFRS 7 and IAS 32 cannot be made in the financial statements.
- viii) Financial guarantees**
IFRS: As per IFRS 9, financial guarantees are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtors fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee liabilities are recognised initially at their fair value plus transaction costs that are directly attributable to the issue of the financial liabilities. The financial guarantee liability is subsequently measured at the higher of the amount of loss allowance for expected credit losses as per impairment requirement and the amount initially recognised less, income recognised in accordance with the principles of IFRS 15. Financial guarantees are included within other liabilities.
Bangladesh Bank: As per BRPD 15 dated 09 November 2009, financial guarantees such as letter of credit, letter of guarantee will be treated as off-balance sheet items. No liability is recognised for the guarantee except the cash margin.
- ix) Cash and cash equivalent**
IFRS: Cash and cash equivalent items should be reported as cash items as per IAS 7 “Statement of Cash Flows”.
Bangladesh Bank: Some cash and cash equivalent items such as ‘money at call on short notice’, treasury bills, Bangladesh Bank bills and prize bond are not shown as cash and cash equivalents. Money at call and on short notice presented on the balance sheet, and treasury bills, prize bonds are shown in investments.
- x) Non-Banking assets**
IFRS: No indication of Non-Banking asset is found in any IFRS.
Bangladesh Bank: As per BRPD 15 dated 09 November 2009, there must exist a face item named Non-Banking asset.
- xi) Cash flow statement**
IFRS: The Cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.
Bangladesh Bank: As per BRPD 14 dated 25 June 2003 and BRPD 15 dated 09 November 2009, cash flow is the mixture of direct and indirect methods.
- xii) Balance with Bangladesh Bank: (Cash Reserve Requirement)**
IFRS: Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per IAS 7 “Statement of Cash Flows”.
Bangladesh Bank: Balance with Bangladesh Bank is treated as cash and cash equivalents.
- xiii) Presentation of intangible asset**
IFRS: An intangible asset must be identified and recognised, and the disclosure must be given as per IAS 38 “Intangible Assets”.
Bangladesh Bank: There is no regulation for intangible assets in BRPD 15 dated 09 November 2009.
- xiv) Off-balance sheet items**
IFRS: There is no concept of off-balance sheet items in any IFRS; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.
Bangladesh Bank: As per BRPD 15 dated 09 November 2009, off balance sheet items (e.g. Letter of credit, Letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.
- xv) Disclosure of appropriation of profit**

Bangladesh Development Bank Limited

Notes to the financial statements For the year ended 31 December 2019

IFRS: There is no requirement to show appropriation of profit in the face of statement of comprehensive income.

Bangladesh Bank: As per BRPD circular no. 15 dated 09 November 2009, an appropriation of profit should be disclosed in the face of profit and loss account.

xvi) Investments net off provision

IFRS: Loans and advances/Investments should be presented net off provision.

Bangladesh Bank: As per BRPD 15 dated 09 November 2009, provision on loans and investments are presented separately as liability and cannot be net-off against loans and advances.

xvii) Recognition of Interest in Suspense

IFRS: Loans and advances/Investments to customers are generally classified as "loans and receivables" as per IFRS 9 and interest income is recognised through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognised in profit and loss account on the same basis based on revised carrying amount.

Bangladesh Bank: As per BRPD Circular No. 14 dated 23 September 2012, once a investment is classified, profit on such investments are not allowed to be recognised as income, rather the corresponding amount needs to be credited to an profit in suspense account, which is presented as liability in balance sheet.

2.2 Consolidation

The consolidated Financial Statements include the Financial Statements of Bangladesh Development Bank Limited (BDBL) including and the Financial Statements of its subsidiaries named BDBL Securities Limited (BSL) and BDBL Investment Services Limited (BISL) made up to the end of the financial year.

The consolidated Financial Statements have been prepared in accordance with IFRS 10. 'Consolidated Financial Statements'. The consolidated Financial Statements are prepared to a common financial year ending 31 December 2019.

2.3 Subsidiary

Subsidiary is that enterprise which is controlled by the Bank. Control exists when the Bank has the power, directly or indirectly, to govern the financial and operating policies of an enterprise to obtain benefits from its activities from the date that control commences until the date that control ceases. The Financial Statements of subsidiary are included in the consolidated Financial Statements from the date that control effectively commences until the date the control effectively ceases.

2.4 Transactions eliminated on consolidation

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Profit & Loss resulting from transaction between groups are also eliminated on consolidation.

2.3 Use of estimates and judgments

The preparation of Financial Statements requires the Bank to make certain estimates and to form judgments about the application of accounting policies which may affects the reported amounts of assets, liabilities, income and expenses; due to that actual results may differ to reasonable extent.

Estimates and underlying assumptions are reviewed on an ongoing basis and recognized its effects on present and future financial positions. The most significant areas where estimates and judgments have been made are on provision for investments, Income Taxes, Deferred Taxation & liquidity Statement.

2.4 Fixed assets and depreciation

Fixed assets, except land building are stated at cost less accumulated depreciation as per IAS-16. Land and building are shown at revalued amount.

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

Assets	Rates
Building / Premises	2.5%
Furniture and Fixtures	10%
Electric / Gas Installation	20%
Typewriters, Ceiling Fans, Office Equipment (including Computer) and SBBL Gun	20%
Motor Cars, Other Vehicles	20%

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.

2.4.1 Impairment of assets

An asset is impaired when its carrying amount exceeds its recoverable amount as per IAS 36 "Impairment of Assets". The Bank assesses at the end of each reporting period whether there is any indication that an asset may be impaired and/or whenever events or changes in circumstances indicate that the carrying value of the asset may not be recovered. If any such indication exists, the Bank makes an estimate of the recoverable amount of the assets. The carrying amount of the asset is reduced to its recoverable amount, if the recoverable amount is less than its carrying amount and impairment losses are recognized in the profit and loss account. However, impairment of financial assets is guided by the relevant Bangladesh Bank Circulars/Instructions and IAS 36.

2.4.2 Disposal of fixed assets

On the disposal of fixed assets, the cost and accumulated depreciation are eliminated from the fixed assets schedule and gains or losses on such disposal are reflected in the statement of comprehensive income (profit and loss account) as per provision of IAS 16 "Property, Plant and Equipment".

2.4.3 IFRS 16: Leases

IFRS 16 Leases is effective for the annual reporting periods beginning on or after 1 January 2019 which eliminates the current operating/financing lease dual accounting model for leases. Instead, there is a single, on-balance sheet accounting model (except some limited exception i.e. short-term lease, leases for low value items), similar to current finance lease accounting. Under IFRS 16, an entity shall be recognizing a right-of-use (ROU) asset (i.e. the right to use the office building, branches, service center, call center, warehouse, etc.) and a corresponding lease liability. The asset and the liability are initially measured at the present value of unavoidable lease payments. The depreciation of the lease asset (ROU) and the interest on the lease liability is recognized in the profit or loss account over the lease term replacing the previous heading 'lease rent expenses'.

The Bank observed that the implementation of IFRS 16 is expected to have impact on multiple dimensions including Risk Weighted Assets, Regulatory Capital, Liquidity Ratios, proviso of Immovable Property as well as other statutory requirements issued by various regulators. In addition, there are no direction from National Board of Revenue (NBR) regarding treatment of lease rent, depreciation on ROU assets and interest on lease liability for income tax purposes and applicability of VAT on such items.

In order to comply with IFRS 16, the Bank has initially identified the lease agreements of 'All branches' as low value asset and thereby excluded from IFRS 16 requirement on the basis of paragraph 5. The bank has also reviewed all of its lease arrangements for 'office premises' and finally assessed that the potential impact on implementation of IFRS 16 in the Balance Sheet and Profit and Loss Account of the Bank for the year 2019 is not considered to be material. Therefore, the Bank has not taken IFRS 16 adjustments on the basis of overall materiality as specified in the materiality guidance in the 'Conceptual Framework for Financial Reporting' and in 'International Accounting Standard 1 'Presentation of Financial Statements'. In this backdrop, the management of the Bank is committed to observe the market practice for uniformity and comparability and would take necessary actions in line with the regulatory guidelines and market practice.

2.5 Investments

Investment in subsidiaries

Investment in subsidiary is accounted for under the cost method of accounting in the Bank's financial statements in accordance with the IAS 27 "Separate Financial Statements", IFRS 3 "Business Combination", IAS 36 "Impairment of Assets" and IFRS 10 "Consolidated Financial Statements".

Bangladesh Development Bank Limited

Notes to the financial statements For the year ended 31 December 2019

- i. Loans and advances have been stated at gross value as per requirement of the Bangladesh Bank.
- ii. Interest on unclassified loans and advances are calculated on a daily product basis but charged and accounted for on quarterly basis and in some cases on monthly basis.
- iii. No interest is charged on loan classified as bad loss.
- iv. Interest is charged on classified loans and advances other than bad loss as per BCD Circular no. 34 of 1989, BCD Circular no. 20 of 1994, BCD Circular no.12 of 1995, BRPD Circular no. 16 of 1998 and BRPD Circular no.9 of 2001, BRPD Circular no. 05 of 2006, BRPD Circular no.08 of 2007, BRPD Circular no.10 of 2007 and such interest is not included in income and credited to interest suspense account. This interest is credited to income on realisation.
- v. Interest and penal interest, if any, calculated on classified loans and advances are taken as income in the year of its receipt from the defaulting borrowers.
- vi. Interest on Special Mention Account (SMA) loan is charged and credited to interest income account as per Bangladesh Bank BRPD Circular no.14 dated 23 September 2012, BRPD Circular no. 05 dated 29 May 2013.
- vii. Provision for loans and advances are made on the basis of information furnished by the branches and of instructions contained in Bangladesh Bank BRPD Circular no.14 dated 23 September 2012, BRPD Circular no.19 dated 27 December 2012 and BRPD Circular 8 dated 02 August 2015, BRPD Circular no. 05 dated 29 May 2013, BRPD Circular no. 01 dated 20 February 2018, BRPD Circular no. 03 dated 21 April 2019 at the following rates:
- viii. Loans and advances are written-off as per BRPD Circular no. 2 dated 13 January 2003, as follows:

Particulars	Short Term Agri. Credit	Consumer Financing			SMEF (SME+SM ECC)	Loans to BHs/MBs/SDs	All Other Credit (CC/WC/OD/ Demand Loans/Long term)	
		Other than HF, LP (Consumer & Personal Loan)	HF (House Building General & Revolving)	LP				
Unclassified (UC)	STD	1%	5%	1%	1%	0.25%	1%	1%
	SMA	-	5%	1%	1%	0.25%	1%	1%
Classified (CL)	SS	5%	20%	20%	20%	20%	20%	20%
	DF	5%	50%	50%	50%	50%	50%	50%
	BL	100%	100%	100%	100%	100%	100%	100%

2.7 Rental income

Rental income is accounted for on accrual basis.

2.8 Revenue recognition

The revenue is recognized as follows complying the conditions of revenue recognition as provided in IFRS 15.

- Income from investments has been accounted for on accrual basis.
- Income from investment in Securities is recognized at the time of sale.
- Dividend income is recognised when shareholders' right to receive is established.
- Income from bills purchased and discounted is recognized at the time of realization.
- Fees and commission income are recognized when earned.

2.9 Cash flow statement

Cash flow statement is prepared principally in accordance with IAS 7 "Cash Flow Statement"; and as prescribed by BRPD Circular No. 14 dated 25 June 2003.

2.10 Off-balance sheet items

Under general Banking transactions, liabilities against acceptance, endorsement and other obligations and bills

Bangladesh Development Bank Limited

Notes to the financial statements For the year ended 31 December 2019

against which acceptances have been given and claims exist there against, have been shown as Off Balance Sheet items.

2.11 Foreign currency transactions

The transactions in foreign currencies are converted into equivalent Taka currency using the ruling exchange rates on the dates of such transactions. At the Balance Sheet date related assets and liabilities are converted to Taka using exchange rates prevailing on that date.

2.12 Statement of changes in equity

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

2.13 Statement of liquidity

The liquidity statement has been prepared in accordance with the remaining maturity-wise grouping of the value of the assets and liabilities as on the reporting date.

- i. Balance with other banks and financial institutions, money at call and on short notice, etc. are on the basis of their maturity term.
- ii. Investment is on the basis of their respective maturity.
- iii. Loans and advances are on the basis of their repayment schedule.
- iv. Property, plant and equipment (lined assets) are on the basis of their useful lives.
- v. Other assets are on the basis of their realisation/amortisation.
- vi. Borrowing from government and other agencies, etc. are as per their maturity.
- vii. Deposits and other accounts are on the basis of their maturity and payment.
- viii. Provisions and other liabilities are on the basis of their payment/adjustment schedule.

2.14 Retirement benefit scheme

The Bank has number of retirement benefit schemes as applicable for the employees of Bangladesh Development Bank Limited and erstwhile Bangladesh Shilpa Bank and Bangladesh Shilpa Rin Sangstha:

- i. Gratuity and CPF Scheme:
 - (a) Contributory Provident Fund
 - (b) Gratuity Scheme
- ii. GPF and Pension and Death cum Retirement Benefit Scheme:
 - (a) General Provident Fund (GPF)
 - (b) Pension and Death cum Retirement Benefit Scheme

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

2.15 Capital/ Shareholders' equity

2.15.1 Authorised capital

Authorised capital is the maximum amount of share capital that the Bank is authorised by its Memorandum and Articles of Association.

2.15.2 Paid-up capital

Paid up capital represents total amount of share capital that has been paid in full by the Govt. Holders of ordinary shares are entitled to receive dividends as declared from time to time.

2.16 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.

2.17 Asset revaluation reserve

This represent the differences between the book value and the re-valued amount of premises (Land, Building and

Bangladesh Development Bank Limited

Notes to the financial statements For the year ended 31 December 2019

Vehicles) of the bank as assessed by professional valuers in the year 2010. To calculate Capital Adequacy Ratio (CAR), 50% of the same was considered as a component of supplementary capital as per Bangladesh Bank BRPD circular no.24 dated 03 August 2010 up to 2014. However, as per BRPD circular 18 dated December 21,2014, the revaluation reserve for Fixed Assets (Property, Plant and Equipment) will gradually be deducted from Tier-2 capital with phase starting from 2015. Accordingly, 20% of the revaluation reserve that qualified for Tier-2 capital has been deducted while calculation eligible capital at the year ended 2015, 40% of the revaluation reserve that qualified for Tier-2 capital has been deducted while calculation eligible capital at the year ended 2016, 60% of the revaluation reserve that qualified for Tier-2 capital has been deducted while calculation eligible capital at the year ended 2017, 80% of the revaluation reserve that qualified for Tier-2 capital has been deducted while calculation eligible capital at the year ended 2018 and 100% of the revaluation reserve that qualified for Tier-2 capital has been deducted while calculation eligible capital at the year ended 2019.

2.18 Taxation

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity.

2.18.1 Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Provision for current tax has been made as under as per the Income Tax Ordinance, 1984 and the Finance Act, 2019.

- On business income, rental income and interest from bond at 40%;
- On dividend income at 20%;
- On capital gain from sale of shares at 10%;
- On capital gain from sale of assets at 15%; and
- On 82C related income as per provisions of Section 82C of the Income Tax Ordinance, 1984.

2.18.2 Deferred tax

Deferred tax is accounted for all temporary timing differences arising between the tax base of assets and liabilities and their carrying value for financial reporting purpose. Tax rate (@ 40%) prevailing at the balance sheet date is used to determine deferred tax. Deferred tax assets are reviewed at each reporting date and are changed to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax relating to unrealised surplus on revaluation of Land & Building is recognised directly in revaluation reserve.

2.19 Earnings per share

This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the period as per IAS - 33 "Earnings Per Share". Diluted Earnings per Share is not required to be calculated for the year, as there exist no dilution possibilities during the year.

2.20 Reconciliation position

a. Nostro A/C:

There are five NOSTRO accounts being maintained with Foreign Banks and all those accounts are reconciled at year end. There is no outstanding entry for more than one month.

b. Inter-branch transactions:

As CBS-Core Banking System has been established, inter-branch transactions are performed reciprocally and the balance is netted-off at a particular point of time. The position of inter branch outstanding entries as on 31 December, 2019 is as under:

Outstanding Period	Debit Entry		Credit Entry		Total Entry
	No. of entry	BDT '000'	No. of entry	BDT '000'	
Less than 3 months	4	30080.00	7	169018.32	11
3 months to 6 months	-	-	-	-	-
6 months to 9 months	-	-	-	-	-
9 months to 12 months	-	-	-	-	-
More than 12 months	120	2705871.16	103	2162563.00	223
Total	124	2735951.16	110	2331581.32	234
Unadjusted amount (Dr.)		404369.84			

Adequate provision has been made for the amount of outstanding entries for six months and above.

2.21 Core risk management

Risk Management has become one of the most sensitive and crucial factors in the banking business all over the

**Notes to the financial statements
For the year ended 31 December 2019**

world. Banking sector environment of Bangladesh has undergone a monumental change in recent years. In the course of banking operations, banks are invariably faced with different types of risks that may have a potentially adverse effect on their business. Banks are obliged to establish a comprehensive and reliable risk management system in line with the established risk propensity.

To mitigate those risk factors, appropriate steps are being taken under the supervision of the top management of BDBL continuously. The overall focus of Risk Management of the bank in 2019 was on maintaining the risk profile in line with its strategy, strengthening its capital base and supporting the strategic goals. Besides, the objective of risk management policy of BDBL is to build up a strong shield against risk throughout the bank and to minimize risk by developing an early alert system and avoiding internal and external vulnerabilities.

The Credit Policy, ALM Manual, SME Manual, Credit Risk Management Manual & Checklist, Comprehensive Risk Management Manual of the bank and other core risk manuals cover identification and mitigation of risk associated commercial lending activities, project loan, SME loan and all other risk associated credit, market and operational activities of the bank.

However, the bank has continued its effort for upgrading the initiatives taken to manage various risks of bank in a prudent manner. Core risk management manuals and other risk related policies have been revised in the previous year. Moreover, modification of the prudential regulations is done on regular basis. As part of this endeavor, Core Risk Management Committees have been reconstructed for ensuring sound risk management culture effectively in the bank. As core Risk Management is vital for continuous and harmonious improvement of the bank, BDBL is managing core risks which are as follows:

a. Credit risk management

Credit risk is one of the major risks faced by the Bank. This can be described as potential loss arising from contractual failure of the borrower with the Bank. The failure may result from unwillingness or inability of the counter party in discharging financial obligation. Therefore, bank's Credit risk management activities have been designed to address all these issues. The bank reviews Credit Risk Management manual as per updated Credit Policy (Board approved) and the updated Credit Risk Management Guideline of the Bangladesh Bank. Credit risk in the Bank's Portfolio is monitored, reviewed and analyzed by the Loan Operation Department, SME Department and General Advances Department. Credit Risk Management Committee of the Bank independently coordinates the overall Credit Risk Management activities of the Bank. Internal Credit Risk Rating system (ICRRs) is followed by BDBL as per Bangladesh Bank's instruction following all the criteria. BDBL also follows Bangladesh Bank guidelines regarding CIB reporting, Loan Classification & provisioning, bad debts written-off and interest suspense.

b. Asset liability risk management

The Asset Liability Committee (ALCO) of the Bank identifies, monitors, mitigates and controls the risks associated with overall asset liability management i.e. balance sheet risk, liquidity risk, advance deposit ratio (ADR), deposit mix, credit mix, gap analysis etc. under the leadership of Managing Director of the Bank. The Asset Liability Committee prepares monthly ALCO paper as per guidelines of Bangladesh Bank and reviews liquidity requirement of the Bank, the maturity of assets and liabilities, deposit and credit pricing strategy, sensitivity of assets and liabilities, management indicators/ratios and the liquidity contingency plan. As a result, the Bank always maintains optimum liquidity with required regulatory compliance. BDBL has its own Manual / Guideline for asset and liability management and the bank reviews / updates its Asset Liability Risk Management Manual & Checklist as per the updated ALM guideline of the Bangladesh Bank.

c. Foreign exchange risk management

Foreign Exchange Risk is defined as the possibility of losses due to change in exchange rates according to market forces. The Foreign Exchange Risk of the bank is minimal as all the transactions are carried out on behalf of the customers against underlying Foreign Exchange transactions. Treasury Section independently conducts the transactions and the Back Office of Treasury is responsible for verification of the deals and passing of their entries in the books of account. All foreign exchange transactions are revalued at Mark-to-Market rate as determined by the Bangladesh Bank at the month-end. All Nostro accounts are reconciled on monthly basis and outstanding entries beyond 30 days are reviewed by the Management for settlement. On the basis of Bangladesh Bank's Foreign Exchange Risk Management Policy and Guideline, a manual of Foreign Exchange Risk Management has been approved by BDBL's Board of Directors. The Bank plays vital role in assessing, monitoring and mitigating Foreign Exchange Risks.

d. Money laundering and terrorist financing risk management

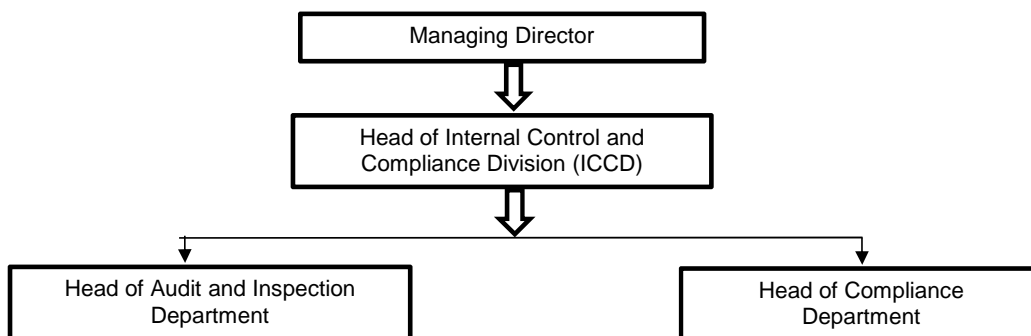
**Notes to the financial statements
For the year ended 31 December 2019**

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

BDBL has a Central Compliance Committee (CCC) headed by the Chief Anti Money Laundering Compliance Officer (CAMLCO) designated as Deputy Managing Director to supervise the overall Anti Money Laundering (AML) and Combating Financing of Terrorism (CFT) activities.

e. Internal control and compliance risk management

Operational loss may arise from errors and fraud due to regulatory failure of Internal Control and Compliance. Internal Control and Compliance Division undertakes periodical and special audit of the Branches and Departments at Head Office for review of the operation and compliance of the statutory requirement. The Audit Committee of the Board subsequently reviews the report of the Internal Control and Compliance Division. Internal Control and Compliance (ICC) structure of BDBL is shown below:



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

Audit & Inspection Department performs risk-oriented reviews of the design and operating effectiveness of BDBL's system of internal controls. Internal audit is conducted at periodic intervals to ensure compliance of the policies of the Bank and regulatory bodies. The Bank has designed Internal Control and Compliance Risk Management Manual as per Bangladesh Bank's respective guideline. For oversight of Internal Control and Compliance Risk in Bank, Bank's Internal Control & Compliance Risk Management Committee plays crucial role in assessing, monitoring, mitigating and controlling the risk(s) associated with Internal Control and Compliance (ICC).

f. Information and communication technology security risk management

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

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

In order to govern and control the ICT areas, covering the functions of all the Departments in the Head Office, the Zonal Offices and the Branches located in different Districts of Bangladesh, the Bank follows the Guidelines of the Bangladesh Bank. These policies are strictly followed at each level in the Bank.

**Notes to the financial statements
For the year ended 31 December 2019**

Risk management is an important business discipline that an organization should embrace to minimize the effects of risks on its returns and capitals. Bank has introduced two different departments namely IT Operation and IT System Department to manage all the IT activities in sound, compliant and standard way/manner. IT Operation Department is assigned to develop IT infrastructure and IT System Department is responsible for deployment and secure operation of different software including Core Banking System (CBS). The Bank has a standard and compliant Data Centre (DC) in its Head Office premises. Also, a near Disaster Recovery Site (DRS) has been placed at Bank's Karwan Bazar Bhaban, Dhaka. Far DRS is being planned to set up at Jashore high-tech park in association with the High-tech park Authority, BCC, ICB, Sonali Bank Ltd, Janata Bank Limited, Agrani Bank Ltd, Rupali Bank Ltd and CDBI. For the interim period we will keep sensitive data at our Khulna Branch also. There are sufficient physical as well as logical access control systems to protect the Bank's IT assets and client interest usefully. The sensitive information is kept in the restricted area in the networking environment.

For oversight of ICT Security Risk in Bank, there is an ICT Security Risk Management Committee which plays vital role in assessing and mitigating ICT Security Risks.

g. Environmental risk management and green Banking

Environmental risk is a facilitating element of credit risk arising from environmental issues. These increase risks as they bring an element of uncertainty or possibility of loss in the context of a financing transaction. "Environmental and Social Risk Management Policy-2019" of BDBL has been approved by Board of Directors in January, 2019 to address the Environmental and Social Risks. The main objective of the policy is to contribute in establishing an environment friendly banking business system which may be achieved through proper utilization of human & physical resources and encouraging channeling of fund to projects/businesses those expose no or very little risk to the environment/climate. Besides, Sustainable Finance Committee is working to mitigate risks arising from business operation.

- i. To promote sustainable environment friendly initiatives undertaking through adoption of a set of principles and strict adherence to those principles;
- ii. To contribute to the national/global interest through avoidance of financing in specific industry(ies) being harmful or tend to be causing harm to the environment even if they are financially viable;
- iii. To create an atmosphere for the bank and its clients to work within an ideal business environment through innovative marketing of innovative banking products;
- iv. To encourage the employees, the existing and potential clients and other stakeholders to develop, practice & promote for developing & using Environment friendly/Green Technology/products/ production process;
- v. To develop the attitude among the employees to motivate, encourage the stakeholders through initialization of appropriate in-house environmental risk management system through introduction of appropriate technology;
- vi. To sponsor awareness programs for environment friendly products/technology through practice of Corporate Social Responsibilities (CSR);

In order to identify, monitor, manage and control Environmental risk and the risk related to Green banking, Sustainable Finance Committee and Sustainable Finance Unit of the Bank play key role.

Sustainable Finance Committee

Sustainable financing mainly focuses on core banking practices especially green banking, corporate social responsibility, financial inclusion and financial education. The society and environment oriented banking practices gradually created the concept of sustainable banking. BDBL has a thirteen (13) member "Sustainable Finance Committee" headed by Deputy Managing Director-1 and a six (06) member "Sustainable Finance Unit" headed by Deputy General Manager of General Advances Department. The committee plays vital role in sustainable improvement of bank.

The functional areas of the committee are as follows:

- A. Taking necessary approval, monitoring and supervision of activities of Sustainable Finance Unit at management level.
- B. Setting annual target for the unit and evaluating it; and
- C. Ensuring proper coordination and cooperation on the activities of the unit among the related divisions.

Notes to the financial statements
For the year ended 31 December 2019

2.22 Implementation of Basel-III

Calculation of MCR

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

Implementation of ICAAP

The key principle of the Supervisory Review process (SRP) as per Bangladesh Bank Guidelines is that “banks have a process for assessing overall capital adequacy in relation to their risk profile and a strategy for maintaining their capital at an adequate level”. The Board approved the ‘Supervisory Review Process Team’ of the bank and the ‘ICCAP Manual & Checklist’ to establish the Internal Capital Adequacy Assessment Process (ICCAP). BDBL has prepared and submitted ICAAP report and Supervisory Review Process Documents (i.e. Supplementary Documents) to the Bangladesh Bank on the basis of audited accounts as on 31 December 2018.

Stress testing

The Bank is periodically reporting “Stress Testing Report” to Bangladesh Bank. In fact, Stress Testing is a simulation technique being used on asset and liability portfolios to determine their sensitivity to different financial situations. The stress testing report of BDBL on the basis of financial statement as on 31 December 2019 depicts very strong position of the bank’s capability to absorb any sort of shock relating to Capital Adequacy.

Risk management report

The bank, as per Bangladesh Bank instruction, prepares and submits ‘Monthly Risk Management Report’ and ‘Half-Yearly Comprehensive Risk Management Report (CRMR)’ to the Bangladesh Bank. The reports are prepared by the Risk Management Department and reviewed by the Management-Level Risk Management Committee and the Board level Risk Management Committee of the bank. Here it is to be noted that, Comprehensive Risk Management Report (CRMR) covers the core risk issues of the Bank. RMD also prepares “Credit Risk Assessment & Resolution Report” focusing Top 20 borrowers of the bank. The report is prepared on quarterly basis and reviewed by Managing Director & BoD of the Bank.

Besides, the department prepares “Risk Appetite Statement” in line with bank’s board approved strategic planning in order to minimize risks being under a strategic business planning. The department also prepares “A Review report of Risk Management Policies and effectiveness of risk management functions” on yearly basis with a view to examining what amendments required in the existing policies.

Market discipline

Market discipline is a market based promotion of the transparency and disclosure of the risks associated with the business or entity. BDBL has already complied with the requirement of ‘Market Discipline’ under Basel-III Capital Adequacy Guideline. The aim of the market discipline is to inform all concerned stakeholders like depositors, creditors, shareholders, Government, Central Bank and the others about the overall risk profile and risk mitigating position of the Bank.

2.23 Audit committee

2.23.1 Member

An audit committee has been reconstituted by the Board of Directors of the Bank in its 228th meeting held on 12 March, 2019. The members of the Audit Committee are as under:

Sl. No.	Name	Qualification	Designation in the Bank	Designation in the Committee
1	Md. Ekhlasur Rahman	MBA	Director	Chairman
2	Md. Abu Hanif Khan	MSC	Director	Member
3	Kazi Tariqul Islam	MSC	Director	Member
4	Subhash Chandra Sarker	MSC	Director	Member

2.23.2 Activities

The committee reviews the policy and planning executed by the Board of Directors for smooth operation of the bank. The committee acknowledges their responsibility for the system of internal controls, effectiveness and suitable monitoring procedures, proper accounting policies, compliance with the regulations, computerization system, management information system, different risk management of the bank, etc. The committee also ensures the implementation of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted in Bangladesh as IAS and IFRS and other applicable laws at the time of preparation of the annual financial statements. The committee meets with the external auditors and top management of the bank at the time of reviewing the annual financial statements. The committee also reports to the Board of Directors on the findings detected by the Internal Audit Division, External Auditors and Bangladesh Bank Inspection Team on a regular basis.

Bangladesh Development Bank Limited

Notes to the financial statements For the year ended 31 December 2019

During the year 2019 the committee conducted 10 (Ten) meetings in which among others, the following issues were discussed:

- Review of present status of internal audit activities;
- Approval of audited accounts of BDBL for the year 2018;
- Review of key performance indicators of the branches
- Review of compliance and implementation of comprehensive inspection report as on 31 December 2018 by Bangladesh Bank
- Approval of internal audit plan of BDBL for the year 2020.

2.24 Board of directors

Name of the directors and the entities in which they have interest during as on 31 December 2019 are as under:

Sl. No.	Name	Designation in the Bank	Name of the firms/companies in which interest as proprietor, partner, director, managing agent, guarantor, employee.	Remarks
1.	Mohammad Mejbahuddin	Director and Chairman	Nil	Appointed as Chairman from 24 February 2019
2.	Md. Ekhlasur Rahman	Director	Nil	Appointed on 06 January 2016 & Re-appointed on 06 January 2019
3.	Md. Abu Hanif Khan	Director	Nil	Appointed on 14 January 2016 & Re-appointed on 14 January 2019
4.	Kazi Tariqul Islam	Director	Nil	Appointed on 30 May 2018
5.	Subhash Chandra Sarker	Director	Nil	Appointed on 14 January 2019
6.	Md. Abu Yusuf	Director	Nil	Appointed on 10 February 2019
7.	Quazi Shairul Hassan	Director	Nil	Appointed on 29 December 2019
8.	Kazi Alamgir	Managing Director & CEO	Nil	Appointed on 27 November 2019

2.25 Credit Rating of the Bank

As per the BRPD circular no. 6 dated 5 July 2006, the Bank has done its credit rating by Emerging Credit Rating Limited based on the financial statements of Bangladesh Development Bank Limited dated 31 December 2018. The following ratings had been awarded:

Date of Declaration	Valid till	Rating Mode	Long Term	Short Term	Outlook
July 31, 2019	July 30, 2020	Govt. Support	AAA	ST-1	Stable
		Without Govt. Support	A-	ST-3	

2.26 Liquidity Coverage Ratio (LCR)

LCR or Liquidity Coverage Ratio is a new liquidity standard introduced by the basel Committee. This standard is built on the methodologies of traditional liquidity coverage ratio used by banks to assess exposure to contingent liquidity events. LCR aims to ensure that a bank maintains an adequate level of unencumbered, high-quality liquid assets that can be converted into cash to meet its liquidity needs for 30 calendar days. LCR goes beyond measuring the need for liquid assets over the next 30 days in a normal environment. It measures the need for liquid assets in a stressed environment, in which deposits and other sources of funds (both unsecured and secured) run off, to various extents, and unused credit facilities are also drawn down in various magnitudes. These runoffs are in addition to contractual outflows.

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

Bangladesh Development Bank Limited

Notes to the financial statements For the year ended 31 December 2019

2.27 Net Stable Funding Ratio (NSFR)

NSFR or Net Stable Funding Ratio is another new standard introduced by the Basel Committee. The NSFR aims to limit over-reliance on short-term wholesale funding during times of abundant market liquidity and encourage better assessment of liquidity risk across all on off-balance sheet items. The minimum acceptable value of this ratio is 100 percent, indicating that available stable funding (ASF) should be at least equal to required stable funding (RSF). ASF consists of various kinds of liabilities and capital with percentage weights attached given their perceived stability. RSF consists of assets and off-balance sheet items, also with percentage weights attached given the degree to which they are illiquid or "long-term" and therefore requires stable funding. The time horizon of the NSFR is one year. Like the LCR, the NSFR calculations assume a stressed environment.

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

2.28 Loan Write off

Write off describes a reduction in recognized value. It refers to recognition of the reduced or zero value of an asset. Generally, it refers to loan for which a return on the loan is now impossible or unlikely. The item's potential return is thus cancelled and removed from (Written off) the banks statement of financial position. recovery against debts written off / provided for is credited to provision or revenue considering the previous position of the loans.

2.29 Related Party Transaction

All the directors of the Bank are appointed by the Government of Bangladesh. There was no related party transaction involved with the directors and they have no loan liability with the Bank during the year. The following transactions related with fully owned two subsidiaries for deputed employees salaries and claim for share sale.

SL No.	Particulars	BSL	BISL
1.	Receivable against salaries	19,250,482	13,381,388
2.	Receivable against shares	27,058,760	33,854,118

2.30 Reporting Period

The Financial Statements cover one calendar year from 01 January to 31 December 2019.

2.31 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.32 Corporate Governance

The Bank has given the priority to the compliance of the rules, regulations and guidelines of Bangladesh Bank, National Board of Revenue & Bangladesh Securities and Exchange Commission (BSEC). The Bank has also complied with all related International Financial Reporting Standards (IFRS).

2.33 General

- i. Figures appearing in these Financial Statements have been rounded off to the nearest Taka.
- ii. Figures of previous year have been rearranged whenever necessary to conform to current year's presentation.

2.34 Compliance with Financial Reporting Standards as applicable in Bangladesh

The Financial Reporting Act 2015 (FRA) was enacted in 2015. Under the FRA, the Financial Reporting Council (FRC) is to issue financial reporting standards for public interest entities such as Banks. The Bank Companies Act 1991 has been amended to require Banks to prepare their financial statements under such financial reporting standards. The FRC has been formed but yet to issue any financial reporting standards as per the provisions of the FRA and hence International Financial Reporting Standards (IFRS) as issued by the Institute of Chartered Accountants of Bangladesh (ICAB) are still applicable.

Accordingly, the financial statements of the Bank continue to be prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Bank Company Act 1991, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994. In case any requirement of the Bank Company Act 1991, and provisions and circulars issued by Bangladesh Bank differ with those of IFRS, the requirements of the Bank Company Act 1991, and provisions and circulars issued by Bangladesh Bank shall prevail. Material deviations from the requirements of IFRS are mentioned above under note 2.1.

Sl.	IAS No.	IAS Title	Compliance Status
1	1	Presentation of Financial Statements	Complied *
2	2	Inventories	Not Applicable
3	7	Statement of Cash Flows	Complied *
4	8	Accounting Policies, Changes in Accounting Estimates and	Complied
5	10	Events after the Reporting Period	Complied
6	11	Construction Contracts	Not Applicable
7	12	Income Taxes	Complied
8	16	Property, Plant & Equipment	Complied
9	17	Leases	Replaced by IFRS 16
10	18	Revenue	Replaced by IFRS 15
11	19	Employee Benefits	Complied
12	20	Accounting for Government Grants and Discloser of	Not Applicable
13	21	The Effects of Changes in Foreign Exchanges Rates	Complied
14	23	Borrowing Costs	Complied
15	24	Related Party Disclosures	Complied
16	26	Accounting and Reporting by Retirement Benefit Plans	Not Applicable
17	27	Consolidated and Separate Financial Statements	Complied
18	28	Investment in Associates	Not Applicable
19	31	Interest in Joint Venture	Not Applicable
20	32	Financial Instruments: Presentation	Complied *
21	33	Earnings per Share	Complied
22	34	Interim Financial Reporting	Complied
23	36	Impairment of Assets	Complied
24	37	Provisions, Contingent liabilities and Contingent Assets	Complied *
25	38	Intangible Assets	Complied
26	39	Financial Instruments: Recognition and Measurement	Replaced by IFRS 9
27	40	Investment Property	Not Applicable
28	41	Agriculture	Not Applicable

Sl. No.	IFRS No.	IFRS Title	Compliance Status
1	1	First-time Adoption of Bangladesh Financial Reporting	Not Applicable
2	2	Share-based Payment	Not Applicable
3	3	Business Combinations	Not Applicable
4	4	Insurance contracts	Not Applicable
5	5	Non-Current Assets Held for Sale and Discontinued	Not Applicable
6	6	Exploration for and Evaluation of Mineral	Not Applicable
7	7	Financial Instruments: Disclosures	Complied *
8	8	Operating Segments	Complied
9	9	Financial Instruments	Complied *
10	10	Consolidated Financial Statements	Complied
11	11	Joint Arrangements	Not Applicable
12	12	Disclosure of Interest in other Entities	Complied
13	13	Fair Value Measurement	Complied
14	14	Regulatory Deferral Accounts	Not Applicable
15	15	Revenue from Contract with Customers	Complied
16	16	Leases	Note: 2.4.3

* Subject to departure disclosed in note no. 2.1

Bangladesh Development Bank Limited

**Notes to the financial statements
For the year ended 31 December 2019**

		2019	2018
		BDT	BDT
3. Cash			
3.1 Cash in hand			
In local currency		76,966,682	56,706,248
In foreign currencies		-	-
Balance with Bangladesh Bank and Sonali Bank Limited	Note: 3.2	<u>2,303,783,841</u>	<u>1,703,038,031</u>
		<u>2,380,750,523</u>	<u>1,759,744,279</u>
3(a) Consolidated cash in hand			
Bangladesh Development Bank Limited	Note: 3.1	2,380,750,523	1,759,744,279
BDBL Securities Limited		-	-
BDBL Investment Services Limited		6,417	5,284
		<u>2,380,756,940</u>	<u>1,759,749,563</u>
3.2 Balance with Bangladesh Bank and Sonali Bank Limited			
Local currency - Bangladesh Bank		1,779,589,959	1,623,102,304
Local currency - Sonali Bank Limited		9,742,894	14,645,278
Foreign currency - Bangladesh Bank		514,450,988	65,290,449
		<u>2,303,783,841</u>	<u>1,703,038,031</u>
3.3 Cash reserve ratio (CRR)			
Required reserve (5.5% of demand and time liabilities)		1,474,265,000	1,492,283,000
Actual reserve held with Bangladesh Bank		1,665,081,000	1,574,000,000
Excess reserve (average/day)		<u>190,816,000</u>	<u>81,717,000</u>
Cash reserve ratio (CRR) has been calculated and maintained in accordance with the Section 33 of the Bank Companies Act 1991 and subsequent BCD circular no. 13 dated 24 May 1992; BRPD circular no. 12 dated 20 September 1999, BRPD circular no. 22 dated 06 November 2003, BRPD circular no. 11 dated 25 November 2005, BRPD circular no. 01 dated 12 January 2009 & MPD circular no. 04 dated 01 December 2010, and MPD circular no. 01 dated 23 June 2014.			
3.3.1 Statutory liquidity ratio (SLR)			
This is not applicable for Bangladesh Development Bank Limited, since both Bangladesh Shilpa Bank and Bangladesh Shilpa Rin Sangstha were exempted from maintaining SLR vide Notification from Ministry of Finance.			
4. Balance with other banks and financial institutions			
In Bangladesh	Note: 4.1	11,733,588,340	15,418,277,480
Outside Bangladesh	Note: 4.2	598,130,139	222,934,356
		<u>12,331,718,479</u>	<u>15,641,211,836</u>
4.1 In Bangladesh			
Current and other accounts:			
Current account		109,153,102	70,936,470
Term deposit	Note: 4.1.1	9,482,138,464	13,036,138,464
Term deposit - depreciation fund	Note: 4.1.2	72,000,000	72,000,000
Term deposit - building fund	Note: 4.1.3	503,800,000	460,000,000
Term deposit - loan redemption fund	Note: 4.1.4	204,959,500	204,959,500
Short term deposit	Note: 4.1.5	1,361,537,274	1,574,243,046
		<u>11,733,588,340</u>	<u>15,418,277,480</u>

Bangladesh Development Bank Limited

Notes to the financial statements For the year ended 31 December 2019

	2019 BDT	2018 BDT
4.1.1 Term deposit		
AB Bank Limited	80,000,000	180,000,000
National Bank of Pakistan	-	350,000,000
The Premier Bank Limited	60,000,000	10,000,000
ICB Islami Bank Limited	5,146,156	5,146,156
National Bank limited	-	300,000,000
Padma Bank Limited	521,992,308	-
Al-Arafa Islami Bank Limited	1,050,000,000	800,000,000
Standard Bank Limited	645,000,000	1,990,000,000
EXIM Bank Limited	1,600,000,000	1,200,000,000
Union Bank Limited	400,000,000	250,000,000
Phoenix Finance and Investment Limited	150,000,000	150,000,000
Reliance Finance Limited	500,000,000	500,000,000
Meghna Bank Limited		530,992,308
Mercantile Bank Limited	20,000,000	-
Peoples Leasing and Financial Services Limited	50,000,000	50,000,000
Karmasangsthan Bank	40,000,000	40,000,000
The Community Bank Limited	20,000,000	-
NCC Bank Limited	200,000,000	-
Social Islami Bank Limited	10,000,000	10,000,000
Bangladesh Commerce Bank Limited	-	450,000,000
BRAC Bank Limited	-	800,000,000
NRB Global Bank Limited	310,000,000	600,000,000
South Bangla Agriculture and Commerce Bank Limited	20,000,000	370,000,000
Islamic Finance and Investment Limited	50,000,000	100,000,000
IFIC Bank Limited	900,000,000	1,000,000,000
ONE Bank Limited	50,000,000	250,000,000
Investment Corporation of Bangladesh	2,800,000,000	3,000,000,000
Lanka Bangla Finance Limited	-	100,000,000
	9,482,138,464	13,036,138,464
4.1.2 Term deposit - depreciation fund		
NRB Global Bank Limited	72,000,000	72,000,000
	-	-
	72,000,000	72,000,000

Depreciation fund was created by erstwhile BSB with a view to meet capital replacement obligation of the organisation as per directive of Ministry of Finance through office memorandum no. MF(ABW-3)MISC-17/85/94(13) dated 15 August 1985. The Board of Directors of that Bank in its 100th ordinary meeting held on the 19 January 1988 approved the creation and investment of the fund in Government approved securities/term deposit, when necessary, for the purpose mentioned above.

4.1.3 Term deposit - building fund

Union Bank Limited	10,000,000	50,000,000
South Bangla Agriculture and Commerce Bank Limited	350,000,000	350,000,000
NRB Global Bank Limited	-	60,000,000
The Premier Bank Limited	100,000,000	-
First Security Islami Bank Limited	43,800,000	-
	503,800,000	460,000,000

Building fund was made to build up a building in Uttara, Dhaka.

4.1.4 Term deposit - loan redemption fund

ICB Islamic Bank Limited	4,959,500	4,959,500
First Security Islami Bank Limited	-	50,000,000
One Bank Limited	50,000,000	-
Union Bank Limited	150,000,000	150,000,000
	204,959,500	204,959,500

Loan redemption fund was created by erstwhile BSB by transferring BDT 50 million (60 million subsequently) per month from the loan recovery amount in order to capacitate the Bank to repay the Bangladesh Bank borrowings.

Bangladesh Development Bank Limited

**Notes to the financial statements
For the year ended 31 December 2019**

	2019	2018
	BDT	BDT
4.1.5 Short term deposit		
Agrani Bank Limited	22,278,268	62,712,250
First Finance Limited	137,000,000	150,000,000
Premier Leasing and Finance Limited	119,700,000	124,200,000
Peoples Leasing and Financial Services Limited	230,400,000	235,000,000
The Farmers Bank Limited	250,000,000	250,000,000
Bangladesh Industrial Finance Company Limited	221,359,006	220,330,796
FAS Finance and Investment Limited	158,500,000	158,500,000
International Leasing and Financial Services Limited	11,800,000	23,500,000
Bagladesh Commerce Bank Limited	-	100,000,000
BRAC Bank Limited	-	100,000,000
Lanka bangla Finance Limited	-	100,000,000
Phoenix Finance and Investment Limited	20,600,000	50,000,000
Union Capital Limited	91,300,000	-
Reliance Finance Limited	54,000,000	-
GSP Finance Co. Bangladesh Limited	44,600,000	-
	1,361,537,274	1,574,243,046
4.2 Outside Bangladesh		
Modhumoti Bank Limited	4,756,469	4,700,213
Mashreq Bank, USA	515,241,374	211,714,666
BHF Bank AG, Germany	1,306,181	1,794,865
Sonali Bank Limited, India	20,544,898	3,438,620
Axis Bank, India	56,281,216	1,285,992
	598,130,139	222,934,356
Foreign currency transactions have been converted into BDT at the rates prevailing on the transaction dates. At the balance sheet date the monetary assets and liabilities are converted into BDT using exchange rate prevailing on that date. The resultant gain during and at the end of year has been reflected in the profit and loss account of the Bank.		
Details are shown in Annex D.		
4.3 Maturity-wise grouping (balance with other banks and financial institutions)		
On demand	101,700,000	184,600,000
Less than three months	11,463,900,000	13,798,500,000
More than three months but less than one year	766,118,479	1,658,111,836
More than one year but less than five years	-	-
More than five years	-	-
	12,331,718,479	15,641,211,836
4(a) Consolidated balance with other banks and financial institutions		
In Bangladesh		
Bangladesh Development Bank Limited	Note: 4.1	11,733,588,340
BDBL Securities Limited		79,134,069
BDBL Investment Services Limited		53,731,885
		11,866,454,294
Outside Bangladesh		
Bangladesh Development Bank Limited	Note: 4.2	598,130,139
BDBL Securities Limited		-
BDBL Investment Services Limited		-
		598,130,139
		12,464,584,433
5. Money at call and on short notice		
In Bangladesh		1,770,000,000
Outside Bangladesh		-
		1,770,000,000
6. Investments		
Government securities	Note: 6.1	1,514,000
Other investment	Note: 6.2	9,719,059,640
		9,720,573,640
		1,085,500
		9,814,130,919
Details are shown in Annex F.		

Bangladesh Development Bank Limited

**Notes to the financial statements
For the year ended 31 December 2019**

		2019 BDT	2018 BDT
6.1 Government securities			
Treasury bonds		-	-
Prize bond		1,514,000	1,085,500
		<u>1,514,000</u>	<u>1,085,500</u>
6.2 Other investments			
Shares	Note: 6.2.1	7,546,081,657	7,570,067,436
Debentures		32,977,983	32,977,983
Investment in bonds		80,000,000	150,000,000
Investment in Bangladesh fund		1,060,000,000	1,060,000,000
Investment in subsidiaries		1,000,000,000	1,000,000,000
		<u>9,719,059,640</u>	<u>9,813,045,419</u>
6.2.1 Investment in shares by listing status			
Quoted shares		7,423,712,221	7,449,764,000
Unquoted shares		71,457,336	71,891,336
Others*		50,912,100	48,412,100
		<u>7,546,081,657</u>	<u>7,570,067,436</u>
Market value		<u>16,855,637,468</u>	<u>24,491,759,967</u>
Investment in quoted and unquoted shares are recorded at cost. At 31 December 2019 market value/fair value of this investment is above cost, thus no provision is required to make for the year.			
6.3 Maturity-wise grouping of investments			
On demand		1,514,000	1,085,500
Less than three months		7,286,000	7,114,500
More than three months but less than one year		3,828,500,000	3,328,500,000
More than one year but less than five years		1,574,900,000	2,360,300,000
More than five years		4,308,373,640	4,117,130,919
		<u>9,720,573,640</u>	<u>9,814,130,919</u>
6.4 Provision for investment			
Required provision		139,690,083	139,690,083
Provision maintained		139,690,083	139,690,083
Provision excess/(shortage)		<u>-</u>	<u>-</u>
6(a) Consolidated investment			
(i) Government securities			
Bangladesh Development Bank Limited	Note: 6.1	1,514,000	1,085,500
BDBL Securities Limited		-	-
BDBL Investment Services Limited		-	-
		<u>1,514,000</u>	<u>1,085,500</u>
(ii) Other investments			
Bangladesh Development Bank Limited	Note: 6.2	9,719,059,640	9,813,045,419
Less: Investment in Subsidiaries		(1,000,000,000)	(1,000,000,000)
BDBL Securities Limited		929,766,718	809,819,461
BDBL Investment Services Limited		593,953,601	569,934,418
		<u>10,242,779,959</u>	<u>10,192,799,298</u>
		<u>10,244,293,959</u>	<u>10,193,884,798</u>
7. Loans and advances			
Loans, cash credits, overdrafts, etc			
In Bangladesh		19,342,341,040	18,815,259,546
Outside Bangladesh		-	-
		<u>19,342,341,040</u>	<u>18,815,259,546</u>
Bills purchased and discounted :			
In Bangladesh		641,562,264	491,901,128
Outside Bangladesh		-	-
		<u>641,562,264</u>	<u>491,901,128</u>
		<u>19,983,903,304</u>	<u>19,307,160,674</u>

Bangladesh Development Bank Limited

**Notes to the financial statements
For the year ended 31 December 2019**

	2019	2018
	BDT	BDT
7.1 Nature-wise loans and advances		
Cash credits	4,628,203,534	4,610,009,533
Long term (amount due and not due)	8,864,223,330	8,321,758,456
Overdrafts	315,177,017	505,083,399
Local documentary bill purchased	641,562,264	491,901,128
Bridge loan	-	-
Consumer loan	277,126,351	242,004,472
Loan against trust receipt and others	1,629,876,147	1,510,765,955
Staff loan	3,627,734,661	3,625,637,731
	<u>19,983,903,304</u>	<u>19,307,160,674</u>
7.2 Maturity-wise grouping of loans and advances		
On demand	-	-
Not more than three months	3,298,200,000	3,094,700,000
Over three months but not more than one year	3,871,800,000	4,084,500,000
Over one year but not more than five years	9,858,400,000	8,419,500,000
Over five years	2,955,503,304	3,708,460,674
	<u>19,983,903,304</u>	<u>19,307,160,674</u>
7.3 Particulars of advances		
i. Debts considered good in respect of which the Bank is fully secured.	12,321,381,713	10,411,603,921
ii. Debts considered good for which the Bank hold no other security than the debtors personal security.	918,688,614	733,905,600
iii. Debts considered good and secured by the personal liabilities of one or more persons in addition to the personal security of the debtors.	-	-
iv. Debts considered doubtful or bad provision not provided for.	-	-
v. Debts due by directors or officers, employees of the banking company or any of them either severally or jointly with any other persons and debt due by companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or in the case of private companies, as members, directors.	3,627,734,661	3,625,637,731
vi. Maximum total amount of advances, including temporary advances made any time during the year to directors or managers or officers of the banking company or any of them either severally or jointly with any other persons.	10,385,000	10,385,000
vii. Debts due from companies or firms in which the directors of the Bank are interested as directors, partners, or managing agents or in case of private companies, as members.	-	-
viii. Maximum total amount of advances including temporary advances	-	-
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.	7,241,427,568	8,157,963,298
(a) The balance of bad loan written-off is BDT 17,57,36,04,499.34 which has been written-off as per Bangladesh Bank's Circular No. 02 dated 13 January 2003 and a debt collection department has been established to take initiative for recovery of that bad loan.	17,573,604,499	17,789,429,750

Bangladesh Development Bank Limited

**Notes to the financial statements
For the year ended 31 December 2019**

	2019 BDT	2018 BDT
7.4 Movement of loans and advances		
Opening balance	19,307,160,674	17,945,967,530
Add: Disbursed during the year	5,262,481,113	5,047,482,496
Add: Interest charged during the year	1,015,592,440	1,325,916,178
	25,585,234,227	24,319,366,204
Less: Recovery during the year	5,601,330,923	5,012,205,530
	19,983,903,304	19,307,160,674
Add/Less: Written-off and adjustment during the year	-	-
Closing balance	19,983,903,304	19,307,160,674

As at 31 Dec 2018, accumulated written-off loans stood at 17,789,429,750 During the year under reporting no further loans have been written-off, but a waiver of BDT 44,795,155 and recovery of BDT 172,441,936 have been provided/made: making the written-off loans of BDT 17,573,604,499 as at 31 December 2019.

7.5 Significant concentration-wise grouping		
Other executives and officers of the Bank	3,627,734,661	3,625,637,731
Customers	2,222,179,515	2,257,853,826
Industries	14,133,989,128	13,423,669,117
	19,983,903,304	19,307,160,674

7.6 Division-wise loans & advances		
Dhaka Division	9,519,800,000	9,576,230,848
Mymensingh Division	1,404,200,000	2,847,389,823
Khulna Division	1,007,800,000	2,153,565,897
Chittagong Division	2,766,200,000	388,544,465
Rajshahi Division	2,404,100,000	926,200,461
Barisal Division	439,200,000	1,442,177,056
Sylhet Division	479,400,000	440,519,134
Rangpur	1,963,203,304	1,532,532,989
	19,983,903,304	19,307,160,674

7.7 Classification status of loans and advances		
Unclassified loan:		
Standard	6,892,135,163	6,371,294,635
Standard (C.F)	192,373,596	120,868,681
Special mention account	1,621,170,960	305,835,541
Staff loan	3,615,701,994	3,613,605,064
	12,321,381,713	10,411,603,921
Classified:		
Sub-standard	264,801,239	521,045,350
Doubtful	156,292,784	216,548,105
Bad/Loss	7,241,427,568	8,157,963,298
	7,662,521,591	8,895,556,753
Total :	19,983,903,304	19,307,160,674

As at 31 December 2019 bad/loss loans includes staff loan of BDT 12 million. These loans have been classified as bad/loss due to non-payment of loans resulting from death of employees or discontinuance of unemployment with the bank. Most of the loans are recoverable as the employees have retirement benefits unsettled with the bank.

Provisions required against loans and advances

Unclassified loan:		
Standard	43,765,266	62,231,733
Standard (C.F)	9,618,680	6,043,434
Special mention account	15,888,160	2,588,782
Staff loan	36,157,020	36,136,051
Classified:		
Sub-standard	16,453,236	36,100,000
Doubtful	19,594,860	30,000,000
Bad/Loss	3,754,957,003	3,629,700,197
Total	3,896,434,225	3,802,800,197
Provisions maintained	3,897,529,735	3,804,631,825
Provisions surplus/(deficit)	1,095,510	1,831,628

Bangladesh Development Bank Limited

**Notes to the financial statements
For the year ended 31 December 2019**

	2019	2018
	BDT	BDT
7.8 Sector-wise loans & advances		
Industrial sector		
Food and allied products	3,629,788,047	3,487,453,009
Jute and allied fibre products	199,385,320	158,689,936
Cotton woolen and synthetic textile	5,032,537,701	4,740,841,458
Paper, paper products and printing	113,041,347	109,565,171
Tannery and its products	40,763,769	14,079,364
Non-metallic mineral products	205,717,289	181,596,703
Forest, wood products & saw mills	161,170,666	92,301,831
Metal products	1,092,386,833	8,462,493
Electrical machinery and goods	121,924,201	768,066,442
Machinery and spare parts	40,231,404	103,441,361
Transport sector	91,706,351	12,621,603
Chemicals and pharmaceuticals	261,337,318	81,365,840
Petro-chemicals	103,584,392	301,262,749
Service industries	683,516,490	125,009,702
Rubber goods sector	15,476,596	821,572,284
Miscellaneous sector	8,191,335,580	8,300,830,728
	<u>19,983,903,304</u>	<u>19,307,160,674</u>

7.9 Loans written-off

As per Bangladesh Bank circular no. 02 dated January 2003 and Bangladesh Bank letter no. BRPD(P)661/13(chha)/2003-2230, dated 1 June 2003 classified loans and advances have been written-off from the books as and when necessary. The balance position of the written-off loans as on 31 December 2019 is BDT 17,573,604,499. The movement of the written-off loans is as follows:

Opening balance	17,789,429,750	18,006,666,841
<u>Add:</u> Addition during the year	-	-
	<u>17,789,429,750</u>	<u>18,006,666,841</u>
<u>Less:</u> Recovery during the year	(185,424,935)	(172,441,936)
<u>Less:</u> Waiver during the year	(30,400,316)	(44,795,155)
Closing balance	<u>17,573,604,499</u>	<u>17,789,429,750</u>

Recovery of loans for the year under reporting is BDT 185,424,935 and waived during the year with outstanding balance of BDT 30,400,316.

Bangladesh Development Bank Limited

Notes to the financial statements

For the year ended 31 December 2019

	2019 BDT	2018 BDT
7(a) Consolidated loans and advances		
(i) Loans, cash credits, overdrafts, etc		
Bangladesh Development Bank Limited	19,342,341,040	18,815,259,546
<u>Less:</u> Inter group loan (Securities)	(257,557,330)	(450,000,000)
BDBL Securities and Investment Services Limited	83,573,265	113,374,398
	19,168,356,975	18,478,633,944
(ii) Bills purchased and discounted		
Bangladesh Development Bank Limited	641,562,264	491,901,128
BDBL Securities Limited	-	-
BDBL Investment Services Limited	-	-
	641,562,264	491,901,128
	19,809,919,239	18,970,535,072
8. Fixed assets including premises, furniture and fixtures		
Opening balance	954,573,749	944,965,216
<u>Add:</u> Addition during the year	19,252,457	14,426,297
<u>Less:</u> Disposal/adjustment during the year	3,015,668	4,817,764
	970,810,538	954,573,749
<u>Less:</u> Accumulated depreciation at the year end	634,643,499	603,794,880
	336,167,039	350,778,869
Revaluation balance at the year end	7,479,253,428	7,589,600,845
Closing balance	7,815,420,467	7,940,379,714
Details are given in Annex A.		
8(a) Consolidated fixed assets including premises, furniture and fixtures		
Bangladesh Development Bank Limited	7,815,420,467	7,940,379,714
BDBL Securities Limited	3,607,822	4,265,337
BDBL Investment Services Limited	5,676,594	6,415,519
	7,824,704,883	7,951,060,570
9. Other assets		
Stationery and stamps in hand	4,924,604	4,905,381
Tax paid in advance	3,519,914,787	3,251,321,709
Prepaid expenses and security deposit	27,405,853	30,019,441
Accrued income (CAD and Branches)	414,860,563	963,953,250
Suspense A/C (CAD and branches)	6,041,339	4,252,641
Exchange risk adjustment account	61,359,262	61,359,262
Depreciation fund - interest receivable	26,462,500	26,462,500
Sanchaya patra encashment A/C	151,105,419	228,819,308
Legal expenses realizable A/C	52,894,055	50,687,729
Misc. receivable and sundry for adjustment purpose	27,462,784	3,460,197
Inter office adjustment	-	19,199,565
Temporary advance	6,648,176	4,541,740
Receivable from securities-Salary & Allowances	32,631,870	18,996,483
Receivable from BSL	27,058,760	22,090,512
Receivable from BSL	33,854,118	37,068,984
Interest receivable on bond	667,778	1,172,329
Other charges receivables from write-off project	8,577	8,577
	4,393,300,445	4,728,319,608
9.1 Tax paid in advance		
Movement of the advance tax paid during the year is as follows:		
Opening balance	3,251,321,709	2,903,294,445
<u>Add:</u> Addition during the year	268,593,078	348,027,264
	3,519,914,787	3,251,321,709
<u>Less:</u> Adjustment during the year	-	-
Closing balance	3,519,914,787	3,251,321,709
Year wise break-up of the above amount is shown as follows:		

A: Erstwhile BSRS:

Accounting year	Assessment year	Corporate advance tax	Deducted at source	Total BDT
1997 - 1998	1998 - 1999	-	5,666,165	5,666,165
1998 - 1999	1999 - 2000	-	6,620,718	6,620,718
1999 - 2000	2000 - 2001	12,500,000	4,731,041	17,231,041
2000 - 2001	2001 - 2002	45,473,000	4,391,185	49,864,185
2001 - 2002	2002 - 2003	16,000,000	5,558,725	21,558,725
2002 - 2003	2003 - 2004	4,500,000	7,314,644	11,814,644
2003 - 2004	2004 - 2005	10,000,000	7,020,445	17,020,445
2004 - 2005	2005 - 2006	-	6,936,472	6,936,472
2005 - 2006	2006 - 2007	-	13,412,159	13,412,159
2006 - 2007	2007 - 2008	20,000,000	18,913,584	38,913,584
2007 - 2008	2008 - 2009	10,000,000	20,865,579	30,865,579
2008 - 2009	2009 - 2010	34,848,614	22,489,729	57,338,343
2009 - 2010	2010 - 2011	-	13,223,817	13,223,817
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 BDT
1994-95	1995-1996	-	223,455,120	223,455,120
1995-96	1996-1997	-	1,388,566	1,388,566
1996-97	1997-1998	-	101,091,067	101,091,067
1997-98	1998-1999	-	69,230,875	69,230,875
1998-99	1999-2000	-	18,911,461	18,911,461
1999-00	2000-2001	-	12,737,817	12,737,817
2000-01	2001-2002	-	13,926,730	13,926,730
2001-02	2002-2003	-	25,698,639	25,698,639
2002-03	2003-2004	-	30,948,020	30,948,020
2003-04	2004-2005	-	32,943,494	32,943,494
2004-05	2005-2006	-	22,924,846	22,924,846
2005-06	2006-2007	-	25,020,846	25,020,846
2006-07	2007-2008	-	24,016,003	24,016,003
2007-08	2008-2009	50,000,000	24,546,660	74,546,660
2008-09	2009-2010	-	18,992,160	18,992,160
2009-10	2010-2011	-	7,727,587	7,727,587
Total (B)		50,000,000	653,559,891	703,559,891

C: BDBL

Accounting year	Assessment year	Corporate advance tax	Deducted at source	Total BDT
2010	2011-2012	10,000,000	73,748,710	83,748,710
2011	2012-2013	61,232,451	89,333,534	150,565,985
2012	2013-2014	82,370,218	120,350,190	202,720,408
2013	2014-2015	60,735,632	194,793,491	255,529,123
2014	2015-2016	-	289,235,544	289,235,544
2015	2016-2017	154,782,467	244,926,149	399,708,617
2016	2017-2018	41,371,000	242,688,379	284,059,380
2017	2018-2019	15,000,000	228,700,911	243,700,911
2018	2019-2020	64,617,766	283,409,498	348,027,264
2019	2020-2021	-	268,593,078	268,593,078
Total (C)		490,109,534	2,035,779,484	2,525,889,020

Total advance tax paid (A+B+C)

3,519,914,787

9.2 Accrued income

CAD, Head office

Dividend	75,036,609	559,167,894
Interest on debenture/other	25,749,141	25,749,141
Rent	89,542,518	82,250,252
Accrued income on FDR	224,532,295	296,785,963
	414,860,563	963,953,250

Branch Offices

Grand-total	414,860,563	963,953,250
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Bangladesh Development Bank Limited

**Notes to the financial statements
For the year ended 31 December 2019**

		2019	2018
		BDT	BDT
9(a) Consolidated other assets			
Bangladesh Development Bank Limited	Note:9	4,393,300,445	4,728,319,608
Less: Receivable from BSL		46,309,242	34,937,940
Less: Receivable from BISL		47,235,506	43,218,039
BDBL Securities Limited		68,398,108	69,816,412
BDBL Investment Services Limited		35,045,821	21,440,947
		<u>4,403,199,626</u>	<u>4,741,420,988</u>
10. Borrowing from other banks, financial institutions and agents			
In Bangladesh	Note:10.1	35,826,453	108,482,619
Outside Bangladesh		-	-
		<u>35,826,453</u>	<u>108,482,619</u>
a) Security based segregation			
Secured		-	-
Un-secured		35,826,453	108,482,619
		<u>35,826,453</u>	<u>108,482,619</u>
b) Maturity based segregation			
On demand		-	-
On maturity		35,826,453	108,482,619
		<u>35,826,453</u>	<u>108,482,619</u>
10.1 In Bangladesh			
DM 3.00 million K.F.W. loan		3,697,594	4,309,722
SME refinance from BB		32,128,859	104,172,897
		<u>35,826,453</u>	<u>108,482,619</u>
11. Deposits and other accounts			
Current and other accounts	Note: 11.1	2,743,641,350	2,242,299,641
Bills payable	Note: 11.2	128,914,922	126,058,767
Saving bank deposits		1,451,212,270	1,118,957,007
Fixed deposits		23,322,109,970	24,824,971,956
		<u>27,645,878,512</u>	<u>28,312,287,371</u>
11.1 Current and other accounts			
Short term deposit account		1,291,329,376	641,422,334
Scheme deposit		646,922,256	694,896,557
Sundry deposit		315,237,105	233,169,361
Current account		371,645,954	574,948,761
Margin deposits		10,588,511	11,065,195
Guarantee margin security deposits		54,462,296	36,806,462
Earnest money		72,200	72,200
Payable under investment scheme		52,591,558	47,288,455
Deposit in foreign currency		792,094	2,630,316
		<u>2,743,641,350</u>	<u>2,242,299,641</u>
11.2 Bills payable			
Payment order		128,020,562	123,831,567
Drafts payable		894,360	2,227,200
		<u>128,914,922</u>	<u>126,058,767</u>
11.3 Deposits and other accounts by maturity			
On demand		103,200,000	103,200,000
Repayable within one month		1,312,800,000	1,237,600,000
More than one month but not more than six months		2,649,400,000	2,611,700,000
More than six months but not more than one year		6,543,100,000	7,306,800,000
More than one year but not more than five years		17,037,378,512	17,052,987,371
More than five years but not more than ten years		-	-
Unclaimed deposits held by the bank more than ten years		-	-
		<u>27,645,878,512</u>	<u>28,312,287,371</u>
11(a) Consolidated deposit and other accounts			
(i) Current and other accounts			
Bangladesh Development Bank Limited	Note:11.1	2,743,641,350	2,242,299,641
Less: BDBL Securities Limited		(86,154)	(6,124,433)
Less: BDBL Investment Services Limited		(200,833)	(365,063)
		<u>2,743,354,363</u>	<u>2,235,810,145</u>

Bangladesh Development Bank Limited

**Notes to the financial statements
For the year ended 31 December 2019**

		2019 BDT	2018 BDT
(ii) Bills payable			
Bangladesh Development Bank Limited	Note:11.2	128,914,922	126,058,767
BDBL Securities Limited		-	-
BDBL Investment Services Limited		-	-
		128,914,922	126,058,767
(iii) Savings bank deposit			
Bangladesh Development Bank Limited		1,451,212,270	1,118,957,007
BDBL Securities Limited		-	-
BDBL Investment Services Limited		-	-
		1,451,212,270	1,118,957,007
(iv) Fixed deposit			
Bangladesh Development Bank Limited		23,322,109,970	24,824,971,956
BDBL Securities Limited		-	-
BDBL Investment Services Limited		-	-
		23,322,109,970	24,824,971,956
		27,645,591,525	28,305,797,875
12. Other liabilities			
Provision for income tax	Note: 12.1	3,013,591,487	2,893,591,487
Provision for deferred tax	Note: 12.2	1,053,269,209	1,068,543,954
Accrued expenses	Note: 12.3	774,647,482	775,087,432
Others funds	Note: 12.4	181,209,371	284,184,498
Provision for B/D equity		48,412,100	48,412,100
Provision for B/D debenture		32,977,983	32,977,983
Provision for investment and share		58,300,000	58,300,000
Other provisions	Note: 12.5	598,814,677	470,698,579
Provision for unclassified loan	Note: 12.6	105,429,126	107,000,000
Provision for classified loan	Note: 12.7	3,792,100,609	3,697,631,825
Interest suspense	Note: 12.8	1,555,729,518	1,560,438,871
Advance deposit receipts	Note: 12.9	265,362,888	479,495,651
Miscellaneous	Note: 12.10	162,283,767	191,528,492
		11,642,128,217	11,667,890,872
12.1 Provision for income tax			
Opening balance		2,893,591,487	2,543,591,487
Add: Provision made during the year		120,000,000	350,000,000
		3,013,591,487	2,893,591,487
Less: Adjustment made during the year		-	-
Closing balance		3,013,591,487	2,893,591,487
12.1.1 Income tax assessment status			
A) Erstwhile BSB			

Financial Year	Assessment Year	Assessment Status
2003-2004	2004-2005	Settled upto AY 2004-05 and Tax refundable is BDT 12.65 Crore.
2004-2005	2005-2006	Final as per under section 82BB of ITO 1984
2005-2006	2006-2007	Final as per under section 82BB of ITO 1984
2006-2007	2007-2008	Final as per under section 82BB of ITO 1984
2007-2008	2008-2009	Final as per under section 83(2) of ITO 1984
2008-2009	2009-2010	Pending with Appeal tribunal
2009-2010	2010-2011	ADR Revised order and Appeal order yet to be received

B) Erstwhile BSRS

Financial Year	Assessment Year	Assessment Status
1995-1996	1996-1997	Tax cases settled. No demand by tax authority.
1996-1997	1997-1998	
1997-1998	1998-1999	
1998-1999	1999-2000	
1999-2000	2000-2001	Tax assessment order has not yet been revised as per tribunal order.
2000-2001	2001-2002	"
2001-2002	2002-2003	"
2002-2003	2003-2004	"
2003-2004	2004-2005	Refundable BDT 17,020,445
2004-2005	2005-2006	Not yet assessed refundable BDT 6,936,472
2005-2006	2006-2007	Tax assessment has not yet been revised as order CT appeal
2006-2007	2007-2008	Self assessment
2007-2008	2008-2009	To be revised as per CT appeal
2008-2009	2009-2010	Appealed before the commissioner of taxes.
2009-2010	2010-2011	Appealed before the commissioner of taxes.

C) BDBL

Financial Year	Assessment Year	Assessment Status
2010	2011-2012	DP BDT 7,47,000.00 not credited. The taxes Appellate Tribunal order dated 29 April 2015 available but revised order is yet to be received.
2011	2012-2013	DP BDT 11,000,000.00 not credited. The taxes Appellate Tribunal order disposed dated 30 April 2015.
2012	2013-2014	TDS BDT 1,948,242 not credited. The appeal filed on 27 June 2016 for rectification
2013	2014-2015	TDS BDT 542,649 not credited. The appeal filed on 18 October 2016 for rectification
2014	2015-2016	Return file normal in procedure.
2015	2016-2017	Return filed
2016	2017-2018	Return filed
2017	2018-2019	Return filed
2018	2019-2020	Return filed
2019	2020-2021	Not yet filed

	2019 BDT	2018 BDT
12.2 Provision for deferred tax		
A. Deferred tax on fixed asset		
Deferred tax liabilities have been computed in accordance with IAS-12 based on taxable temporary difference in carrying amount of the fixed assets and its tax base as follows:		
WDV of fixed assets as per tax records	137,203,337	149,490,418
WDV of fixed assets as per accounts	336,167,039	350,778,869
Taxable/(deductible) temporary difference	(198,963,702)	(201,288,451)
Applicable tax rate	40.00%	40.00%
Deferred tax assets/(liabilities)	(79,585,481)	(80,515,381)
B. Deferred tax on asset revaluation reserve		
Asset revaluation reserve on 01 January 2019*	6,601,572,270	6,700,033,996
Less: Adjustment for depreciation during the year	110,347,417	113,176,838
Less: Adjustment for sold assets	-	-
	6,491,224,853	6,586,857,158
Applicable tax rate	15%	15%
Deferred tax asset/(liability)	(973,683,728)	(988,028,574)
Total deferred tax liability (A+B)	(1,053,269,209)	(1,068,543,954)
*See Annex and Note: 16.2(a)		
12.3 Accrued expense		
Accrued interest	706,888,907	706,941,082
Accrued expense	67,758,575	68,146,350
	774,647,482	775,087,432
12.4 Other funds		
Pension and death cum retirement fund	79,692,052	238,761,290
Employees provident fund	55,313,400	11,954,379
Employees gratuity fund	42,089,152	31,727,374
Employees benevolent fund	4,114,767	1,741,455
	181,209,371	284,184,498
12.5 Total other provisions	598,814,677	470,698,579
12.5.a Other provisions		
Provision for bonus	40,046,008	130,331,673
Provision for unadjusted inter branch current account	2,800,000	10,500,000
Dividend payable to Govt.	100,000,000	100,000,000
Payable to Govt. against share dividend	30,551,199	28,649,436
	173,397,207	269,481,109
12.5.b Provision for other assets		
Provision for realisable legal expenses	51,002,000	47,100,000
Provision for interest on depreciation fund	26,462,500	26,462,500
Provision for off balance sheet items	10,270,000	15,653,500
Provision for exchange risk adjustment A/C	61,359,262	61,359,262
Provision for investment in other bank and financial institution*	213,300,000	-
Provision for other asset	63,023,708	50,642,208
	425,417,470	201,217,470

* Bangladesh Bank classified the investment with People's Leasing and Financial Services Ltd. and Bangladesh Industrial Finance Company Ltd. on qualitative judgment and objective criteria. As a result, total required provision against these investments stood at Taka 50.17 crores for the year ended 31 December 2019. Bank maintained provision for investment in other bank and financial institutions amounting to Taka 21.33 crores. As per Bank's application Bangladesh Bank vide its letter no. DBI-2(UB-6)/2640/2020-889 dated 30 June 2020 has given relief to the Bank of Taka 29.14 crores against the required provision and advised the Bank to provide this shortfall during the year ended 31 December 2020.

Bangladesh Development Bank Limited

**Notes to the financial statements
For the year ended 31 December 2019**

	2019 BDT	2018 BDT
12.6 Provision for un-classified loan		
Provision held at the beginning of the year	107,000,000	86,533,833
<u>Less:</u> Fully provided debts written-off	-	-
<u>Add:</u> Recoveries of amount previously written-off	-	-
<u>Add:</u> Specific provision for the year	-	-
Provision transfer to other assets	-	-
Less: Excess provision transferred to provision to CL loan	(1,570,874)	20,466,167
<u>Add:</u> Specific provision for special mentioned A/C	-	-
Provision held at the end of the Year	105,429,126	107,000,000
12.7 Provision for classified loan		
Provision held at the beginning of the year	3,697,631,825	3,655,954,667
<u>Less:</u> Fully provided debts written-off/loan liquidated	-	-
<u>Add:</u> Recoveries of amount previously written-off	-	-
<u>Add:</u> Specific provision for the year	34,000,000	70,000,000
<u>Add:</u> Recoveries and provision no longer required	58,897,910	(7,856,675)
<u>Less:</u> Excess provision transferred to provision for off-balance sheet Items	-	-
<u>Add:</u> Excess provision transferred from un-classified loan	1,570,874	(20,466,167)
Provision held at the end of the year	3,792,100,609	3,697,631,825
Total provision maintained	3,897,529,735	3,804,631,825
Required provision	3,896,434,225	3,802,800,197
Excess/(Shortfall)	1,095,510	1,831,628
12.8 Interest suspense		
Opening balance	717,443,561	718,767,995
<u>Add:</u> Credited during the year	129,927,221	217,310,715
<u>Less:</u> Transferred to income	120,165,983	218,635,149
<u>Less:</u> Written-off during the year	-	-
<u>Less:</u> Adjustment during the year	11,860,133	-
Closing balance	715,344,666	717,443,561
<u>Add:</u> Interest suspense A/C (IDCP)	840,384,852	842,995,310
	1,555,729,518	1,560,438,871
12.9 Advance deposits receipts		
Other deposits received in advance	43,597,817	19,038,636
L/C Charges Received in Advance	487,779	226,140
Advance rent received on Bank's premises	2,219,354	2,036,210
Sundry - unadjusted recovery from loan	86,981,142	113,656,759
Sundry deposits(write-off)	132,076,796	344,537,906
	265,362,888	479,495,651
12.10 Miscellaneous		
FCTA exchange premium	46,028,469	46,028,469
FCTA penal premium	7,446,350	7,446,350
Liabilities towards BSB and EPF	6,394,900	6,394,900
Sanchaya patra sold	1,400,000	64,619,450
Special adjustment account	8,378,996	1,895,012
Managed fund	725,542	725,542
Exchange equalization account	50,014,200	50,014,200
Liability for other finance	1,444	1,444
Other payable	50,348	19,263
Suspense others	-	1,265,949
Liability for other expenses	4,541,510	6,519,154
Employees Income Tax	6,251,689	6,598,759
Inter office adjustment	31,050,319	-
	162,283,767	191,528,492
12.10.1 Inter office adjustment account		
CAD current account in branch office book	(10,218,669,959)	(8,335,224,735)
Branch office current account in CAD's book	10,249,488,711	8,315,793,604
LAD's current account in CAD's book	(342,969,323)	96,174,009
CAD's current account in LAD's book	342,486,009	(96,657,323)
LAD's current account in branch office book	531,747,180	500,090,211
Branch office current account in LAD's book	(531,694,841)	(500,037,873)
Brokerage house C/A in Pr. Br.	136,000	136,000
Inter branch current account	526,542	526,542
	31,050,319	(19,199,565)

Note: 12.10.1

Bangladesh Development Bank Limited

Notes to the financial statements

For the year ended 31 December 2019

	2019 BDT	2018 BDT
12(a) Consolidated other liabilities		
Bangladesh Development Bank Limited	11,642,128,217	11,667,890,872
BDBL Securities Limited	260,982,983	284,857,487
BDBL Investment Services Limited	138,941,769	118,388,363
Less: Payable to BDBL (BSL)	(46,309,242)	(34,937,940)
Less: Payable to BDBL(BISL)	(47,235,506)	(43,218,039)
	11,948,508,221	11,992,980,743
12.a.i Consolidated current tax		
Bangladesh Development Bank Limited	120,000,000	350,000,000
BDBL Securities Limited	5,117,282	13,127,854
BDBL Investment Services Limited	7,566,680	8,240,020
	132,683,962	371,367,874
12.a.ii Consolidated deferred tax		
Bangladesh Development Bank Limited	(929,898)	(7,147,206)
BDBL Securities Limited	64,860	60,920
BDBL Investment Services Limited	(37,530)	253,742
	(902,568)	(6,832,544)
13 Capital		
Authorised capital:		
100,000,000 shares of BDT 100 each	10,000,000,000	10,000,000,000
Issued, subscribed and paid-up capital:		
40,000,000 Shares of BDT 100 each fully paid by the government and government nominated shareholders	4,000,000,000	4,000,000,000
13.1 Capital to risk weighted asset ratio (CRAR):		
CONSOLIDATED STATEMENT		
i) Core capital (Tier-i)		
Paid-up capital	4,000,000,000	4,000,000,000
General reserve	4,347,755,114	4,347,755,114
Statutory reserve	2,592,421,336	2,555,421,336
Retained earnings	612,690,929	570,811,848
Less: Provision shortfall as per RBCA (Basel-III)	1,910,291,676	732,226,286
	9,642,575,703	10,741,762,012
ii) Supplementary capital (Tier-ii)		
General provision	115,699,126	122,653,500
Assets revaluation reserves (20% of 50% of revaluation reserve)	-	660,157,227
	115,699,126	782,810,727
iii) Additional supplementary capital (Tier-iii)	-	-
Total supplementary capital (ii+iii)	115,699,126	782,810,727
A Total eligible capital (Tier-i+ii+iii)	9,758,274,829	11,524,572,739
B Total risk weighted assets	45,605,788,827	43,435,252,629
C Required capital(10% of risk weighted assets)	4,560,578,883	4,343,525,263
D Capital conservation buffer (2.5% on risk weighted assets)	1,140,144,721	814,410,987
E Total required capital with conservation buffer (C+D)	5,700,723,604	5,157,936,249
F Capital surplus (A-E)	4,057,551,225	6,366,636,489
Capital adequacy ratio	21.40%	26.53%
Core capital to risk weighted assets	21.15%	24.73%
Supplementary capital to risk weighted assets	0.25%	1.80%
SOLO STATEMENT		
i) Core capital (Tier-i)		
Paid-up capital	4,000,000,000	4,000,000,000
General reserve	4,347,755,114	4,347,755,114
Statutory reserve	2,592,421,336	2,555,421,336
Retained earnings	425,435,452	396,885,374
Less: Provision shortfall as per RBCA (Basel-III)	1,485,777,363	710,845,108
	9,879,834,539	10,589,216,716
ii) Supplementary capital (Tier-ii)		
General provision	115,699,126	122,653,500
Assets revaluation reserves (20% of 50% of revaluation reserve)	-	660,157,227
	115,699,126	782,810,727

	2019 BDT	2018 BDT		
iii) Additional supplementary capital (Tier-iii)	-	-		
Total supplementary capital (ii+iii)	115,699,126	782,810,727		
A Total eligible capital (Tier-i+ii+iii)	9,995,533,665	11,372,027,443		
B Total risk weighted assets	45,068,219,896	42,190,186,319		
C Required capital (10% of risk weighted assets)	4,506,821,990	4,219,018,632		
D Capital conservation buffer (2.5% on risk weighted assets)	1,126,705,497	791,065,993		
E Total required capital with conservation buffer	5,633,527,487	5,010,084,625		
F Capital surplus (A-E)	4,362,006,178	6,361,942,818		
Capital adequacy ratio	22.18%	26.95%		
Core capital to risk weighted assets ratio	21.92%	25.10%		
Supplementary capital to risk weighted assets ratio	0.26%	1.85%		
14. Quasi equity	134,744,560	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.				
15. Statutory reserve				
Opening balance	2,555,421,336	2,335,421,336		
Add: Addition made for the year	37,000,000	220,000,000		
Closing balance	2,592,421,336	2,555,421,336		
16. General, revaluation and other reserve	11,919,232,328	12,015,234,898		
16.1 General reserve				
Opening balance	4,347,755,114	4,047,755,114		
Add: Addition during the year	-	300,000,000		
Closing balance	4,347,755,114	4,347,755,114		
16.2 Asset revaluation reserve				
Opening balance	6,601,572,270	6,700,033,996		
Less: Adjustment for depreciation for the year	110,347,417	113,176,838		
Add/(Less): Adjustment for deferred tax	14,344,847	14,715,112		
Closing balance	6,505,569,700	6,601,572,270		
Asset-wise break-up of revaluation surplus is as under:				
	Land BDT	Building BDT	Motor vehicle BDT	Total BDT
Valuation surplus	2,761,481,990	3,840,090,279	1	6,601,572,270
Less: Adjustment for disposal of asset	-	-	-	-
Less: Adjustment for depreciation	-	110,347,417	-	110,347,417
Add: Adjustment for deferred tax liabilities @ 15%	(121)	14,344,968	-	14,344,847
Balance	2,761,481,869	3,744,087,830	1	6,505,569,700
16.2(a) Consolidated asset revaluation reserve				
Bangladesh Development Bank Limited		Note: 16.2	6,505,569,700	6,601,572,270
BDBL Investment Services Limited			-	-
			6,505,569,700	6,601,572,270
16.2.1 Deferred tax liabilities on asset revaluation reserve has been computed in accordance with IAS-12, on the assumption that this will be taxable in the form of capital gain and hence relevant tax rate is applied.				
16.3 Other reserve				
Capital reserve				
Opening balance			66,503,915	66,503,915
Add: Appreciation made for the year			-	-
Closing balance			66,503,915	66,503,915
Reserve for unforeseen losses				
Opening Balance			560,000	560,000
Add: Appreciation made during the year			-	-
Closing balance			560,000	560,000
Building fund				
Opening balance			639,241,000	539,241,000
Add: Appropriation made for the year			-	100,000,000
Closing balance			639,241,000	639,241,000

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	2019 BDT	2018 BDT
Special assistance fund		
Opening balance	109,161,572	109,161,572
Add: Appreciation made for the year	-	-
Closing balance	<u>109,161,572</u>	<u>109,161,572</u>
In accordance with the Industrial Policy 1986, a Special Assistance Fund (SAF) was created by erstwhile BSB as the prime DFI of the country to provide concessional loans to projects:		
a. Based on local innovation and invention of product and process;		
b. Utilizing locally manufactured capital goods; and		
c. For production of capital machinery and other non-traditional items.		
Equity adjustment reserve		
Opening balance	43,206,475	43,206,475
Add: Appreciation made for the year	-	-
Less: Adjustment during the year	-	-
Closing balance	<u>43,206,475</u>	<u>43,206,475</u>
Exchange equalisation reserve		
Opening Balance	131,518,243	131,518,243
Add: Addition/adjustment for the year	-	-
Closing balance	<u>131,518,243</u>	<u>131,518,243</u>
Special reserve		
Opening balance	75,716,308	75,716,308
Add: Appreciation made for the period	-	-
Less: Adjustment during the year	-	-
Closing balance	<u>75,716,308</u>	<u>75,716,308</u>
	<u>1,065,907,514</u>	<u>1,065,907,514</u>
Special reserve was created by erstwhile BSRS as per section 29(1)(V) of the Income Tax Ordinance, 1984.		
16.3(a) Consolidated other reserve		
Bangladesh Development Bank Limited	1,065,907,514	1,065,907,514
BDBL Securities Limited	5,581,872	4,000,000
BDBL Investment Services Limited	2,861,856	-
	<u>1,074,351,242</u>	<u>1,069,907,514</u>
16.4 Contingent liabilities		
Acceptance for FC guarantee	340,370,238	340,370,238
Letters of credit	399,980,377	591,894,760
Irrevocable letter of credits	-	-
Bills for collection	248,571,936	609,805,218.00
Other contingent liabilities	38,019,807	23,251,910.00
Total	<u>1,026,942,358</u>	<u>1,565,322,126</u>
16.5 Retained earnings		
Opening Balance	396,885,374	367,944,528
Add: Appropriation during the year	28,550,078	28,940,846
Add: Adjustment during the year	-	-
Closing balance	<u>425,435,452</u>	<u>396,885,374</u>
16(a) Consolidated current year retained earnings		
Bangladesh Development Bank Limited	28,550,078	28,940,846
BDBL Securities Limited	8,547,115	17,752,115
BDBL Investment Services Limited	9,225,615	28,618,561
	<u>46,322,808</u>	<u>75,311,522</u>
16(a.i) Consolidated retained earnings		
Bangladesh Development Bank Limited	425,435,452	396,885,374
BDBL Securities Limited	120,906,662	113,941,418
BDBL Investment Services Limited	66,348,815	59,985,056
	<u>612,690,929</u>	<u>570,811,848</u>

Note: 16.5

Bangladesh Development Bank Limited

**Notes to the financial statements
For the year ended 31 December 2019**

		2019	2018
		BDT	BDT
17. Profit and loss account			
Profit before tax during the year		184,620,180	1,091,793,640
<u>Less: Provision for income tax</u>		120,000,000	350,000,000
<u>Less: Provision for Deferred Tax</u>		(929,898)	(7,147,206)
<u>Less: Statutory Reserve</u>		37,000,000	220,000,000
<u>Less: General Reserve</u>		-	300,000,000
<u>Less: Building Fund</u>		-	100,000,000
<u>Less: Dividend to Government</u>		-	100,000,000
<u>Less: Retained Surplus</u>		28,550,078	28,940,846
		<u>-</u>	<u>-</u>
18. Interest income			
Interest on taka loans		249,090,183	376,874,809
Interest on amount due		12,808,309	2,442,414
Interest on money at call and on short notice		160,599,145	239,314,988
Interest on term deposit		1,169,274,299	1,399,099,035
Interest on F.C. A/C. with Bangladesh Bank		12,662,515	590,130
Interest on advances		550,662,292	564,513,532
Interest on staff loan		123,647,634	123,934,799
Interest on LTR		21,842,758	13,621,356
Interest on LDBP		47,780,025	18,524,966
		<u>2,348,367,160</u>	<u>2,738,916,029</u>
18(a) Consolidated interest income			
Bangladesh Development Bank Limited	Note: 18	2,348,367,160	2,738,916,029
BDBL Securities Limited		18,001,845	74,574,339
BDBL Investment Services Limited		5,993,577	44,034,638
<u>Less: Interest income from Subsidiaries</u>		26,833,904	42,851,439
		<u>2,345,528,678</u>	<u>2,814,673,567</u>
19. Interest paid on borrowing, deposit			
Interest on L/C borrowing from GOB		114,309	131,142
Interest on borrowing from B. Bank		4,404,259	8,395,628
Interest on deposit at call		11,800,972	27,405,750
Interest on F.D. account		1,508,320,655	1,380,650,755
Interest on S.B account and schemes		117,359,477	124,073,183
Interest on deposit pension scheme and SND		47,042,196	42,331,228
		<u>1,689,041,868</u>	<u>1,582,987,686</u>
19 (a) Consolidated interest paid on borrowing, deposit			
Bangladesh Development Bank Limited	Note: 19	1,689,041,868	1,582,987,686
BDBL Securities Limited		26,833,904	42,851,439
<u>Less: Interest paid to BDBL</u>		26,833,904	42,851,439
		<u>1,689,041,868</u>	<u>1,582,987,686</u>
20. Investment income			
Profit on sale of shares/securities		104,491,835	132,483,680
Dividend on shares/securities		187,081,714	685,551,494
Interest on debentures		379,544	-
Interest on bond		15,520,449	25,918,494
		<u>307,473,542</u>	<u>843,953,668</u>
20(a) Consolidated investment income			
Bangladesh Development Bank Limited	Note: 20	307,473,542	843,953,668
BDBL Securities Limited		47,247,026	41,956,851
BDBL Investment Services Limited		31,163,596	31,651,251
		<u>385,884,164</u>	<u>917,561,770</u>
21. Commission, exchange and brokerage			
Other fees commission and charges		3,555,386	1,641,082
Commission on F.C./ L/C		5,817,620	3,681,647
Commission on bills for collection		2,571,861	998,631
Acceptance commission		-	-
Exchange commission		15,967,299	8,091,774
Brokerage commission		826,115	5,243,321
Commission on remittance		4,478	80
Commission on Taka guarantee		164,021	699,276
		<u>28,906,780</u>	<u>20,355,811</u>

Bangladesh Development Bank Limited

**Notes to the financial statements
For the year ended 31 December 2019**

		2019	2018
		BDT	BDT
21(a) Consolidated commission, exchange and brokerage			
Bangladesh Development Bank Limited	Note: 21	28,906,780	20,355,811
BDBL Securities Limited		10,097,495	27,809,939
BDBL Investment Services Limited		8,390,462	9,067,552
		<u>47,394,737</u>	<u>57,233,302</u>
22. Other operating income			
Rent on Bank's premises		269,738,611	272,731,739
Profit on sale of assets		-	13,953
Technical examination fees		2,907,416	2,894,583
Legal amount and documentation charges		177,876	412,446
Gain or loss on re-valuation of F.C A/C		9,517,070	2,110,116
Income from write-off loan account		185,424,935	172,441,936
Miscellaneous earnings		20,107,166	17,549,734
		<u>487,873,074</u>	<u>468,154,507</u>
22(a) Consolidated other operating income			
Bangladesh Development Bank Limited	Note: 22	487,873,074	468,154,507
BDBL Securities Limited		1,093,514	838,734
BDBL Investment Services Limited		899,765	1,011,496
		<u>489,866,353</u>	<u>470,004,737</u>
22(b) Receipt from other operating activities			
Profit on sale of securities		104,491,835	132,483,680
Interest on bond		15,899,993	25,918,494
Rent on Bank's premises		269,738,611	272,731,739
Others		23,192,458	22,360,204
		<u>413,322,897</u>	<u>453,494,117</u>
23. Salaries and allowances			
Salary and allowances		503,134,721	499,694,124
Bank's contribution to employees P.F and gratuity fund		20,031,382	16,091,900
Staff salary (outsourcing)		56,795,755	46,211,824
Staff overtime allowances		11,287,930	11,595,406
Employees pension fund (Note: 23.1)		133,373,022	341,466,168
Staff welfare facilities		12,511,300	12,535,700
Staff education expenses		50,750	71,333
Incentive Bonus (Note: 23.2)		-	80,000,000
Festival Bonus		54,769,671	54,564,675
		<u>791,954,531</u>	<u>1,062,231,130</u>
Managing Director/Chief Executive's remuneration		<u>1,746,184</u>	<u>3,000,000</u>
23.1	An actuarial valuation had been carried out by a professional actuarial firm as at 31 December 2017 to determine any surplus or deficit for these defined benefit plans. A shortfall of BDT 2,164 million has been reported in the said valuation report. However, as per bank's board decision in this regard Tk. 250.00 million lumpsum to be contributed in the pension and death cum retirement fund each year on the profitability of the Bank. Whereas Tk. 50.00 million has been provided for the said fund to meet the shortfall in the year 2019 due to insufficiency of profitability.		
23.2	Incentive bonus represents two months basic salary of the employees.		
23(a) Consolidated salary and allowances			
Bangladesh Development Bank Limited	Note: 23	791,954,531	1,062,231,130
BDBL Securities Limited		14,094,020	14,552,817
BDBL Investment Services Limited		6,028,619	5,342,853
		<u>812,077,170</u>	<u>1,082,126,800</u>
24. Rent, taxes, insurance, lighting			
Rent and property taxes		45,217,389	34,330,214
Electricity, light and gas		3,302,242	9,941,253
Insurance, telex and rental		7,961,161	7,534,431
		<u>56,480,792</u>	<u>51,805,898</u>
24(a) Consolidated rent, taxes, insurance, lighting			
Bangladesh Development Bank Limited	Note: 24	56,480,792	51,805,898
BDBL Securities Limited		3,848,560	4,172,091
BDBL Investment Services Limited		2,423,850	2,420,454
		<u>62,753,202</u>	<u>58,398,443</u>

Bangladesh Development Bank Limited

**Notes to the financial statements
For the year ended 31 December 2019**

		2019	2018
		BDT	BDT
25. Legal and professional expenses			
Legal and documentation charges		902,131	1,540,559
Professional charges		223,500	1,884,748
		<u>1,125,631</u>	<u>3,425,307</u>
25(a) Consolidated legal and professional expenses			
Bangladesh Development Bank Limited	Note: 25	1,125,631	3,425,307
BDBL Securities Limited		183,100	116,500
BDBL Investment Services Limited		51,750	40,250
		<u>1,360,481</u>	<u>3,582,057</u>
26. Postage, telecommunication, etc			
Postage and telegram		3,338,584	3,590,146
Telephone - local and trunk call		3,080,783	3,305,211
		<u>6,419,367</u>	<u>6,895,357</u>
26(a) Consolidated postage, telegram and telephone			
Bangladesh Development Bank Limited	Note: 26	6,419,367	6,895,357
BDBL Securities Limited		78,457	49,497
BDBL Investment Services Limited		61,627	41,550
		<u>6,559,451</u>	<u>6,986,404</u>
27. Stationery, printing and advertisement			
Printing and stationery		7,351,401	4,386,815
Advertisement		1,711,967	1,736,971
		<u>9,063,368</u>	<u>6,123,786</u>
27(a) Consolidated stationery, printing and advertisement			
Bangladesh Development Bank Limited	Note: 27	9,063,368	6,123,786
BDBL Securities Limited		474,932	839,925
BDBL Investment Services Limited		73,304	94,864
		<u>9,611,604</u>	<u>7,058,575</u>
28. Directors' fees		<u>1,512,157</u>	<u>1,490,400</u>
Each director is paid BDT 8,000 per meeting per attendance.			
28(a) Consolidated Director fees			
Bangladesh Development Bank Limited	Note: 28	1,512,157	1,490,400
BDBL Securities Limited		809,404	681,100
BDBL Investment Services Limited		607,200	469,200
		<u>2,928,761</u>	<u>2,640,700</u>
(b) Consolidated auditor fees			
Bangladesh Development Bank Limited		1,143,500	1,007,250
BDBL Securities Limited		60,000	60,000
BDBL Investment Services Limited		69,000	69,000
		<u>1,272,500</u>	<u>1,136,250</u>
29. Depreciation and repair of Bank's assets			
Depreciation of fixed assets		30,854,655	36,785,921
Repair and maintenance of Bank's properties		22,772,171	19,557,550
		<u>53,626,826</u>	<u>56,343,471</u>
29(a) Consolidated Depreciation and repair of Bank's assets			
Bangladesh Development Bank Limited	Note: 29	53,626,826	56,343,471
BDBL Securities Limited		1,680,644	2,048,804
BDBL Investment Services Limited		1,010,332	1,117,178
		<u>56,317,802</u>	<u>59,509,453</u>

Bangladesh Development Bank Limited

**Notes to the financial statements
For the year ended 31 December 2019**

	2019	2018
	BDT	BDT
30. Other expenses		
Entertainment	8,230,250	7,324,170
Donation and subscription	1,814,000	1,615,895
Sundries	8,318,865	7,778,734
Books and periodicals	71,625	40,383
Lunch subsidy	32,668,700	32,731,219
Business development expenditure	1,478,962	543,039
Expenditure in minor assets	99,741	149,925
Staff training expenses	5,267,491	3,405,842
Liveries and uniform	633,299	1,381,742
Local conveyance	4,300,245	3,739,289
Staff medical facilities	1,398,435	220,500
TA/DA and conveyances	5,616,959	6,230,500
TA/DA Directors	243,616	575,000
Motor car running expenses	4,891,063	5,037,476
Staff bus facilities	12,563,398	13,061,677
Honorarium	2,550,245	1,713,994
Branch opening expense	75,000	220
Other expenditure	13,672,174	13,142,661
Corporate Social Responsibility	340,000	30,000
Sports, culture and recreation	3,051,300	2,542,100
Executive car maintenance allowances	17,242,254	20,845,779
Interest waived	858,530	1,265,945
	125,386,152	123,376,090
30(a) Consolidated other expenses		
Bangladesh Development Bank Limited	125,386,152	123,376,090
BDBL Securities Limited	2,706,491	5,221,352
BDBL Investment Services Limited	5,573,098	4,841,390
	133,665,741	133,438,832
30(b) Payment for other operating activities		
Rent, taxes, insurance and lighting	56,480,792	51,805,898
Law charges	1,125,631	3,425,307
Postage, telegram and telephone	6,419,367	6,895,357
Audit fee	1,143,500	1,007,250
Stationary, printing and advertisement	9,063,368	6,123,786
Directors' fee	1,512,157	1,490,400
Repair & maintenance of Bank's properties	22,772,171	19,557,550
Motor car running expenses	4,891,063	5,037,476
Staff bus facilities	12,563,398	13,061,677
Staff canteen	32,668,700	32,731,219
Others	65,056,123	66,421,932
	213,696,270	207,557,852
31. Provision for loans and advances and other investments		
Provision for loan and advances		
For unclassified loans	-	-
For classified loans	34,000,000	70,000,000
	34,000,000	70,000,000
Other provision		
Off-Balance sheet items	-	-
Investment in shares	-	9,500,000
Others	216,500,000	1,400,000
	216,500,000	10,900,000
	250,500,000	80,900,000
31(a) Consolidated provision for loans and advances		
Bangladesh Development Bank Limited	34,000,000	70,000,000
BDBL Securities Limited (Margin Loan)	-	-
BDBL Investment Services Limited	-	-
	34,000,000	70,000,000
Provision for investment & others		
Bangladesh Development Bank Limited	216,500,000	10,900,000
BDBL Securities Limited	11,941,110	45,578,848
BDBL Investment Services Limited	13,793,855	34,215,874
	242,234,965	90,694,722
32. Closing cash and cash equivalent		

Bangladesh Development Bank Limited

**Notes to the financial statements
For the year ended 31 December 2019**

	2019	2018
	BDT	BDT
Cash in hand	76,966,682	56,706,248
Balance with Bangladesh Bank (including foreign currencies)	2,303,783,841	1,703,038,031
Balance held with other banks	14,101,718,479	15,641,211,836
	<u>16,482,469,002</u>	<u>17,400,956,115</u>

32(a) Consolidated closing cash and cash equivalent

Bangladesh Development Bank Limited	Note: 32	16,482,469,002	17,400,956,115
BDBL Securities Limited		79,220,223	355,523,297
BDBL Investment Services Limited		53,939,135	80,582,535
<u>Less: Intergroup cash and cash equivalent (BSL)</u>		86,154	6,124,433
<u>Less: Intergroup cash and cash equivalent (BISL)</u>		200,833	365,063
		<u>16,615,341,373</u>	<u>17,830,572,451</u>

33. Earnings per share (EPS)

a) Profit attributable to ordinary share holders	65,550,078	748,940,846
b) Weighted average number of outstanding shares	40,000,000	40,000,000
Earnings per share (EPS) (a ÷ b)	<u>1.64</u>	<u>18.72</u>

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

33(a) Consolidated earnings per share

a) Profit attributable to ordinary equity holders	83,322,809	793,378,124
b) Weighted average number of outstanding shares	40,000,000	40,000,000
Earnings per share (EPS) (a ÷ b)	<u>2.08</u>	<u>19.83</u>

34. Events after the reporting period

34.1 Impact of COVID-19

Subsequent to year-end, on 11 March 2020, World Health Organization (WHO) declared a global pandemic due to Corona Virus related respiratory disease commonly called as COVID-19. To contain the spread of this disease, along with many other countries of the world, Government of Bangladesh has also taken a number of measures such as declaration of general holiday, enforcement of lock down, social distancing etc. As a result of these measures, all business and economic activities were adversely affected and those also impacted the Group and the Bank as well. Management considered COVID-19 as a subsequent event and in accordance with IAS 10 this is a non-adjusting event (i.e. an event after the reporting period that is indicative of a condition arising after the end of the reporting period); because the significant changes in business activities and economic conditions as a result of COVID-19 had taken place well after the reporting date of 31 December 2019. Although the business operation and profitability of the Bank were affected due to COVID-19, the situation is constantly changing and there is no certainty at present as to how long the situation will prevail. The potential impact of COVID 19 related matters on the Bank's operation and financial results cannot be reasonably assessed. There is no impact of the stimulus packages declared by Government of Bangladesh for the industries in Bangladesh to the financial statements of the Bank for the financial year ended 31 December 2019 regarding COVID-19.

34.2 Approval of financial statements

The Board of Directors of the Bank in its 253rd meeting held on 30 June 2020 approved the financial statements and authorised the same for issue.

34.3 Others

There is no other significant event that has occurred between the reporting date and the date when the financial statements were authorised for issue by the Board of Directors.

Managing Director

Director

Director

Chairman

Dhaka, Bangladesh
Dated, 30 June 2020

Details of fixed assets
As at 31 December 2019

Particulars	Cost / Revaluation					Depreciation				Written down value at 31 December
	At 01 January	Addition	Disposal/ adjustment	Total at 31 December	Rate (%)	Up to 01 January	charged	Disposal/ adjustment	Total to 31 December	
	BDT	BDT	BDT	BDT		BDT	BDT	BDT	BDT	
At cost :										
Land	13,854,848	-	-	13,854,848	-	-	-	-	-	13,854,848
Land & Building	578,215,498	-	-	578,215,498	2.5	336,649,299	6,639,637	-	343,288,936	234,926,562
Building U/C	304,490	-	-	304,490	2.5	-	-	-	-	304,490
Vehicles	92,769,923	-	-	92,769,923	20	92,399,199	370,682	-	92,769,881	42
Equipments	52,389,516	542,953	8,000	52,924,469	20	39,456,623	2,671,264	(79,867)	42,207,754	10,716,715
Computer equipments and software	141,500,475	17,883,555	3,003,668	156,380,362	20	95,249,743	17,562,756	81,903	112,730,596	43,649,766
Furniture and fixtures	51,342,265	823,807	4,000	52,162,072	10	28,873,536	2,307,149	4,000	31,176,685	20,985,387
Sundry asset	1,051,399	-	-	1,051,399	20	1,051,394	-	-	1,051,394	5
Interior decorator	23,145,335	2,142	-	23,147,477	10	10,115,086	1,303,167	-	11,418,253	11,729,224
Sub-Total (A)	954,573,749	19,252,457	3,015,668	970,810,538		603,794,880	30,854,655	6,036	634,643,499	336,167,039
At revaluation :										
Land	3,175,704,168	-	-	3,175,704,168	-	-	-	-	-	3,175,704,168
Premises	5,415,734,325	-	-	5,415,734,325	2.5	1,001,837,649	110,347,417	-	1,112,185,066	4,303,549,259
Vehicles	8,620,180	-	-	8,620,180	20	8,620,179	-	-	8,620,179	1
Sub-Total:(B)	8,600,058,673	-	-	8,600,058,673		1,010,457,828	110,347,417	-	1,120,805,245	7,479,253,428
At 31 December 2019 (A+B)	9,554,632,422	19,252,457	3,015,668	9,570,869,211		1,614,252,708	141,202,072	6,036	1,755,448,744	7,815,420,467
At 31 December 2018	9,545,023,889	14,426,297	4,817,764	9,554,632,422		1,465,219,746	149,962,759	929,797	1,614,252,708	7,940,379,714

Detail of information on advances
More than 15% of bank's total capital (funded and non-funded)
As at 31 December 2019

Sl. No.	Name of the Borrower	Outstanding as on 31 December 2019			Remarks
		Funded	Non funded	Total	
	Nil	-	-	-	-
	Total	-	-	-	-

**Highlights on the overall activities of the Bank
As at 31 December 2019**

SI no.	Particulars	2019 BDT	2018 BDT
1	Paid-up capital	4,000,000,000	4,000,000,000
2	Total capital	19,071,833,676	19,102,286,168
3	Capital surplus / (deficit)	4,362,006,178	6,361,942,818
4	Total assets	58,395,666,858	59,190,947,030
5	Total deposits	27,645,878,512	28,312,287,371
6	Total loans and advances	19,983,903,304	19,307,160,674
7	Total contingent liabilities and commitments	1,026,942,358	1,565,322,126
8	Credit deposit ratio (%)	72.29%	68.19%
9	Percentage of classified loans against total loans and advances	38.34%	46.07%
10	Profit after tax and provision	65,550,078	748,940,846
11	Amount of classified loans during the year	7,662,521,591	8,895,556,753
12	Provisions kept against classified loans	3,792,100,609	3,697,631,825
13	Provision surplus / (deficit)	1,095,510	1,831,628
14	Cost of fund (%)	7.85%	8.25%
15	Interest earning assets	24,730,240,769	25,839,952,660
16	Non-interest earning assets	33,665,426,089	33,350,994,370
17	Return on investment (ROI)(%)	3.16%	8.60%
18	Return on assets (ROA)(%)	0.11%	1.27%
19	Income from investments	307,473,542	843,953,668
20	Earning per share	1.64	18.72
21	Net income per share	1.64	18.72
22	Price earning ratio	N/A	N/A

Balance with other banks - outside Bangladesh (nostro account)
As at 31 December 2019

Name of the Bank	Name of the Country	Currency Name	2019			2018		
			Amount in FC	Conversion rate per unit FC	Amount in BDT	Amount in FC	Conversion rate per unit FC	Amount in BDT
Modhumoti Bank Limited	Bangladesh	USD	56,256.29	84.55	4,756,469	56,256.29	83.5500	4,700,213
Mashreq Bank Limited	USA	USD	6,093,925.18	84.55	515,241,375	2,533,987.62	83.5500	211,714,666
BHF Bank AG, Germany	Germany	EUR	13,793.73	94.69	1,306,181	18,868.73	95.1238	1,794,865
Sonali Bank Limited	India	ACU	242,991.11	84.55	20,544,898	41,156.43	83.5500	3,438,620
Axis Bank Limited	India	ACU	665,656.02	84.55	56,281,216	15,391.89	83.5500	1,285,992
Total					598,130,139			222,934,356

**Name of the Directors of BDBL and their interest in other different entities
As at 31 December 2019**

Name	Status in Bank	Name of Firms/Companies in which interested
Mohammad Mejbahuddin	Chairman	Nil
Md. Ekhlasur Rahman	Director	Nil
Md. Abu Hanif Khan	Director	Nil
Kazi Tariqul Islam	Director	Nil
Subhash Chandra Sarker	Director	Nil
Md. Abu Yusuf	Director	Nil
Quazi Shairul Hassan	Director	Nil
Kazi Alamgir	Managing Director & CEO	Nil

Statement of Investment
As at 31 December 2019

Particulars	Cost Price / BDT	Market Price / BDT
Bangladesh Bank prize bond	1,514,000	1,514,000
Bond	80,000,000	80,000,000
Debenture	32,977,983	32,977,983
Investment in subsidiaries	1,000,000,000	1,000,000,000
Bangladesh fund	1,060,000,000	1,060,000,000
Other equity	50,795,000	48,295,000
EFAS-1983	117,100	117,100
Quoted share	7,423,712,221	16,784,180,132
Un-quoted share	71,457,336	71,457,336
Total	9,720,573,640	19,078,541,551