

Market Disclosures for December 2022
Under Pillar-III of Basel III

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

The qualitative and quantitative disclosures of the bank under Basel-III requirements based on the audited financial statements of 31 December, 2022 are prepared as per the guidelines of Bangladesh Bank “Risk Based Capital Adequacy for Banks” to establish more transparent and more disciplined financial market.

(a) Scope of application

Qualitative Disclosures	(a)	The name of the top corporate entity in the group to which this guideline applies.	Bangladesh Development Bank Limited (BDBL).
Qualitative Disclosures	(b)	<p>An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group</p> <p>(a) that are fully consolidated;</p> <p>(b) that are given a deduction treatment; and</p> <p>(c) that are neither consolidated nor deducted (e.g. where the investment is risk-weighted).</p>	<p>Bangladesh Development Bank Limited (BDBL) has 2 (two) subsidiaries viz. (i) BDBL Securities Limited (BSL) and (ii) BDBL Investment Services Limited (BISL).</p> <p>A brief description of the bank and its subsidiaries is stated below:</p> <p><u>Bangladesh Development Bank Limited:</u></p> <p>Bangladesh Development Bank Limited (“BDBL” or the “Bank”) was incorporated on 16 November 2009 under the Companies Act, 1994 as a public limited company and governed by the bank company Act, 1991 (as amended in 2018) to acquire and take-over, as going concern, the undertakings and businesses of statutory bodies of Bangladesh Shilpa Bank (BSB) and Bangladesh Shilpa Rin Sangstha (BSRS) constituted respectively under the Bangladesh Shilpa Bank Order, 1972 (President Order No.129 of 1972) and Bangladesh Shilpa Rin Sangstha Order, 1972 (President Order No.128 of 1972) with all of their assets, benefits, rights, powers, authorities, privileges, liabilities, borrowings and obligations and to carry on with the same business. Two vendors agreement were executed between the Government of the People’s Republic of Bangladesh and Bangladesh Development Bank Limited on 31 December 2009 in this regard.</p> <p>Subsidiaries of BDBL:</p> <p><u>i) BDBL Securities Limited:</u></p> <p>BDBL Securities Limited, a fully owned subsidiary company which was incorporated on 23 May, 2011 with the Registrar of Joint Stock Companies & Firms with authorized and paid up capital of Tk. 4000.00 million and 500.00 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 License of DSE on 18.01.2012 and CSE on 15.05.2012.</p>

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			<p>ii) BDBL Investment Services Limited:</p> <p>BDBL Investment Services Limited, a fully owned subsidiary company which was incorporated on 06 August, 2014 with authorized and paid up capital of Tk. 500.00 million and 500.00 million respectively. A vendors Agreement was signed on 11 September, 2014 between BDBL and BISL for transfer of membership of DSE Trading Right Entitlement Certificate (TREC) # 152 & Shares (7215106 share10TK per). DSE approved conversion of DSE TREC # 152 & Shares in favor of BISL at its 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.</p>
Qualitative Disclosures	(c)	Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group.	Not Applicable
Quantitative Disclosures	(d)	The aggregate amount of surplus capital of insurance subsidiaries (whether deducted or subjected to an alternative method) included in the capital of the consolidated group.	Not Applicable

(b) Capital structure

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

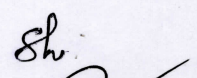
Qualitative Disclosures	(a)	Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in CET1, Additional Tier-1 or Tier-2.	<p>The capital of BDBL can be classified into two tiers. The total regulatory capital will consist of sum of the following categories:</p> <p>1. Tier 1 Capital (going-concern capital)</p> <p>a) Common Equity Tier 1 b) Additional Tier 1</p> <p>2. Tier-2 Capital (gone-concern capital)</p> <p>Tier-1 capital consists of CET1 and Additional Tier1 Capital highest quality capital items which are stable in nature and allow a bank to absorb losses on an ongoing basis. CET1 includes paid-up capital, statutory reserve, general reserve, retained earnings, minority interest in subsidiaries, dividend equalization account etc.</p> <p>Tier-2 capital lacks some of the characteristics of the core capital but also bears loss absorbing capacity to a certain extent. Capital consists of applicable percentage of revaluation reserves (assets, securities & equities) and general provision (against unclassified loans, SMA and off-balance sheet exposures). Presently the bank does not have any debt instruments eligible for capital counting.</p>
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Quantitative Disclosures	(b)	The amount of Regulatory Capital, with separate disclosure of: CET1 Capital Additional Tier I Capital Total Tier I Capital	Particulars	Solo	Consolidated
			Taka in Thousand		
			Paid up Capital	6000000	6000000
			Statutory reserve	2714871	2714871
			General reserve	2377755	2377755
			Retained earnings	580951	915426
			Total Tier-1 Capital	11673577	12008052
Quantitative Disclosures	(c)	Tier 2 Capital	General Provision	222485	222485
			Total Tier-2 Capital	222485	222485
		Total amount of Tier I & Tier II Capital	Total Tier I & Tier 2 Capital	11896062	12230537
Quantitative Disclosures	(d)	Regulatory Adjustments/ Deductions from capital	Shortfall provision in share	(655453)	(725893)
Quantitative Disclosures	(c)	Total eligible capital	Total Eligible Capital	11240609	11504644

(c) Capital Adequacy

Qualitative Disclosures	(a)	A summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities.	<p>For computing capital adequacy, the bank has adopted standardized approach for credit risk measurement, market risk measurement and basic indicator approach for operational risk measurement. Assessment of capital adequacy is carried out in combination with the capital adequacy reporting to the Bangladesh Bank.</p> <p>The bank has maintained Capital to Risk Weighted Asset Ratio (CRAR) at 23.13% on solo basis and 22.66% on consolidated basis against minimum regulatory requirement of 10% on Risk Weighted assets.</p> <p>Tier-1 capital adequacy for solo and consolidated basis is 22.67% and 22.22% respectively against the 6% minimum regulatory requirement.</p> <p>Capital Conservation Buffer (CCB) for the year 2022 is 13.13% on solo basis and 12.66% on consolidated basis.</p> <p>The bank's policy is to manage and maintain strong capital base considering all material risk of Basel III and the result of stress tests. The bank maintains sufficient capital level complying with the regulatory requirement to absorb all material risk and also to satisfy all other external stakeholders including depositors. The main objective of capital management process of BDBL is to ensure adequate capital to meet up its all sorts of obligations any time even in adverse condition as well as steady growth.</p>
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Quantitative Disclosures	(b)	Capital Requirement for Credit Risk	Particulars	Solo	Consolidated
			Taka in Thousand		
			On-Balance Sheet	37227422	35942491
			Total Credit Risk	37836579	36551648
Quantitative Disclosures	(c)	The capital requirements for Market Risk	Interest rate risk	-	-
			Equity position risk	7780175	10980759
			Foreign exchange risk	823489	823489
			Commodity risk	-	-
			Total Market Risk	8603664	11804248
Quantitative Disclosures	(d)	The capital requirements for Operational Risk	Operational risk	2162222	2425277
			Total Operational Risk	2162222	2425277
Quantitative Disclosures	(e)	Total capital, CET 1 capital, Total Tier 1 capital and Tier 2 capital ratio:	Components	Ratio	
			Total Capital	23.13%	22.66%
			CET 1 capital	22.67%	22.22%
			Tier 1 capital	22.67%	22.22%
		Tier 2 capital	0.46%	0.44%	
Quantitative Disclosures	(f)	Capital Conservation Buffer	Capital Conservation Buffer (CCB)	13.13%	12.66%
Quantitative Disclosures			Total Risk Weighted Assets (RWA)	48602465	50781173
			10% of Risk Weighted Assets	4860247	5078117
			a. Required Capital (10% of risk weighted assets or 400.00 crore which is higher)	4860247	5078117
			b. Capital Conservation Buffer @ 2.50% on Risk Weighted Assets	1215062	1269529
			1. Total Required Capital with Conservation Buffer (a+b)	6075309	6347646
			2. Total eligible capital	11240609	11504644
			Capital Surplus (2-1)	5165300	5156998
Quantitative Disclosures	(g)	Available capital under Pillar 2 Requirement	Taka in Thousand 776100		

(d) Credit Risk

Qualitative Disclosures	(a)	The general qualitative disclosure requirement with respect to credit risk, including:	<p>Bank classifies loans and advances into performing and non-performing loans (NPL) in accordance with the Bangladesh Bank guidelines in this respect.</p> <p>An NPA (impaired) is defined as a loan or an advance where interest and/or Installments of principal remain overdue for more than 90 days in respect of a Continuous credit, Demand loan or Term Loan etc. Classified loan is categorized under following 03(three) categories:</p> <ul style="list-style-type: none"> i. Substandard ii. Doubtful iii. Bad & Loss
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	<ul style="list-style-type: none"> Definitions of past due and impaired (for accounting purposes); 	<p><u>Any continuous loan will be classified as:</u></p> <ul style="list-style-type: none"> i. Sub-standard- if it is past due/overdue for 3 months or beyond but less than 9 months. ii. Doubtful- if it is past due/overdue for 9 months or beyond but less than 12 months. iii. Bad/Loss- if it is past due/overdue for 12 months or beyond. <p><u>Any Demand Loan will be classified as:</u></p> <ul style="list-style-type: none"> i. Sub-standard- if it remains past due/overdue for 3 months or beyond but not over 9 months from the date of claim by the bank or from the date of creation of forced loan. ii. Doubtful- if it remains past due/overdue for 9 months or beyond but not over 12 months from the date of claim by the bank or from the date of creation of forced loan. iii. Bad/Loss- if it remains past due/overdue for 12 months or beyond from the date of claim by the bank or from the date of creation of forced loan. <p><u>Term Loan will be classified as:</u></p> <p>In case of any installment(s) or part of installment(s) of a Fixed Term Loan is not repaid within the fixed expiry date, the amount of unpaid installment(s) will be treated as past due/ overdue after six months of the expiry date. Such types of Fixed Term Loans are classified as:</p> <ul style="list-style-type: none"> i. Sub-standard- any installment(s)/ part of installment(s) of a Fixed Term Loan which will remain past due/ overdue for a period of 03 (three) months or beyond but less than 09 (nine) months, the entire loan will be put into the "Sub-standard". ii. Doubtful- any installment(s)/ part of installment(s) of a Fixed Term Loan which will remain past due/overdue for a period of 09 (nine) months or beyond but less than 12 (twelve) months, the entire loan will be put into the "Doubtful". iii. Bad/Loss- any installment(s)/ part of installment(s) of a Fixed Term Loan which will remain past due/overdue for a period of 12(twelve) months or beyond, the entire loan will be put into the "Bad/Loss". <p><u>Short-term Agriculture and Micro Credit will be classified as:</u></p> <p>Short-term Agriculture and Micro Credit will be considered irregular if it is not repaid within the due date as stipulated in the loans agreement and will be classified as:</p> <ul style="list-style-type: none"> i. Sub-standard-if the irregular status continues after a period 12 (twelve) months, the credit is classified as "Sub-standard". ii. Doubtful-if the irregular status continues after a period 36 (thirty-six) months, the credit is classified as "Doubtful". iii. Bad/Loss-if the irregular status continues after a period 60 (sixty) months, the credit is classified as "Bad/Loss".
	<ul style="list-style-type: none"> Description of approaches followed for specific and general allowances and statistical methods; 	<ul style="list-style-type: none"> > If the amount of 'defaulted installment' is equal to or more than the amount of installment(s) due within 18 (eighteen) months, the entire loan will be classified as "Doubtful". > If the amount of 'defaulted installment' is equal to or more than the amount of installment(s) due within 24 (twenty-four) months, the entire loan will be classified as "Bad/Loss".

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			Types of loans	Provision																																		
				STD	SMA	SS	DF	BL																														
			House Finance	1%	1%	20%	50%	100%																														
			Loan to Professionals	2%	2%	20%	50%	100%																														
			Consumer Finance	2%	2%	20%	50%	100%																														
			Loans to BHs/MBs/SDs	2%	2%	20%	50%	100%																														
			Short term Agri. Credit and Micro Credit	1%	1%	5%	5%	100%																														
			Small & Medium Enterprise	0.25%	0.25%	5%	20%	100%																														
			Others	1%	1%	20%	50%	100%																														
			<p>Credit risk is the risk that the counterparty of a financial institution fails to meet its obligation and causes to incur a financial loss. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or activities in the same geographical region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Credit risk in the Bank's Portfolio is monitored, reviewed and analyzed by the Credit Risk Management Department (CRMD). CRMD determines the quality of the credit portfolio and assists in minimizing potential losses.</p>																																			
Quantitative Disclosures	(b)	• Discussion of the Bank's credit risk management policy; Total gross credit risk exposures broken down by major types of credit exposure.	<table border="1"> <thead> <tr> <th rowspan="2">Nature wise</th> <th>Solo</th> <th>Consolidated</th> </tr> <tr> <th colspan="2">Taka in Thousand</th> </tr> </thead> <tbody> <tr> <td>Cash Credit</td> <td>4416169</td> <td>4416169</td> </tr> <tr> <td>Long Term Loan</td> <td>13815035</td> <td>13815035</td> </tr> <tr> <td>Over Draft</td> <td>678914</td> <td>678914</td> </tr> <tr> <td>Local Documentary Bill Purchase</td> <td>580727</td> <td>580727</td> </tr> <tr> <td>Consumer Loan</td> <td>555406</td> <td>555406</td> </tr> <tr> <td>Loan against trust receipt & others</td> <td>1154190</td> <td>937956</td> </tr> <tr> <td>Staff Loan</td> <td>3596144</td> <td>3596144</td> </tr> <tr> <td>Total Loans & Advances</td> <td>24796585</td> <td>24580351</td> </tr> </tbody> </table>		Nature wise	Solo	Consolidated	Taka in Thousand		Cash Credit	4416169	4416169	Long Term Loan	13815035	13815035	Over Draft	678914	678914	Local Documentary Bill Purchase	580727	580727	Consumer Loan	555406	555406	Loan against trust receipt & others	1154190	937956	Staff Loan	3596144	3596144	Total Loans & Advances	24796585	24580351					
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Quantitative Disclosures	(d)	Industry or Counterparty type distribution of exposures, broken down by major types of credit exposure.	Industrial Sector wise		Solo	Consolidated	
			Taka in Thousand				
			Food & Allied Products	4516395	4516395		
			Jute & Allied Fiber Products	184622	184622		
			Cotton, Woolen & Synthetic Textile	5949023	5949023		
			Paper, Paper Products & Printing	113662	113662		
			Tannery & its Products	40883	40883		
			Non-metallic mineral Products	293409	293409		
			Forest, Wood Products & Saw Mills	251635	251635		
			Metal Products	1544093	1544093		
			Electrical Machinery & Goods	206524	206524		
			Machinery & Spare Parts	63081	63081		
			Transport	96663	96663		
			Chemicals & Pharmaceuticals	318478	318478		
Petro- Chemicals	135013	135013					
Service Industries	941002	941002					
Rubber Goods	19250	19250					
Miscellaneous	10122852	9906618					
Total Loans & Advances	24796585	24580351					
Quantitative Disclosures	(c)	Residual Contractual maturity breaks down of the whole portfolio, broken down by major types of credit exposure.	Maturity wise		Solo	Consolidated	
			Taka in Thousand				
			Repayable – on demand	-	-		
			Up to 3 months	3266700	3320900		
			Over 3 months but below 1 year	7397000	3730917		
			Over 1 year but below 5 years	10188900	14106800		
			Over 5 years	3943985	3421734		
Total Loans & Advances	24796585	24580351					
Quantitative Disclosures	(f)	By major industry or counterparty type: • Amount of impaired loans and if available, past due loans, provided separately; • Specific and general provisions; and • Charges for specific allowances and charge-offs during the period.	Not Available				
Quantitative Disclosures	(g)	Gross Non-Performing Assets (NPAs)	TK in thousand 10258982				
			Non-Performing Assets (NPAs) to Outstanding Loans & advances	41.37%			
		Movement of Non-Performing Assets (NPAs)	Particulars		TK in thousand		
			Opening balance	7426197			
			Additions	3595320			
			Deductions	(762535)			
			Closing balance	10258982			

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	Movement of specific provisions for NPAs	Particulars	TK in thousand
		Opening balance	2696058
Provisions made during the period	250000		
Write-off	(420946)		
Interest waiver of staff Loan	(4359)		
Excess provision transferred from Special General Provision	40000		
Excess provision transferred from Unclassified Loan	1088337		
Closing balance	3649090		

(c) Equities: Disclosures for Banking Book Positions

Qualitative Disclosures	(a)	<p>The general qualitative disclosure requirement with respect to equity risk, including:</p> <ul style="list-style-type: none"> • differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; and • discussion of important policies covering the valuation and accounting of equity holdings in the banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices. 	<p>Investment in equity is mainly for investment like investment in shares, Marketable securities, Bond, Debentures etc. Quoted shares are valued at cost. Sufficient provision is maintained as per requirement. Unquoted shares are valued at cost. As per Basel-III guidelines, Provision on Shares was TK. 655453914.14 as on 31-12-2022 and it was deducted from common equity tier-1 capital accordingly for calculation of regulatory capital.</p>
Quantitative Disclosures	(b)	<p>Value disclosed in the balance sheet of investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value.</p>	<p>Value of quoted and unquoted shares has been shown at cost and market price in the financial statements as well as in the Basel-III statement.</p>
Quantitative Disclosures	(c)	<p>The cumulative realized gains (losses) arising from sales and liquidations in the reporting period.</p>	<p>The cumulative realized gains (losses) arising from sales and liquidations is shown in the financial statements at reporting period.</p>
Quantitative Disclosures	(d)	<ul style="list-style-type: none"> • Total unrealized gains (losses) • Total latent revaluation gains (losses) • Any amounts of the above included in Tier 2 capital. 	<p align="center">TK in thousand 14120405 - -</p>

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Quantitative Disclosures	(c)	Capital requirements broken down by appropriate equity groupings, consistent with the bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements.	Regulatory capital requirement has been calculated through breaking down equities consisting with the bank's methodology. Such as Investment in quoted and unquoted shares.
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(f) Interest Rate Risk in the Banking Book (IRRBB)

Qualitative Disclosures	(a)	The general qualitative disclosure requirement including the nature of IRRBB and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits, and frequency of IRRBB measurement.	To manage this risk in the banking book, bank considers the impact of interest changes on both assets and liabilities. Changes in interest rates affect both the current earnings as well as net worth of the bank. BDBL periodically determine and reports the interest rate risk to the board and regulatory authority that arises due to re-pricing mismatches in interest rate sensitive assets and liabilities.																									
Quantitative Disclosures	(b)	The increase (decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring IRRBB, broken down by currency (as relevant).	<table border="1"> <thead> <tr> <th rowspan="2">Particulars</th> <th><3 Months</th> <th>3-6 Months</th> <th>6-12 Months</th> </tr> <tr> <th colspan="3">Taka in Thousand</th> </tr> </thead> <tbody> <tr> <td>Risk Sensitive Assets</td> <td>10840300</td> <td>3972700</td> <td>7945500</td> </tr> <tr> <td>Risk Sensitive Liabilities</td> <td>7775500</td> <td>3586200</td> <td>7172300</td> </tr> <tr> <td>GAP</td> <td>3064800</td> <td>386500</td> <td>773200</td> </tr> <tr> <td>Cumulative GAP</td> <td>3064800</td> <td>3451300</td> <td>4224500</td> </tr> </tbody> </table>			Particulars	<3 Months	3-6 Months	6-12 Months	Taka in Thousand			Risk Sensitive Assets	10840300	3972700	7945500	Risk Sensitive Liabilities	7775500	3586200	7172300	GAP	3064800	386500	773200	Cumulative GAP	3064800	3451300	4224500
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(g) Market Risk

Qualitative Disclosures	(a)	Views of BOD on trading/investment activities	The Board Of Directors (BOD) keeps tight watch on the activities and trading in order to maximize profit without violating banking rules, regulations.		
		Methods used to measure Market risk	Standardized approach has been used to measure the market risk. The total capital requirement in respect of market risk is the aggregate capital requirement calculated for each of the risk according to sub-categories. For each risk category, minimum capital requirement is measured separately. Capital is charged for 'specific risk' and 'general market risk' respectively.		
		Market Risk Management system	BDBL makes investment decision based on historical data of market movements of all comparable financial institution instruments to avoid market risk. For managing specific risk BDBL emphasizes on investment in bonds and quality financial instruments, which are less volatile in nature. A separate section under central accounts department has been established for treasury related activities. Asset-Liability Management Committee (ALCO) comprising senior executives of the Bank. ALCO is chaired by the Managing Director. ALCO meeting is held at least once in a month.		

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		Policies and processes for mitigating market risk	There are approved policies for Market risk related instruments both on-balance sheet and off-balance sheet items. The investments are monitored and enforced on a regular basis to protect against market risks. Prevailing market condition, exchange rate, forex position and transactions are reviewed time to time to mitigate market risks.																				
Quantitative Disclosures	(b)	The capital requirements for: *interest rate risk; *equity position risk; *foreign exchange risk; and *commodity risk.	<table border="1"> <thead> <tr> <th rowspan="2">Particulars</th> <th>Solo</th> <th>Consolidated</th> </tr> <tr> <th colspan="2">Taka in Thousand</th> </tr> </thead> <tbody> <tr> <td>Interest rate risk</td> <td>-</td> <td>-</td> </tr> <tr> <td>Equity position risk</td> <td>7780175</td> <td>10980759</td> </tr> <tr> <td>Foreign exchange risk</td> <td>823489</td> <td>823489</td> </tr> <tr> <td>Commodity risk</td> <td>-</td> <td>-</td> </tr> <tr> <td>Total</td> <td>8603664</td> <td>11804248</td> </tr> </tbody> </table>	Particulars	Solo	Consolidated	Taka in Thousand		Interest rate risk	-	-	Equity position risk	7780175	10980759	Foreign exchange risk	823489	823489	Commodity risk	-	-	Total	8603664	11804248
			Particulars		Solo	Consolidated																	
				Taka in Thousand																			
			Interest rate risk	-	-																		
			Equity position risk	7780175	10980759																		
			Foreign exchange risk	823489	823489																		
Commodity risk	-	-																					
Total	8603664	11804248																					

(h) Operational Risk

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

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

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Quantitative Disclosures	(b)	The capital requirements for Operational Risk	Particulars	Solo	Consolidated
			Taka in Thousand		
			The capital requirements for Operational Risk	2162222	2425277

(i) Liquidity Ratio

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

Quantitative Disclosures	(b)	*Liquidity Coverage Ratio	Liquidity ratio	SOLO
		*Net Stable Funding Ratio (NSFR)	Liquidity Coverage Ratio	150.78%
		*Stock of High quality liquid assets	Net Stable Funding Ratio (NSFR)	101.79%
		*Total net cash outflows over the next 30 calendar days	Stock of High quality liquid assets (In “000”)	1802365
		*Available amount of stable funding	Total net cash outflows over the next 30 calendar days (In “000”)	1195361
		*Required amount of stable funding	Available amount of stable funding (In “000”)	47763361
			Required amount of stable funding (In “000”)	46923705

(j) Leverage Ratio

Qualitative Disclosures	(a)	Views of BOD on system to reduce excessive leverage	<p>In order to avoid excessive leverage in the banking system, a simple, transparent, non-risk based leverage ratio has been introduced. The leverage ratio is calibrated to act as a credible supplementary measure to the risk based requirements. The leverage ratio is intended to achieve the following objectives:</p> <ul style="list-style-type: none"> a) Constrain the build-up of leverage in the banking sector which can damage the broader financial system and the economy b) Reinforce the risk based requirements with an easy to understand and a non-risk based measure. <p>BDBL calculates leverage ratio on quarterly basis as prescribed by Bangladesh Bank through Guidelines on Risk Based Capital Adequacy and submits to Bangladesh Bank.</p> <p>The board of directors regularly reviews the leverage ratio and ensures that the management strictly maintains the leverage ratio as prescribed by Bangladesh Bank through Guidelines on Risk Based Capital Adequacy.</p>																	
		Policies and processes for managing excessive on and off-balance sheet leverage	<p>A minimum Tier I leverage ratio of 3% is being prescribed by Bangladesh Bank both at solo and consolidated basis. BDBL maintains leverage ratio on quarterly basis. The formula for calculating leverage ratio is:</p> $\text{Leverage Ratio} = \frac{\text{Tier I Capital (after related deduction)}}{\text{Total Exposure (after related deduction)}}$																	
		Approach for calculating exposure	<p>The exposure measure for the leverage ratio will generally follow the Accounting measure of exposure. In order to measure the exposure consistently with financial accounts, the following will be applied by the bank:</p> <ul style="list-style-type: none"> i. On balance sheet, non-derivative exposures will be net of specific provisions and valuation adjustments (e.g. surplus/ deficit on Available for sale (AFS)/ Held-for-trading (HFT) positions). ii. Physical or financial collateral, guarantee or credit risk mitigation purchased is not allowed to reduce on-balance sheet exposure. Netting of loans and deposits is not allowed. 																	
Quantitative Disclosures	(b)	*Leverage Ratio *On balance sheet exposure *Off balance sheet exposure Total exposure	<table border="1"> <thead> <tr> <th rowspan="2">Particulars</th> <th>SOLO</th> <th>CONSOL</th> </tr> <tr> <th colspan="2">TK in Thousand</th> </tr> </thead> <tbody> <tr> <td>Leverage Ratio</td> <td align="center">19.29%</td> <td align="center">19.43%</td> </tr> <tr> <td>On balance sheet exposure</td> <td align="center">37227422</td> <td align="center">35942491</td> </tr> <tr> <td>Off balance sheet exposure</td> <td align="center">609157</td> <td align="center">609157</td> </tr> <tr> <td>Total exposure</td> <td align="center">37836579</td> <td align="center">36551648</td> </tr> </tbody> </table>	Particulars	SOLO	CONSOL	TK in Thousand		Leverage Ratio	19.29%	19.43%	On balance sheet exposure	37227422	35942491	Off balance sheet exposure	609157	609157	Total exposure	37836579	36551648
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(k) Remuneration

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

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		<p>An overview of the nature and type of the key measures used to take account of these risks, including risks difficult to measure (values need not be disclosed).</p> <p>A discussion of the ways in which these measures affect remuneration.</p> <p>A discussion of how the nature and type of these measures has changed over the past year and reasons for the change, as well as the impact of changes on remuneration.</p>	
Qualitative Disclosures	(d)	<p>Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration. Disclosures should include:</p> <p>An overview of main performance metrics for bank, top-level business lines and individuals.</p> <p>A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance.</p> <p>A discussion of the measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak.</p>	Not Applicable
Qualitative Disclosures	(e)	<p>Description of the ways in which the bank seek to adjust remuneration to take account of longer-term performance. Disclosures should include:</p> <p>A discussion of the bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable</p> <p>Remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance.</p> <p>A discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through clawback arrangements.</p>	<p>As a state owned entity the remuneration system is governed under National Pay Scale announced by the Government of the People's Republic of Bangladesh. Moreover, various cash and non-cash benefits are provided as per the approval of the Board of Directors as follows :</p> <ul style="list-style-type: none"> • Bank provides car facilities for level executive level employees; • Car loan facility; • Staff loan at bank rate; • Travel allowance/TA/DA as required; • Festival bonus; • Allowance for employees' meritorious students; • Recreations leave for 15 days after every three year and Maternity leave as per guidelines.

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Qualitative Disclosures	(f)	<p>Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms. Disclosures should include:</p> <p>An overview of the forms of variable remuneration offered (i.e. cash, shares and share-linked instruments and other forms).</p> <p>A discussion of the use of the different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or groups of employees), a description the factors that determine the mix and their relative importance.</p>	There are no different forms of variable remuneration (i.e. cash, shares and share-linked instruments and other forms). There are no performance-based rewards. But in some special cases an increment is added as reward for outstanding performance of any employee. However, there is an incentive system on overall performance (based on profit). Salary and all types of benefits provided by the bank are in the form of cash.								
Quantitative Disclosures	(g)	Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member.	Not Applicable								
Quantitative Disclosures	(h)	<p>Number of employees having received a variable remuneration award during the financial year.</p> <p>Number and total amount of guaranteed bonuses awarded during the financial year.</p> <p>Number and total amount of sign-on awards made during the financial year.</p> <p>Number and total amount of severance payments made during the financial year.</p>	Not Applicable								
Quantitative Disclosures	(i)	<p>Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.</p> <p>Total amount of deferred remuneration paid out in the financial year.</p>	Not Applicable								
Quantitative Disclosures	(j)	Breakdown of amount of remuneration awards for the financial year to show: <ul style="list-style-type: none"> - fixed and variable. - deferred and non-deferred. - different forms used (cash, shares and share linked instruments, other forms). 	<table border="1"> <thead> <tr> <th>Particulars</th> <th>Taka in Thousand</th> </tr> </thead> <tbody> <tr> <td>Fixed Pay (including two festival bonus and Nabo barsha bonus)</td> <td>373793</td> </tr> <tr> <td>Variable Pay (House rent and 3.00 incentive bonus equivalent to three month's basic salary)</td> <td>222719</td> </tr> <tr> <td>Total</td> <td>596512</td> </tr> </tbody> </table>	Particulars	Taka in Thousand	Fixed Pay (including two festival bonus and Nabo barsha bonus)	373793	Variable Pay (House rent and 3.00 incentive bonus equivalent to three month's basic salary)	222719	Total	596512
Particulars	Taka in Thousand										
Fixed Pay (including two festival bonus and Nabo barsha bonus)	373793										
Variable Pay (House rent and 3.00 incentive bonus equivalent to three month's basic salary)	222719										
Total	596512										

<p>Quantitative Disclosures</p>	<p>(k) Quantitative information about employees' exposure to implicit (e.g. fluctuations in the value of shares or performance units) and explicit adjustments (e.g. claw backs or similar reversals or downward revaluations of awards) of deferred remuneration and retained remuneration:</p> <p>Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments.</p> <p>Total amount of reductions during the financial year due to ex post explicit adjustments.</p> <p>Total amount of reductions during the financial year due to ex post implicit adjustments.</p>	<p>Not Applicable</p>
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