

ANNUAL REPORT 2016



BDBL

বাংলাদেশ ডেভেলপমেন্ট ব্যাংক লিমিটেড
BANGLADESH DEVELOPMENT BANK LIMITED

(A STATE OWNED SPECIALIZED COMMERCIAL BANK)

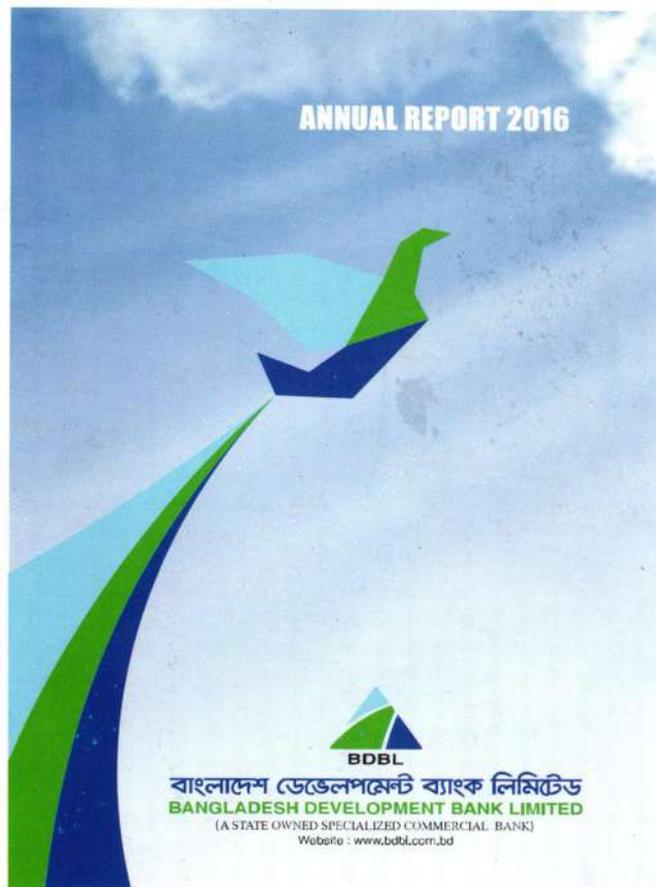
Website : www.bdbl.com.bd



 Bangladesh Development Bank Limited

 বি ডি বি এল ভবন

BDBL Bhaban, Head Office, 8 Rajuk Avenue, Motijheel C/A, Dhaka-1000



BDBL was established on November 16, 2009 with amalgamation of former Bangladesh Shilpa Bank (BSB) and Bangladesh Shilpa Rin Sangstha (BSRS), two State-Owned Development Financing Institutions (DFIs).

Since then, the bank has been contributing significantly to the economic growth of the country in conformity with the Government's aim of achieving the target of reaching Middle Income Country by 2021 and also reach the status of a developed country by 2041.

The Board and Management of BDBL have put their consistent and continued efforts, applied policy guidelines and maintained good governance to move forward with its vision and mission. BDBL has achieved increased growth in almost all its Key Performance Indicators (KPI). As a result, BDBL has been able to reach take-off stage which is shown with BDBL's three dimensional logo color : **Blue, Green and Sky Blue** along with a flying bird that symbolizes upward moving of the bank.

Awards And Accolades



**ICAB Award for Best Presented
Annual Reports - 2013**

**ICMAB Best Corporate
Award - 2014**

Since inception, BDBL has been following good corporate governance including strong internal control and compliance. This has resulted in recognition through getting two prestigious 2nd and 3rd awards in a year given by The Institute of Chartered Accountants of Bangladesh (ICAB) and The Institute of Cost and Management Accountants of Bangladesh (ICMAB) respectively.

BDBL has obtained Second Prize in the ICAB's 14th National Award for Best Presented Annual Reports-2013 under the Category-1: Public Sector Banks.

BDBL also obtained Third Prize as the Best Corporate in the Banking Sector (State-owned Commercial Bank) given by The Institute of Cost and Management Accountants of Bangladesh (ICMAB) in its Best Corporate Award-2014.

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Letter of Transmittal



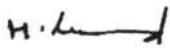
To
All Shareholders
Registrar of Joint Stock Companies & Firms
Bangladesh Bank
Bangladesh Securities and Exchange Commission

Sub : Annual Report for the year ended December 31, 2016.

Dear Sir(s)

We are pleased to enclose herewith a copy of the Annual Report – 2016 together with the Audited Financial Statements of Bangladesh Development Bank Limited and its Two Subsidiaries – BDBL Securities Limited (BSL) and BDBL Investment Services Limited (BISL) for your kind information and record.

Yours Sincerely



(Manjur Ahmed)
Managing Director

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০৯০৪৩২৭-১৯৮০

(ঐচ্ছিক) বঙ্গবন্ধু স্মরণ সমিতি

(স্বাক্ষরিত) (স্বাক্ষরিত)

পরিচালকগণের সম্মেলন

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Notice of the 7th Annual General Meeting

List of Acronyms

AD	Authorized Dealer	ICAAP	Internal Capital Adequacy Assessment Process
ADB	Asian Development Bank	ICAB	Institute of Chartered Accountants of Bangladesh
ADP	Annual Development Program	ICMAB	Institute of Cost & Management Accountants of Bangladesh
ADR	Alternative Dispute Resolution	ICT	Information & Communication Technology
AGM	Annual General Meeting	IMF	International Monetary Fund
ALCO	Asset Liability Committee	IT	Information Technology
ALM	Asset Liability Management	KPIs	Key Performance Indicators
AML	Anti- Money Laundering	KYC	Know Your Customer
ATM	Automated Teller Machine	LAN	Local Area Network
BACH	Bangladesh Automated Clearing House	LCR	Liquidity Coverage Ratio
BACPS	Bangladesh Automated Cheque Processing System	LIM	Loan Against Imported Merchandise
BAS	Bangladesh Accounting Standards	LRM	Liquidity Risk Management
BB	Bangladesh Bank	LTR	Loan Against Trust Receipt
BBTA	Bangladesh Bank Training Academy	MANCOM	Management Committee
BDBL	Bangladesh Development Bank Limited	MCO	Maximum Cumulative Outflow
BEFTN	Bangladesh Electronic Fund Transfer Network	MCR	Minimum Capital Requirement
BFRS	Bangladesh Financial Reporting Standards	MDGs	Millennium Development Goals
BIBM	Bangladesh Institute of Bank Management	MICR	Magnetic Ink Character Recognition
BISL	BDBL Investment Services Limited	MTF	Medium Term Funding
BO	Beneficiary Owner	MVA	Market Value Added
BRPD	Banking Regulatory and Policy Department	NAV	Net Asset Value
BSB	Bangladesh Shilpa Bank	NBFI	Non- Banking Financial Institution
BSEC	Bangladesh Securities and Exchange Commission	NFAs	No Frill Accounts
BSL	BDBL Securities Limited	NFI	Net Factor Income
BSRS	Bangladesh Shilpa Rin Sangstha	NII	Net Interest Income
CAMELS	Capital Adequacy, Asset Quality, Management, Earnings, Liquidity and Sensitivity to Market Risk	NPA	Non - Performing Assets
CAR	Capital Adequacy Ratio	NPL	Non - Performing Loan
CBS	Core Banking System	NSC	National Savings Certificate
CDR	Credit Deposit Ratio	NSFR	Net Stable Funding Ratio
CEO	Chief Executive Officer	OBS	Off - Balance Sheet
CFO	Chief Financial Officer	PAD	Payment Against Document
CFS	Consolidated Financial Statement	PCB	Private Commercial Bank
CIB	Credit Information Bureau	POS	Point of Sales
CRG	Credit Risk Grading	PPP	Public Private Partnership
CRM	Credit Risk Management	PRSP	Poverty Reduction Strategy Paper
CRR	Cash Reserve Requirement	RBCA	Risk Based Capital Adequacy
CSR	Corporate Social Responsibility	RE	Retained Earnings
CSE	Chittagong Stock Exchange	RMC	Risk Management Committee
CTR	Cash Transaction Report	RMD	Risk Management Department
DOS	Department of Offsite Supervision	RMU	Risk Management Unit
DSE	Dhaka Stock Exchange	ROA	Return on Asset
EEF	Equity Entrepreneurship Fund	ROE	Return on Equity
EFT	Electronic Fund Transfer	ROI	Return on Investment
EPS	Earnings Per Share	RU	Recovery Unit
ERM	Environmental Risk Management	RWA	Risk Weighted Assets
ERP	Enterprise Resources Planning	SAFA	South Asian Federation of Accountants
ERQ	Exporter's Retention Quota	SCB	State - Owned Commercial Bank
ERR	Environment Risk Rating	SLR	Statutory Liquidity Ratio
ETPs	Effluent Treatment Plants	SMA	Special Mention Account
EVA	Economic Value Added	SME	Small and Medium Enterprises
FBP	Foreign Bill Purchased	SOE	State - Owned Enterprise
FDI	Foreign Direct Investment	SREP	Supervisory Review Evaluation Process
FY	Financial Year (July - June)	SRP	Supervisory Review Process
GAAP	Generally Accepted Accounting Principles	STR	Suspicious Transaction Report
GDP	Gross Domestic Product	STRM	Short Term Road Map
GNI	Gross National Income	SWIFT	Society for Worldwide Interbank Financial Telecommunication
GOB	Government of Bangladesh	SWOT	Strength, Weakness, Opportunity & Threat
HR	Human Resource	TOR	Terms of Reference
HRMD	Human Resource Management Department	TP	Transaction Profile
IAS	International Accounting Standard	UC	Unclassified
IBP	Inland Bill Purchased	VAT	Value Added Tax

Vision, Mission, Core Values and Strategic Priorities

Vision

To emerge as the country's prime Financial Institution for supporting private sector industrial and other projects of great significance to the country's economic development. Also be active participant in commercial banking by introducing new lines of products and providing excellent services to the customers.



Mission

- To be competitive with other Banks and Financial Institutions in rendering services ;
- To contribute to the country's socio-economic development by identifying new and profitable areas for investment ;
- To mobilize deposit for productive investment ;
- To expand branch network in commercially and geographically important places ;
- To employ quality human resources and enhance their capability through motivation and right-type of training at home and abroad ;
- To delegate maximum authority ensuring proper accountability ;
- To maintain continuous improvement and up gradation in business policies and procedures ;
- To adopt and adapt to new technology ;
- To maximize profit by strong, efficient and prudent financial performance ; and
- To introduce new product lines according to market needs.



Core Values

Professionalism

We are committed to provide the best of our attention and ability for discharging our task, roles and responsibilities and continually upgrading our skill and knowledge base keeping abreast with ongoing local and global developments for attaining excellence in banking businesses.

Transparency & Accountability

We are committed to remain transparent and accountable to our stakeholders in discharging our responsibilities.

Customer Focus

We maintain strong customer focus and build relationships based on integrity, trust, commitment, timely solution and mutual benefit to accelerate the growth.

Corporate Social Responsibility

We promote protection of the environment for our people and are law-abiding in all that we do.



Strategic Priorities

- ❖ Invest in Eco-friendly industries that help mitigate environmental degradation by lending more for renewable energy, and effluent treatment plants and other projects that employ energy efficient low-emission technologies including agro-based industries, small power projects, ICT, transport and infrastructure projects.
- ❖ Select and invest in industrial projects where locational advantages like local availability of raw materials, good infrastructural facilities (road communication, transport facilities, etc.) and utilities (power, gas, water, etc.) shall be available.
- ❖ Identify prospective and potential entrepreneurs and investors / clients and motivate, guide and help them select profitable industrial venture for investment.
- ❖ Regularly publish financial disclosures.
- ❖ Undertake from time to time SWOT (Strengths, Weaknesses, Opportunity and Threats) analysis for reviewing bank and its market position.



BUSINESS CHALLENGES

- Intense competition in the domestic market
- Global economic slowdown
- Strict capital requirement under Basel – III
- Sharp fall in the interest rates on deposit
- Increasing Business Risk

OUR PROSPECTS

- Diversification of asset portfolios through introducing new lines of products
- Expansion of Branch Network
- Progressive automation

OUR STRENGTHS

- Good Corporate Governance & Practices
- Sound and strong capital & asset base
- Deep focus on quality control
- A dedicated line of human resource
- Culture of internal control and compliance

OUR CONFIDENCE

- Well-defined strategy and targets
- A spirit of care, concern and consciousness

Ethical Principles

A bank is a financial intermediary that accepts deposits and channels those deposits into lending activities, either directly by loaning or indirectly through capital markets. A bank links together customers that have capital deficits and customers with capital surpluses.

Banks perform 4 (Four) functions:

1. Intermediation

Banks serve as intermediaries between savers and investors. They mobilize savings from the members of the public in the form of deposits and make these savings available to those who are willing and able to make investment in the real sectors of the economy or to engage in trade which serves as the conduit for distribution of the produced goods and services to consumers and users of these goods and services.

2. Maturity Transformation

The banks accept deposits, a large part of which have to be returned immediately on demand or at short notice. But they use these deposits for giving loans and advances for investment which have longer gestation periods.

3. Credit Allocation

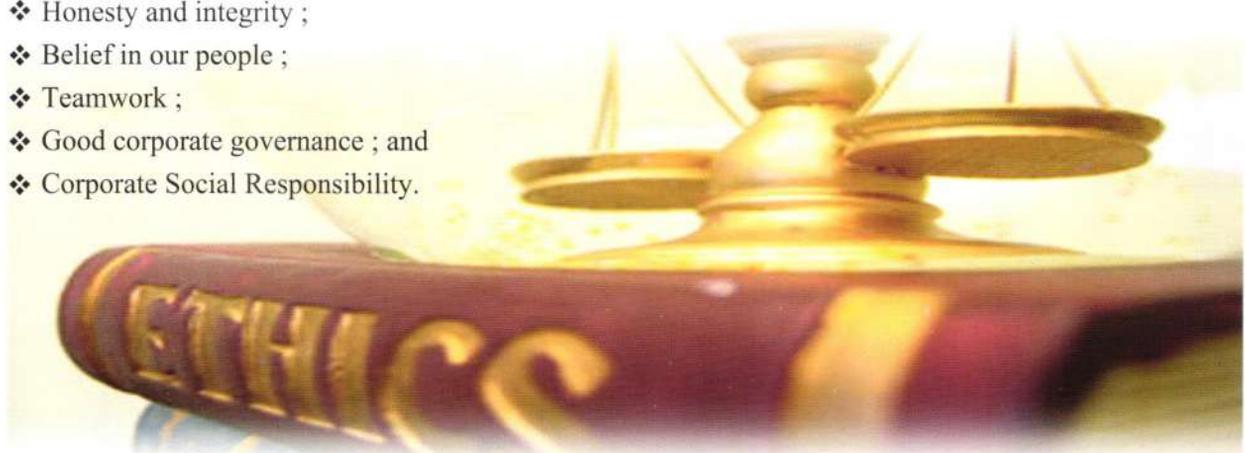
In granting loans & advances, banks determine allocation of credit by sectors, regions and groups of populations.

4. Facilitating Payments Flows

Between exporters and importers as well as between buyers and sellers of goods and services that are produced and consumed domestically. It is obvious that a modern and increasingly globalized economy could not operate if there were no banks to provide these services.

BDBL protects and upholds ethics, integrity and trust in every area of its customer services, management and business activities. The basic characteristics of employees' code of ethics and business conduct are as follows:

- ❖ Customer focus and fairness ;
- ❖ Quality ;
- ❖ Honesty and integrity ;
- ❖ Belief in our people ;
- ❖ Teamwork ;
- ❖ Good corporate governance ; and
- ❖ Corporate Social Responsibility.



Statement of Forward Looking Approach

Annual Report contains basically management's views and advance thinking based on BDBL's business, future plans, economy and financial condition, circumstance including its implications and sustainability. Forward looking statements involve some inherent risks and uncertainties, which are really difficult to predict. Therefore, future forecast, actual results and trend of business stated in forward looking statements may change significantly due to the following factors:

- Volatility in money market
- Instability in capital market
- Changes in regulatory guidelines
- Increase in CRR of the bank
- Volatility of interest rate
- Changes in corporate tax structure
- Changes in accounting standards
- Changes in legislation and regulation of VAT on banking services
- Changes in monetary and fiscal policies
- Changes in economic and financial conditions
- Changes in socio-economic condition arises from natural calamity and political disturbance
- Adverse impact of inflationary pressure
- Increases of business competitor
- Volatility in Foreign Exchange Market and fluctuation of exchange rate
- Increase of provision requirements causing reduction to ROA and ROE.

Besides the above factors, internal factors may also affect businesses resulting from inadequate or failure of internal processes & control, people and systems.

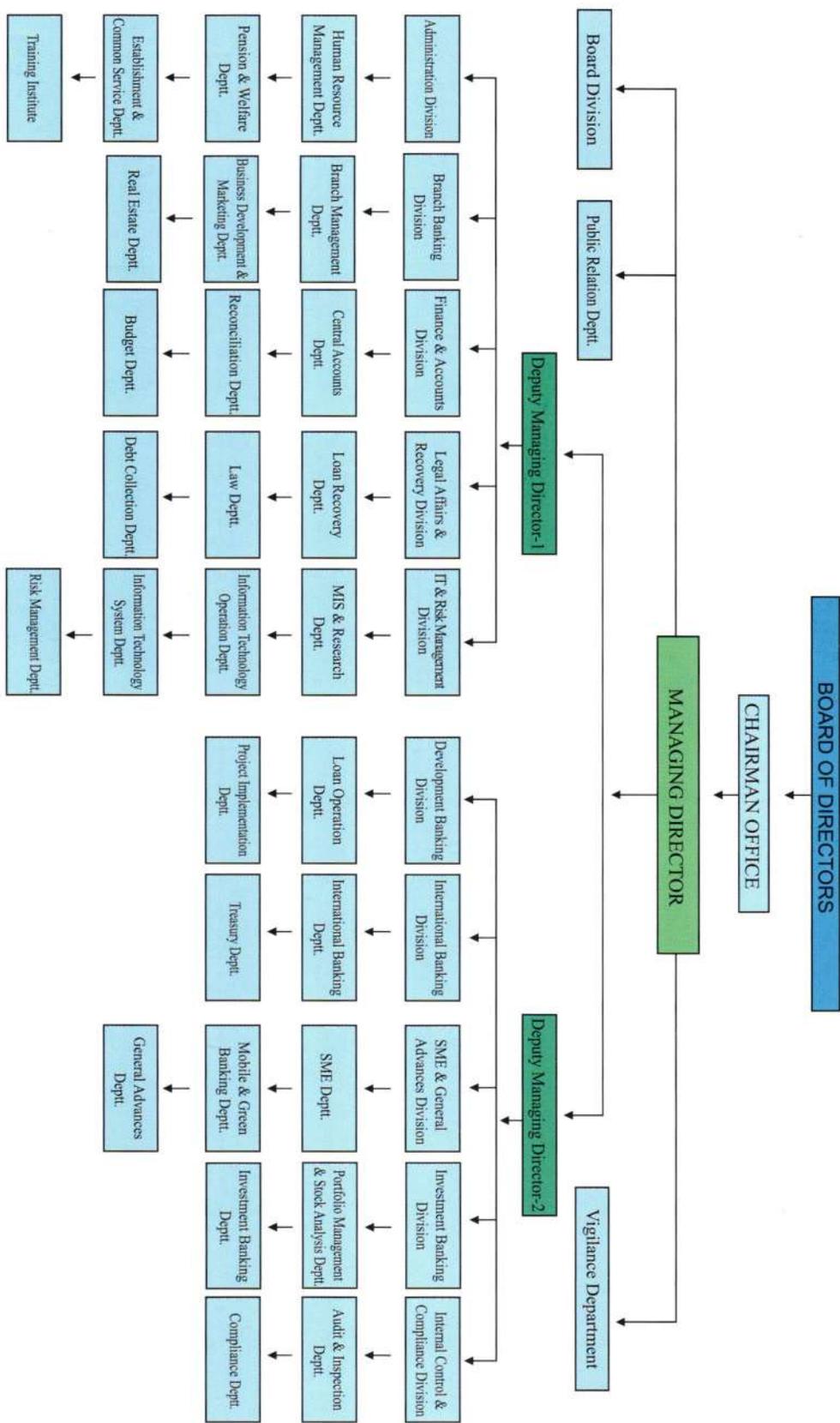


Corporate Profile

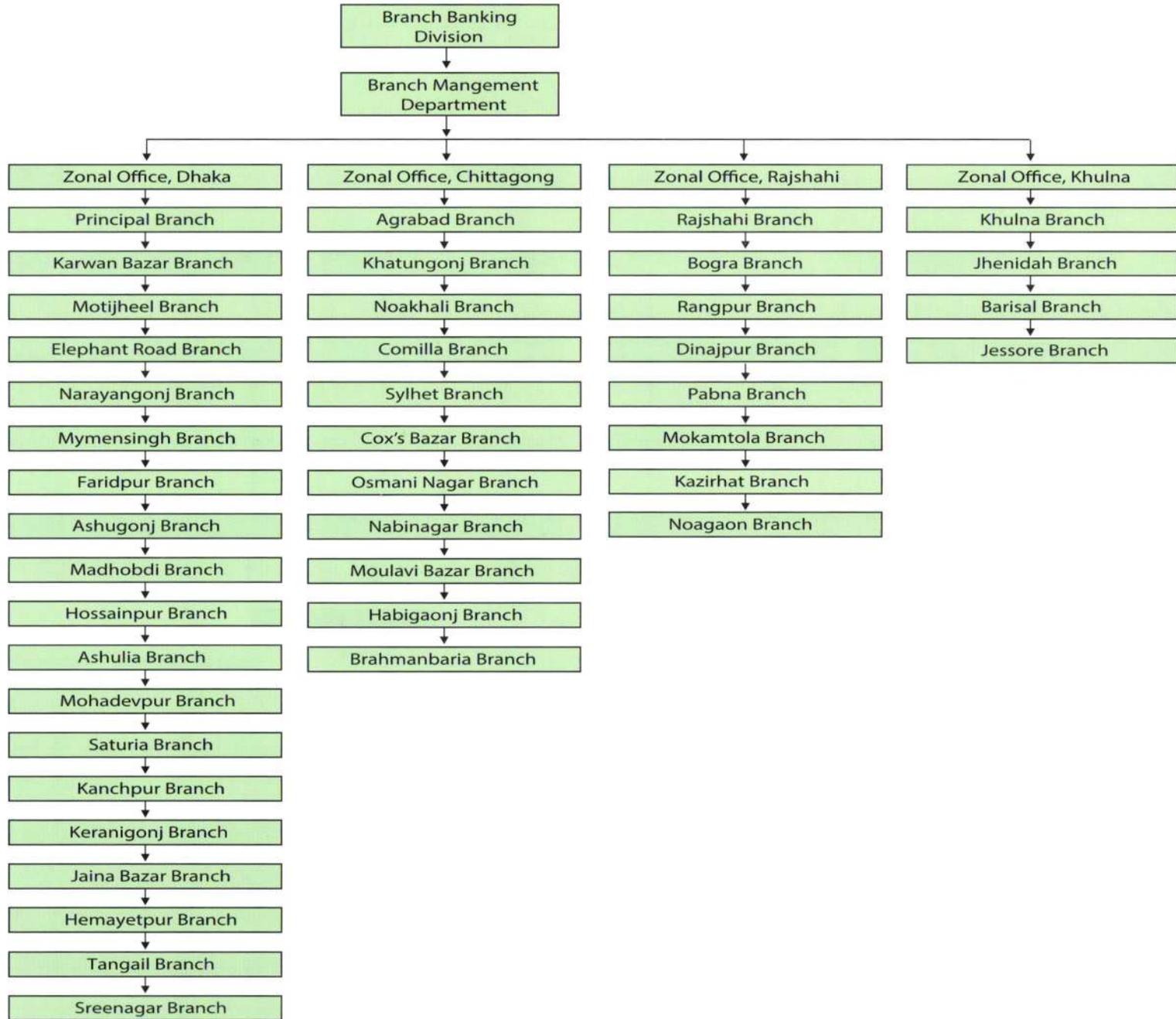
(1) Name	: Bangladesh Development Bank Limited (BDBL) (Established through amalgamation of former BSB & BSRS)
(2) Registered Office	: BDBL Bhaban, 8, Rajuk Avenue, Dhaka-1000
(3) Legal Status	: Public Limited Company
(4) Date of Incorporation	: November 16, 2009
(5) Extent of Shareholding	: 100% share owned by the Government of Bangladesh.
(6) Authorized Capital	: Tk.1000.00 crore
(7) Paid - Up Capital	: Tk. 400.00 crore
(8) Face Value Per Share	: Tk. 100.00
(9) Accounting Period	: January – December
(10) Date of Business Commencement Certificate	: November 16, 2009
(11) Banking License Issued by Bangladesh Bank	: November 19, 2009
(12) Date of Vendors' Agreements Signed	: December 31, 2009 between the Government of the People's Republic of Bangladesh and Bangladesh Development Bank Limited.
(13) Start of Journey	: January 03, 2010
(14) Line of Business	: All Types of Banking Businesses including Capital Market Operations.
(15) Domestic Network	
• Number of Divisions in Head Office	: 11
• Number of Departments in Head Office	: 30 (26 in operation, 4 to be opened soon)
• Number of Zonal Office	: 4
• Number of Branch	: 42
• Number of Urban Branch	: 30
• Number of Rural Branch	: 12
• Number of AD Branch	: 5
• Number of Human Resource	: 774
(16) Subsidiary Companies	: BDBL Securities Limited 12, Karwan Bazar, Dhaka BDBL Investment Services Limited 8, Rajuk Avenue, Dhaka
(17) Corporate Tax Rate	: 42.50%
(18) Auditors	: S.F. AHMED & CO. and KHAN WAHAB SHAFIQUE RAHMAN & CO.
(19) Income Tax Adviser	: K.M. HASAN & CO. Chartered Accountants
(20) Credit Rating Agency	: Alpha Credit Rating Limited
(21) Website	: www.bdbl.com.bd
(22) SWIFT Code	: BDDBBDDH



BANGLADESH DEVELOPMENT BANK LIMITED



BANGLADESH DEVELOPMENT BANK LIMITED



Board of Directors



Chairman of the Board of Directors

Md. Yeasin Ali

(Appointed as Chairman on 26-11-2014)

Members of the Board of Directors

Shahabuddin Ahmed

(Appointed on 06-01-2016)

Md. Ekhlalur Rahman

(Appointed on 06-01-2016)

Mushtaque Ahmed

(Appointed on 14-01-2016)

Md. Abu Hanif Khan

(Appointed on 14-01-2016)

Dr. A.K. Ubaidur Rob

(Appointed on 26-01-2016)

Syed Aftear Hussain Pear

(Appointed on 24-04-2016)

Salma Nasreen, NDC

(Appointed on 01-11-2016)

Manjur Ahmed, Managing Director

(Appointed on 09-05-2016)

Directors' Profile

01. MD. YEASIN ALI, Chairman

Current Responsibility

- Chairman, Board of Directors, Bangladesh Development Bank Limited.

Past Responsibilities

- Chairman, Board of Directors, Bangladesh House Building Finance Corporation.
- Managing Director, Dutch Bangla Bank Limited.
- Managing Director, Rupali Bank Limited.
- Managing Director, Bangladesh Shilpa Bank.
- Managing Director (Current Charge), Rajshahi Krishi Unnayan Bank.
- General Manager, Agrani Bank.
- General Manager, Rajshahi Krishi Unnayan Bank.

Education

- M.Sc. in Agricultural Economics.



02. SHAHABUDDIN AHMED, Director

Current Responsibilities

- Director, Board of Directors, Bangladesh Development Bank Limited.
- Additional Secretary, Finance Division, Ministry of Finance, Government of the People's Republic of Bangladesh.
- Director, Board of Directors, Coal Power Generation Company Bangladesh Limited (CPGCBL).
- Director, Board of Directors, Electricity Generation Company of Bangladesh Limited (EGCBL).
- Member, Board of Directors, Dhaka Residential Model College.

Past Responsibilities

- Director, Board of Governors, Bangladesh Krishi Bank (BKB).
- Member, Board of Directors, Rajuk Uttara Model College, Dhaka.

Education

- B. Sc (Hon's), M. Sc, University of Dhaka.
- M. Sc. in Development Finance, United Kingdom.



03. MD. EKHLASUR RAHMAN, Director

Current Responsibilities

- Director, Board of Directors, Bangladesh Development Bank Limited.
- Additional Secretary, Finance Division, Ministry of Finance, Government of the People's Republic of Bangladesh.
- Director, Bangladesh Cable Shilpa Limited.
- Council Member, Financial Reporting Council.

Education

- B.S.S. (Hon's), M.S.S. in International Relations, University of Dhaka.
- Post Graduate Diploma in International Relations and Development, Institute of Social Studies (ISS), the Hague, The Netherlands.
- MBA, Maastricht School of Management (MSM), The Netherlands



04 MUSHTAQUE AHMED, Director**Current Responsibility**

- Director, Board of Directors, Bangladesh Development Bank Limited.

Past Responsibilities

- Managing Director, Karmasangsthan Bank.
- Deputy Managing Director, Sonali Bank.

Education

- B.A (Hon's), M.A in Economics, University of Dhaka.

**05 MD. ABU HANIF KHAN, Director****Current Responsibility**

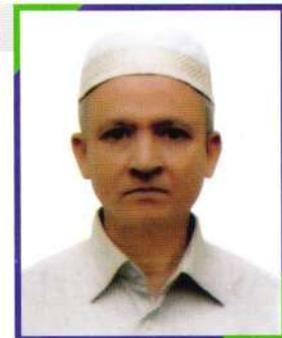
- Director, Board of Directors, Bangladesh Development Bank Limited.

Past Responsibilities

- Deputy Managing Director, Rupali Bank Limited.
- Deputy Managing Director, Rajshahi Krishi Unnayan Bank.
- General Manager, Karmasangsthan Bank.
- General Manager, Rajshahi Krishi Unnayan Bank.
- Deputy General Manager, Bangladesh Krishi Bank.

Education

- B. Sc. (Hon's), M. Sc. in Economics.

**06 DR. A.K. UBAIDUR ROB, Director****Current Responsibilities**

- Director, Board of Directors, Bangladesh Development Bank Limited.
- Director, Green Valley Plantation, Dhaka.
- Chairman, Jantrik Technologies Limited.
- Chairman, APACE Filling Limited, Dhaka.
- Chairman, Eco Plantation Limited.
- Member, International Union for the Scientific Study of Population, France.
- Member, Population Association of America, USA.
- Member, American Public Health Association, USA.
- Member, Global Health Council, USA.
- Editorial Board Member, International Quarterly of Community Health
- Editorial Board Member, Population Review.

Past Responsibilities

- Chairperson, Ashiana Trust Foundation (ATF).
- Chairperson, Assistance for Blind Children (ABC).
- Chairperson, Underprivileged Children's Education Program (UCEP), Bangladesh.

Education

- PhD in Population Planning, University of Michigan, Ann Arbor, USA.
- MS in Applied Statistics, University of London, UK.
- MSc in Statistics, Chittagong University, Bangladesh.



07. SYED AFTEAR HUSSAIN PEAR, Director

Current Responsibilities

- Director, Board of Directors, Bangladesh Development Bank Limited.
- Member, Board of Directors, Social Development Foundation (SDF).
- Member, District Non-Formal Education Committee of Sylhet.
- Member, Ashrayan Prokalpo of Honorable Prime Minister.
- Member, Red Cross Society, Sylhet.
- Member, Muslim Sahitya Sangstha, Sylhet.
- Journalist, Daily Bhorer Kagoj.
- Founder President, Balagonj Press Club Upazilla, Sylhet.
- Businessman.



Past Responsibility

- Journalist, Different types of newspapers namely "Daily Provat", "Daily Desh Bangla", "Daily Shakti", "Daily Banglar Bani", "Weekly Banglar Dak" and "Weekly Somachar".

Education

- B.Com.

08. SALMA NASREEN, NDC, Director

Current Responsibility

- Director, Board of Directors, Bangladesh Development Bank Limited.
- Additional Secretary, Financial Institutions Division, Ministry of Finance, Government of the People's Republic of Bangladesh.

Education

- B S S (Hon's), M S S in Economics.
- M Sc in Economic Policy & Planning.
- Masters in Security Studies.



09. MANJUR AHMED, Managing Director

Current Responsibility

- Managing Director, Bangladesh Development Bank Limited.

Past Responsibilities

- Managing Director, Rajshahi Krishi Unnayan Bank.
- Managing Director (in charge), Bangladesh House Building Finance Corporation.
- Deputy Managing Director, Bangladesh Krishi Bank.
- General Manager, Bangladesh Krishi Bank.
- General Manager, Rajshahi Krishi Unnayan Bank.

Education

- MS in Business Administration, University of Canberra, Australia.
- MBA in Finance, University of Dhaka.
- B.S.S (Hon's) in Public Administration, University of Dhaka.



Board's Committee



Executive Committee

Mr. Md. Yeasin Ali, Chairman	Chairman of the Committee
Mr. Shahabuddin Ahmed, Director	Member
Dr. A.K. Ubaidur Rob, Director	Member
Salma Nasreen, NDC, Director	Member
Managing Director, BDBL	Member

Audit Committee

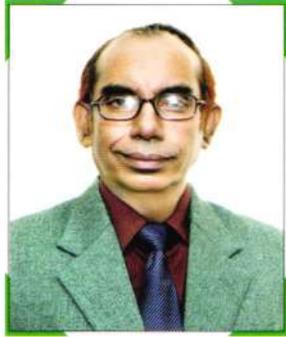
Mr. Md. Ekhlasur Rahman, Director	Chairman of the Committee
Mr. Mushtaque Ahmed, Director	Member
Mr. Md. Abu Hanif Khan, Director	Member
Syed Aftear Hussain Pear, Director	Member

Risk Management Committee

Mr. Shahabuddin Ahmed, Director	Chairman of the Committee
Mr. Md. Abu Hanif Khan, Director	Member
Dr. A.K. Ubaidur Rob, Director	Member
Syed Aftear Hussain Pear, Director	Member
Salma Nasreen, NDC, Director	Member

Managing Director and his Management Team

Managing Director



Manjur Ahmed
Managing Director

Deputy Managing Director



Md. Rafiqul Alam *
Deputy Managing Director

Two New Deputy Managing Director Joined BDBL in 2017



A K M Hamidur Rahman
Deputy Managing Director
(Joined on 12-07-2017)



Pankaj Roy Chowdhury
Deputy Managing Director
(Joined on 12-07-2017)

* Transferred to Agrani Bank Limited

Head of Divisions



Mr. Syed Nurur Rahman Quadry
General Manager
Legal Affairs & Recovery
and Branch Banking Division



Mr. A K M Hamidur Rahman
General Manager
SME & General Advance Division
(Promoted as DMD on 11-07-2017)



Mr. A.B.M. Aminul Hoque
General Manager
Development Banking and
Administration Division



Mr. Md. Khalid Hossain
International Banking and
Internal Control & Compliance Division



Mr. Md. Abdul Matin
Finance & Accounts and
IT & Risk Management Division



Mr. Md. Alamgir Miah
Foreign Exchange Consultant

Head of Departments



Mr. Md. Azizur Rahman
Deputy General Manager
Central Accounts Department
(Promoted as GM on 15-02-2017)



Mr. Md. Lutfur Rahman
Deputy General Manager
Project Implementation Department
(Promoted as GM on 15-02-2017)



Mr. Md. Amarat Hossain
Deputy General Manager
Audit & Inspection Department



Mr. Md. Sakhawat Hossain Khan
Deputy General Manager
Branch Management Department



Mr. Tapan Kumar Roy
Deputy General Manager
SME Department



Mr. Sayed Md. Nazrul Islam
Deputy General Manager
Risk Management Department



Mrs. Lutfun Nahar
Deputy General Manager
MIS & Research Department



Mr. Md. Abdul Baqui
Deputy General Manager
Human Resource Management Department



Mr. Khandakar Rakib Hussain
Deputy General Manager
Investment Banking Department



Mr. Dewan Abdul Jabber
Deputy General Manager
Compliance Department



Mr. Moazzem Hossain Chowdhury
Deputy General Manager
Loan Operation Department



Mr. Paritosh Sarker
Deputy General Manager
International Banking



Mr. Md. Mustafa Kamal
Deputy General Manager
Establishment & Common Service Department
and Public Relations Department



Mr. Sujal Kanti Sen
Deputy General Manager
Vigilance Department



Mr. Md. Kamil Burhan Firdous
Deputy General Manager
Law Department



Mr. Md. Ayub
Deputy General Manager
Loan Recovery Department



Mr. Md. Nurul Islam
Deputy General Manager
Real Estate Department



Mr. Md. Ashraf Haque
Deputy General Manager
Debt Collection Department



Mr. Helal Uddin
Deputy General Manager
Reconciliation Department



Mr. Diwan Muhammad Ishaque
Assistant General Manager
Budget Department



Mr. S.M. Sirajul Islam
Assistant General Manager
Business Development &
Marketing Department



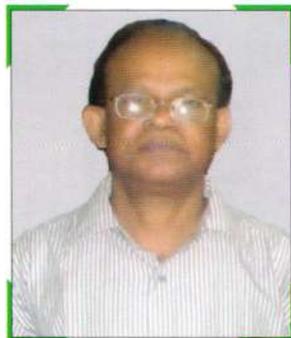
Mrs. Shahnaj Begum
Assistant General Manager
Training Institute



Mr. A.B.M. Zahirul Hoque
Assistant General Manager
&
PS to Managing Director
MD's Office



Mr. Md. Nazrul Islam
Assistant General Manager
Information Technology
Operation Department



Mr. Md. Aminul Islam
Assistant General Manager (Contractual)
Information Technology System Department

Zonal Managers



Mr. Md. Solaiman Ali
Deputy General Manager
Zonal Office, Rajshahi
(Promoted as GM on 15-02-2017)



Mr. Md. Abdul Khaleque
Deputy General Manager
Zonal Office, Dhaka



Mr. Asghar Ali
Deputy General Manager
Zonal Office, Chittagong



Mr. Chitta Ranjan Kundu
Deputy General Manager
Zonal Office, Khulna

Branch Managers



Mr. Sheikh Md. Tofazzal Hossain
Deputy General Manager
Principal Branch, Dhaka
(Promoted as GM on 15-02-2017)



Mr. Md. Shafiqul Islam
Deputy General Manager
Karwan Bazar Branch, Dhaka



Mr. Md. Jasim Uddin
Assistant General Manager
Agrabad Branch Chittagong



Mr. Md. Shahjahan
Assistant General Manager
Elephant Road Branch, Dhaka



Mr. Md. Abdur Rouf Khan
Assistant General Manager
Pabna Branch, Pabna



Mr. Mukul Kumar Saha
Assistant General Manager
Motijheel Branch, Dhaka



Mr. Shamal Kumar Das
Assistant General Manager
Bogra Branch, Bogra



Mr. Md. Shafiqul Islam
Assistant General Manager
Narayangonj Branch, Narayangonj



Mr. Md. Mominul Hasan
Assistant General Manager
Dinajpur Branch, Dinajpur



Mr. Md. Taifur Alam
Assistant General Manager
Rajshahi Branch, Rajshahi



Mr. Mir Mohsin Ali
Assistant General Manager
Rangpur Branch, Rangpur



Mr. Md. Zahed Hassan
Assistant General Manager
Khatungonj Branch, Khatungonj



Mr. Md. Hafizur Rahman
Assistant General Manager
Jessore Branch, Jessore



Mr. Mohiuddin Ahmed
Assistant General Manager
Hobiganj Branch, Hobiganj



Mr. Khan Md. Moinuddin
Assistant General Manager
Barisal Branch, Barisal



Mr. Syed Abdul Mannan
Assistant General Manager
Mymensingh Branch, Mymensingh



Mr. Md. Nurul Alam
Assistant General Manager
Naogoan Branch, Naogoan



Mr. Kamal Uddin Ahmed Mollah
Assistant General Manager
Sylhet Branch, Sylhet



Mr. S.M Wahiduzzaman
Assistant General Manager
Faridpur Branch, Faridpur



Mr. Md. Golam Faruk Patwary
Assistant General Manager
Khulna Branch, Khulna



Mr. Shamsus Saberin
Assistant General Manager
Madhobdi Branch, Madhobdi



Mr. Md. Mainul Haque Chowdhury
Assistant General Manager
Saturia Branch, Saturia



Mr. Md. Bulbul Ahmed
Assistant General Manager
Ashugonj Branch, Ashugonj



Mr. Md. Golam Hasnayan Khan
Assistant General Manager
Tangail Branch, Tangail



Mr. Md. Reazul Islam
Assistant General Manager
Sreenagar Branch, Munshigonj



Mr. Md. Abdul Mazid
Senior Principal Officer
Jhenidh Branch, Jhenidh



Mr. Md. Rakeeb Hossain
Senior Principal Officer
Noakhali Branch, Noakhali



Mr. Md. Mahbub Morshed Khan
Senior Principal Officer
Keranigonj Branch, Dhaka



Mr. Md. Asaduzzaman
Senior Principal Officer
Nabinagar Branch, B.Barua



Mr. Mohd. Momtaz Uddin
Senior Principal Officer
Moulavibazar Branch, Moulavibazar



Mr. Mohammad Ayub Ali
Senior Principal Officer
Hossainpur Branch, Kishoreganj



Mr. Mohammad Mobassher Hossain
Senior Principal Officer
Cox's Bazar Branch, Cox's Bazar



Mr. Md. Iqbal Hossain
Senior Principal Officer
Ashulia Branch, Dhaka



Mr. Biplob Chandra Ghosh
Senior Principal Officer
Comilla Branch, Comilla



Mr. Yousuf Ali
Senior Principal Officer
Mokamtola Branch, Mokamtola



Mr. Md. Faidur Rahman
Senior Principal Officer
Mohadevpur Branch, Manikgonj



Mr. Mohammad Mannan Hossain
Senior Principal Officer
Kanchpur Branch, Dhaka



Mr. Tanveer Ahmed Siddiquee
Senior Principal Officer
Osmani Nagar Branch, Sylhet



Mr. Mohammad Moniruzzaman
Senior Principal Officer
Jaina Bazar Branch, Gazipur



Mr. Md. Ashrafuzzaman Chowdhury
Senior Principal Officer
Kajirhat Branch, Nilphamari



Mr. Md. Jahangir Kabir
Senior Principal Officer
Hemayetpur Branch, Dhaka

Chairman's Foreword



MD. YEASIN ALI
Chairman
Board of Directors
Bangladesh Development Bank Limited

“As a Financial Intermediary, we emphasize to maintain balance between sustainable banking and profit growth.”

Dear Shareholders

Assalamu Alaikum

It is a great privilege and honor for me to welcome you all to the 7th Annual General Meeting of Bangladesh Development Bank Limited. On behalf of the Board of Directors and from myself, I would like to express my sincere thanks and gratitude to all of you for your active support and cooperation without which it would not have been possible for us to take BDBL at this stage.

It needs be mentioned that after amalgamation, BDBL has passed seven years time. But it has a stock of long experience in banking businesses acquired from former Bangladesh Shilpa Bank (BSB) and Bangladesh Shilpa Rin Sangstha (BSRS). BDBL has always been playing a catalytic role to contribute to economic growth and development of the economy through addressing the challenges coming from internal and external sources. BDBL is earning profit and giving facilities/financial benefits to its employees. It is also a great pleasure to inform you that BDBL has consistently been giving dividend to the Government of Bangladesh since its inception. Before presenting the report of the bank for the year 2016, a brief review of the global economic situation along with the performance of the Bangladesh Economy in 2016 are briefly enumerated hereunder :-

GLOBAL ECONOMIC GROWTH

The global economy has been experiencing a low growth trap for the last five years ranging between 3.10 to 3.40 percent. The downward growth trend in the advanced economies specially in the United States and Euro area distracting the future output expectations and thereby reducing current spending and future output growth. But it is a matter of hope that the growth in emerging market and developing economies, 2016 shows a sign of improvement as a result of buoyant economic activities in leading Southeast and South Asian countries, specially China, India, Sri Lanka and Bangladesh. The global trade and investment has also been weak disrupting the advances in labor productivity and wages that are required to support sustainable consumption growth. However, fiscal policies both implemented and proposed may catalyze private economic activity and push the global economy to a modestly higher growth rate in future.

At the same time, financial market sentiment toward emerging market economies has improved with expectations of lower interest rate in advanced economies, reduced concern about China's near term prospects differ sharply across countries and regions with emerging Asia in general and India in particular showing robust growth and Sub-Saharan Africa experiencing a sharp slowdown. In advanced economies, a subdued outlook dominates the overall socio-economic dynamics and on the other hand anti globalization policy platforms are apparently gaining more attention.

BANGLADESH ECONOMY:

With multi faceted challenges from internal and external fronts, Bangladesh economy managed to maintain GDP growth rate in FY 2016 at 7.10 percent. The industry sector with robust growth contributed a lot to the overall growth along with notable performance of service and agriculture sector. During 2016, Bangladesh achieved expected growth in many macro-economic indicators like declining CPI inflation, rising reserve, export-import growth, etc.

Inflationary pressures on the purchasing power of the consumers continued to soften due to fall in food inflation resulting from adequate food supply. As a result, annual average Consumer Price Index (CPI) inflation recorded at 5.90 percent in FY 2016 against the target of 6.07 percent.

The performance of external sector was satisfactory during FY 2016. The export earnings continued to increase along with import payments. But export grew more than import which ultimately turning the current account balance into surplus to the tune of USD 37.06 billion in FY 2016 from USD 28.75 billion in FY 2015.

Bangladesh Bank preserved cautious but growth-supportive, inclusive and investment-friendly monetary policy stances in FY 2016 with a view to achieving desired economic growth and maintaining inflation at a moderate level. Accordingly monetary and credit programs and policies were pursued.

Data available about money supply and credit growth shows that broad money (M2) growth stood at 13.80 percent against the programmed ceiling of 14.80 in December, 2016. Private sector credit grew by 15.00 percent against the program level of 16.60 percent. Credit to the public sector, however, declined by 1.30 percent far below the programmed ceiling of 10.80 percent growth.

BANKING BUSINESS ENVIRONMENT

The overall business environment in the banking sector in 2016 was significantly more challenging than expected. Besides, sluggish trend in the country's capital market, lower-than-expected credit growth, cautious monetary policy, declining interest rate including continuous rise of Non Performing Loans (NPL) and Expenditure-Income Ratio (EI) caused significant reduction in the profitability of banks. The most important threat to the banking sector was encompassing with the huge amount of Non Performing Loans (NPL). The NPL ratio by type of banks such as SCBs, PCBs, FCBs and DFIs were recorded as 25.70, 5.40, 8.30 and 26.10 percent respectively in FY 2016 which was higher than those in the previous financial year. The ratio of NPL to total loans of all banks on an average increased to 10.10 percent in FY 2016 compared to that of in FY 2015.

BDBL's PERFORMANCE

Like the previous years, BDBL has posted positive profit growth. The bank took a strategy of quality growth by following regulatory and policy prescription compliance in all spheres of operations.

As a continued policy, the bank remained focused in all key areas covering capital adequacy, maintenance of required provision, sound management, good earnings and strong liquidity. As a result, the operating profit stood at Tk. 65.05 crore for the year 2016. Net Profit after Provision and Tax showed a downturn to Tk. 38.23 crore in 2016 as compared to the previous year. Consequently, the Return On Asset (ROA) and Return On Equity (ROE) reduce to 0.70 percent and 2.10 percent respectively than those of the Return On Asset (ROA) and Return On Equity (ROE) to 1.01 percent and 2.88 percent in 2015. At the same time, Earnings Per Share (EPS) stood at Tk. 9.56 in 2016 which was Tk. 12.93 in 2015.

Deposits of the bank increased to Tk.2637.49 crore during 2016 from Tk. 2337.17 crore in 2015, showing 12.85 percent growth. Loans and advances showed declining growth by about 0.33 percent to Tk.1807.84 crore during the year 2016.

Non-Performing Loans, a huge burden for BDBL, stands as a barrier and threat for income generation and creates stumbling block to its profitability. However, the bank has taken a number of laudable steps to recover the classified loans so that the Non Performing Loans decline to an acceptable level within the shortest possible time.

In the year 2016, Capital Adequacy Ratio of the bank was 25.76 percent (core capital to Risk Weighted Assets-19.50 percent and supplementary capital to Risk Weighted Assets-6.27 percent) on solo basis, which was above the stipulated rate of 10 percent.

The bank operates under the overall supervision and guidance of the management and policy supports from the Board of Directors. The Board throughout the year remained vigilant about compliance of the existing rules and regulations. It also spent much of its time in delivering and updating policy directives to the management for improving the performance of the bank including service delivery. All these measures together enhanced the competitiveness of the bank during the year under review.

The bank always believes that human resource is one of the important assets for achieving goals of the bank. So, the bank invests substantially in human resource development. The bank hires, develops and retains the human resource base with the right level of attitude, skills and talent to meet current and future demand. The employees of the bank are given on-the-job training and sent to different training programs / seminars and workshop. The Training Institute of the bank arranges various courses on timely issues of banking including workshops and seminars.

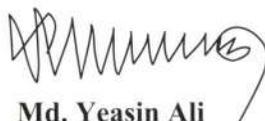
For improving the strength in latest technology driven activities, the IT Division of the bank has been working hard with a team of highly skilled officers. The IT team developed various in-house software which made the operating system faster and customer-friendly.

As a part of inclusive banking, BDBL's strategy is to reach the doorsteps of the customers / entrepreneurs to provide full range of banking services based on technology at a reasonable cost. With this end in view, the bank opened 6 new branches in different important business locations of the country during 2016. Thus, the total number of branches stood at 42 under 4 zonal offices.

BDBL is well positioned to meet the challenges of 2017 and expects to achieve sustainable growth with improved asset quality that will maximize profit of the bank. The bank will focus on its small, medium and large customer base to generate more business from existing and new customers. It will also continue to harness the potential of Retail Banking, Remittance and Foreign Trade Financing including other businesses. In its pursuit of growth, the bank will always adhere to good corporate governance and practices and sound risk management policies and credit evaluation procedure. The bank also follows core principles of sustainability and flexibility to cope with internal and external shocks.

I would like to express my gratitude to the Government of the People's Republic of Bangladesh, Bangladesh Bank, Bangladesh Securities & Exchange Commission, Office of the Registrar of the Joint Stock Companies and Firms and the stock exchanges for their continued support and guidance. I would also like to express my thanks to all valued clients, patrons, well-wishers and all employees for their continued support and cooperation without which the bank would not be able to achieve its present position.

I am thankful to our statutory auditors, S.F. AHMED & CO. and KHAN WAHAB SHAFIQUE RAHMAN & CO., Chartered Accountants. My appreciation also goes to my fellow members in the Board of Directors of the bank for their generous assistance, guidance and thoughtful leadership for continuous growth of the bank.



Md. Yeasin Ali
Chairman
Board of Directors

From the Desk of the Managing Director



MANJUR AHMED
Managing Director
Bangladesh Development Bank Limited

BDBL has been advancing towards achieving its goals with well defined targets and strategies of business activities under the guidance of expert and experienced Board of Directors.

It is indeed a great pleasure to welcome you all to the 7th Annual General Meeting of BDBL. I am also delighted to express my best regards and hearty felicitation to the respected shareholders, honorable Chairman and Directors of BDBL. Since its inception, BDBL has been endeavoring hard to achieve its desired goals with the continued support and co operation of the visionary Board of Directors. As a result, the growth of BDBL through performing different business activities has been showing upward trend from year to year.

Before going to present operational and financial performance of the bank, it is pertinent to highlight on our domestic economic situation and state of banking industry during FY 2016.

DOMESTIC ECONOMIC REVIEW

Bangladesh has experienced high and steady growth for more than a decade, with an average growth of over 6.00 percent. A cautious but inclusive growth and investment friendly monetary policy stance was implemented during FY 2016. This has helped to achieve 7.10 percent GDP growth during FY 2016 with support from both domestic and external demand. On the supply side, industry and services sectors contributed to the growth. At the same time, per capita GDP at current market price provisionally increased to Tk. 17328.64 billion in the FY 2016 which was Tk.15158.02 billion in the FY 2015. At the same period, the average inflation showed a downward trend to 5.90 percent in FY 2016 from 6.40 percent in FY 2015 mainly due to decrease in food inflation although the non-food inflation increased.

The Gross Domestic Product (GDP) growth is projected at 7.20 Percent in FY 2017 based on prevailing investment and growth momentum in the real economy. With this end, Bangladesh Bank's monetary program for FY 2017 has set to provide adequate monetary accommodation to achieve targeted GDP growth in FY 2017. The monetary program designed to provide 15.70 percent productive credit growth to private sector to support growth oriented monetary policy as well as to contain inflation at the desired level of 5.80 percent for FY 2017.

BANKING INDUSTRY REVIEW

The Banking industry of the country in FY 2016 was passing through several backdrops, like global financial crisis, money market and capital market volatility, crisis of fund, stricter Central Bank's regulations to contain Advance Deposit Ratio (ADR), sluggish credit demand, stringent lending practices following scams in some banks, shortages of power & energy and lack of satisfactory infra-structural facilities. In spite of introducing some robust regulatory instructions, upward trend of non-performing loans in many banks continued to rise. All these had led to slower profit growth of banks in 2016 compared to the previous year.

PERFORMANCE REVIEW OF BDBL

The management of BDBL focused more on consolidating its strength in 2016 by way of capacity building, strong capital base and efficient liquidity management. Accordingly, in the area of capacity building, the bank revitalized its organogram to make it more dynamic and delivery oriented. For this, it created a number of new departments and opened up new branches for expanding banking activities, liability marketing and branding. Strong Capital Base was also maintained to contain Advance Deposit Ratio (ADR) within the desired level.

As a State-owned Specialized Commercial Bank, the bank has to remain busy throughout the year in different profit making businesses activities for survival. The year 2016 has however been a busy year for BDBL. The picture of business and revenue growth showed positive growth like the previous year. The Key

Performance Indicators (KPIs) of banking operations are testimony to the achievement and growth of the bank. The bank earned Net Interest Income (NII) of Tk.30.49 crore against the target of Tk.13.33 crore, indicating 232 percent achievement of the target. Similarly, the non-funded income (fees, commission etc) was Tk.69.16 crore against the target of Tk.56.78 crore, showing about 122 percent achievement.

The total operating income of the bank decreased by almost 12 percent to Tk.190.46 crore in 2016 than the previous year mainly due to payment of high interest to the depositors. At the same time, total operating expenses however, posted an increased trend of 30 percent to Tk. 125.41 crore over the previous year. Revenues from share market operation also declined because of the overall market situation.

As a result, the Net Income before Provision and Tax (NIBPT) stood at Tk. 65.05 crore in 2016 against the target of Tk. 43.90 crore, showing an achievement of almost 148 percent of the target. Cost to Income Ratio slightly increased to 89.40 percent in 2016 which was 87.27 percent in 2015.

The dividend policy of the bank aims to ensure sustainable growth of the bank with strong Capital Adequacy Ratio (CAR), which must maximize value for the shareholder. The bank successively paid as high as Tk. 10.00 crore dividends to the shareholder in 2016.

BUSINESS GROWTH IN 2016

In 2016, all out efforts were taken to diversify and improve the deposit mix to strengthen deposit base alongside with the target to reduce the cost of funds. To increase number of deposit accounts, intensified target and campaign were speed up in 2016. The campaign was strongly supported by opening of new branches, announcing special deposit month program, introducing online banking and upgrading IT infrastructure and increasing promotional activities including improved delivery capabilities to meet the growing needs of the customers.

At present, 57 banks are operating in the money market with strong competition for deposit hunting. The deposit of bank stood at Tk.2637.49 crore in 2016 from Tk. 2337.17 crore in 2015.

With deposit growth, efforts were taken to maintain assets quality. Loans and advances stood at Tk.1807.84 crore at the end of 2016 from Tk. 1813.75 crore, showing a declining growth of about 0.33 percent over the previous year. The credit growth showed negative growth due to higher recovery and lower credit demand.

The bank continued to grow and diversify its portfolio in 2016 to have a diversified client base to cover more and more sectors to reduce client specific and industry specific concentration and also to reduce overall portfolio risk. Considering the future market direction, a number of retail products and SME products aiming at specific target groups were also launched under the guidance of Bangladesh Bank.

NON-PERFORMING LOANS

Non-performing loans of the bank increased to Tk.730.21 crore in 2016 from Tk. 694.56 crore in 2015 due to lower than targeted inclusion of new loan in portfolio, higher than targeted recovery from regular loan and compliance of the regulatory requirements. The efforts to reduce non-performing loans ratio 49.58% (excluding staff loan) did not yield desired result as was targeted in 2016. However, full provision was made against these classified loans. The bank took several measures to reduce the quantum of classified loan in future.

RISK MANAGEMENT

As a Financial Intermediary, BDBL also faces challenges from different types of risks that may have adverse impacts on the business and profitability. Risk management in bank's operation includes identification, measurement, assessment, monitoring and control of various risks with an aim to minimize adverse impact of risks taking on the financial outcome of the bank. The Risk Management Unit of the bank prepares monthly Risk Report on the financial health of the bank and Stress Test results on the financial position of the bank. This is presented to the Supervisory Review Process Team and high powered Risk Management Committee.

STRONG CAPITAL ADEQUACY

BDBL always puts much emphasis on strengthening and enhancing its risk management culture and internal control processes rather than increasing capital to cover up weak Risk Weighted Assets (RWA). As a result, the bank's Capital Adequacy Ratio (CAR) remains consistently at a higher level than asked for by the Central Bank. The Capital Adequacy Ratio maintained at 25.76 percent (core capital 21.01 percent + supplementary capital 4.75 percent) in 2016 which was 25.77 percent (core capital 19.50 percent + supplementary capital 6.27 percent) in 2015.

AWARDS AND ACCOLADES

Since inception, BDBL has been following good corporate governance including strong internal control and compliance. This has resulted in recognition through obtaining two prestigious 2nd and 3rd awards in a year given by The Institute of Chartered Accountants of Bangladesh (ICAB) and The Institute of Cost and Management Accountants of Bangladesh (ICMAB) respectively.

It can also proudly be mentioned that BDBL has no capital shortfall, no deficit for loan provision. Due to adoption of good corporate governance, no fraud-forgery scam has happened in BDBL.

BDBL'S CREDIT RATINGS

Credit rating is one of the important factors for deciding and establishing business relations including international trade. BDBL's Credit Rating has been done by Alpha Credit Rating Limited on the basis of Bank's Audited Financial Statements of 2014, 2015 as well as other qualitative and quantitative information like very good liquidity profile, strong capital base, good corporate governance, highly qualified management team, efficient fund management capacity and efficient human resource. As a separate entity, BDBL was awarded with A- for long term loan and AR-3 for short term loan with stable outlook.

OTHER ACTIVITIES

BDBL is consistently improving its IT backbone to expand its products and services. It has always been striving to cater to the banking needs of a wider customer base and enhance the mission of promoting financial inclusiveness.

It is true that the global financial industries contributed substantially to the ongoing crisis by their mindless pursuit of profit, causing negative impacts on the People and Planet. Our bank is more sensitive to the needs of the community and environment and not concentrates solely on profit maximization. Considering the needs, the bank formulated Green Banking Policy according to the guidelines given by the Central Bank in order to implement the same for betterment of the Society and Planet.

BUSINESS OUTLOOK FOR 2017

It is apprehended that the year 2017 would be more challenging year for the economy as well as for Banking Sector. The major challenges of the banking industry in 2017 would be optimum utilization of fund through achieving desired investment growth, preventing the deterioration of asset quality and maintenance of Capital Adequacy Ratio. We are quite optimistic that we would be able to achieve our goals in 2017 by strategic planning and implementation of the same through a dedicated line of human resource. Adequate precautions have been taken to prevent the cyber crime by improving our cyber security system.

However, from the lessons of 2016, we will make every effort to focus the following in 2017 :

- Explore potential depositors and take steps to make them our customers to increase investable fund and contain cost of fund by no cost and low cost deposit mix.
- Enhance image of the bank by taking customer focused, need-based and solution-driven activities.
- Ensure better customer services according to the needs of the customers at reasonable cost.
- Achieve business growth through enhancing non-funded activities and loans and advances with special thrust on SMEs, cluster-based finance, green projects, entrepreneurs finance including others aiming to speed up sustainable business growth.
- Drive Export-Import business in full swing.
- Determine realistic strategy to turn loss incurring branches into profit earning branches for healthy profit growth of the bank.
- Reduce NPL according to Short Term Road Map (STRM).
- Accelerate recovery process in commensurate with the annual target.
- Devise new strategy and processes to realize written-off loans.
- Stay vigilant about financial scams, irregularities and other operational failure.
- Maintain adequate liquidity to ensure smooth transactions.
- Maintain ethical standard in every step of the way through compliance of all directives from the ministry and the regulatory authority.
- Upgrade cyber security system to control the cyber crimes.
- Open more new branches in rural and urban areas of potentialities for making banking services available to the un-banked people of the society.
- Improve performance and productivity of the employees through pursuing greater cost efficiency and capacity building.
- Activate guidance, supervision and monitoring of the branch level activities by senior management which will play a lead role in achieving the strategic objectives of the bank.
- Work out SWOT analysis regularly for reviewing the bank and its market position.

We are optimistic in achieving our goals through well-defined strategy and targets thereby to provide long term sustainable improvement in our all indicators for our stakeholders with a dedicated line of human resource who act with special care, concern and conscience.

Finally, I express sincere and special thanks to my colleagues of all levels for their efforts and dedication in achieving the desired results. I would like to express my sincere thanks and gratitude to the Financial Institutions Division, Ministry of Finance for their directives and continual monitoring. I would also like to express my gratitude to the Board of Directors of BDBL for their consistent guidance, support and cooperation.

We are also indebted to the Government of Bangladesh, Bangladesh Bank, Bangladesh Securities & Exchange Commission, Office of the Registrar of Joint Stock Companies & Firms, DSE & CSE for their continued support and cooperation.



Manjur Ahmed
Managing Director

Management Discussion and Analysis



BUSINESS ENVIRONMENT

During 2016, the business environment of Bangladesh showed macro-economic stability and high growth by overcoming all type of barriers. Bangladesh economy maintained 7.10 percent growth in GDP during 2016 with the support of high growth in industry and service sectors.

BANKING SECTOR OF BANGLADESH

The performance of banking sector during this time was influenced by some factors like excess liquidity, very high NPL rate in public sector banks, slower demand for credit etc.

The banking sector of Bangladesh is consists of four categories of scheduled banks. These are State-owned Commercial Banks (SCBs), State-owned Development Financial Institutions (DFIs), Private Commercial Banks (PCBs) and Foreign Commercial Banks (FCBs). The number of banks were 57 in 2016. These banks had a total number of 9397 branches as of December, 2015 compared to 9040 in December, 2014. Due to opening of new PCBs and bank branches during the year as shown below:

(Tk. in billion)

Banking System Structure						
Bank Type	2015 (December)					
	No. of Banks	No. of Branches	Total Assets	% of Industry assets	Deposits	% of Deposits
SCBs	6	3690	2839.60	27.50	2254.80	28.40
DFIs	2	1406	291.30	2.80	226.60	2.90
PCBs	40	4226	6652.90	64.50	5110.40	64.50
FCBs	9	75	530.80	5.20	336.80	4.30
Total	57	9397	10314.60	100.00	7928.60	100.00

Source : Bangladesh Bank Annual Report (2015-16)

Deposits continued to be the main sources of funds of the banking industry and constituted 76.90 percent (Tk. 7928.60 billion) of total liability in 2015. Capital and reserves of the banks were Tk. 753.50 billion (7.30 percent of the liability) in 2015, compared with Tk. 741.30 billion (8.10 percent) in 2014.

LENDING AND DEPOSIT RATES

The weighted average interest rates on deposits started decreasing from FY 2014 and reached at 5.54 percent in FY 2016. Similarly, the weighted average interest rates on lending started declining thereafter and reached at 10.39 percent in FY 2016. Though policy rates remained unchanged, lending rates declined due to lower cost of funds for banks, lower demand for credit as well as increasing competition from overseas lenders whose lending rates are in single digit. The spreads between lending rates and deposit rates decreased to 4.85 percent in FY 2016 from 4.87 percent in FY 2015.

CAPITAL ADEQUACY REQUIREMENT

The Basel Committee on Banking Supervision (BCBS) introduced Basel-III capital regulations as global regulatory standards to improve the banking sector's ability to absorb shocks arising from financial and economic stress with the aim of reducing the risk of spillover from the financial sector to the real economy. It is to mention that Basel-III is largely enshrined in the capital buffers. Both the buffers i.e. the capital conservation buffer and the countercyclical buffer are intended to protect the banking sector from periods of excess credit growth.

In line with the Basel framework, Bangladesh Bank issued transitional arrangements for Basel-III implementation by banks in phases starting from 2015 which would be fully implemented as on January 01, 2015. Under these arrangements, BDBL has implemented Basel-III regulations.

ASSET QUALITY

The ratio of NPL to total loans of all the banks showed increasing trend in FY 2016. This has happened because of implementation of new guidelines for loan classification and rescheduling a few notable irregularities in the banking industry.

EMERGENCE OF BANGLADESH DEVELOPMENT BANK LIMITED

With the decision of the Government, Bangladesh Development Bank Ltd. (BDBL) was incorporated on 16 November, 2009 as a Public Company Limited by shares under the Companies Act, 1994 by merger of former Bangladesh Shilpa Bank (BSB) and Bangladesh Shilpa Rin Sangstha (BSRS), two Development Financial Institutions (DFIs) in the public sector.

Bangladesh Shilpa Bank (BSB) was established in October 31, 1972 for accelerating the industrial pace of the country through providing loan and equity to the industrial projects as per Bangladesh Shilpa Bank Order, 1972 (President's Order No. 129 of 1972).

With the same objective, Bangladesh Shilpa Rin Sangstha (BSRS) was also established in October 31, 1972 as per Bangladesh Shilpa Rin Sangstha Order, 1972 (President's Order No. 128 of 1972).

In order to carry on business of BDBL, Bangladesh Bank issued banking licence on November 19, 2009.

Two Vendors' Agreements were signed between the Government of the People's Republic of Bangladesh and the BDBL on December 31, 2009 to acquire and take-over all of their (BSB & BSRS) assets, benefits, rights, powers, authorities, privileges, liabilities, borrowings and obligations and to carry on with the same business.

As a Public Limited Company, BDBL formally embarked its journey on January 03, 2010. It extends financial assistance for setting up industries and provides all kinds of commercial banking services to its customers through its branch network in Bangladesh.

BDBL also established two subsidiary companies namely, BDBL Securities Limited and BDBL Investment Services Limited. These act as stock dealer and stock broker and operate Brokerage Houses one at 12, Karwan Bazar, Dhaka and the other at 8, Rajuk Avenue, Motijheel, Dhaka to provide services to the Investors.

PRODUCTS AND SERVICES OF BDBL

The bank is always committed to serve the clients with the best values and innovative products and services to enrich its portfolio.

DEPOSIT SCHEMES OF BDBL

- ❖ Current Deposit
- ❖ Savings Deposit
- ❖ Short Term Deposit
- ❖ Fixed Deposit
- ❖ Deposit Pension Scheme

Other Special Savings Deposit :

- (i) Development Bank Sanchay Scheme (DBSS)
- (ii) Shikkha Sanchay Scheme (SSS)
- (iii) Chikitsha Sanchay Scheme (CSS)
- (iv) Marriage Savings Scheme (MSS)
- (v) Investment Scheme at Retirement (ISR)
- (vi) Monthly Income Scheme (MIS)
- (vii) Double Benefit Scheme (DBS)
- (viii) Junior Savings Scheme
- (ix) Green Savings Deposit
- (x) BDBL Students Saving Account

LOAN PRODUCTS OF BDBL

Development Financing :

- ❖ Industrial loan with emphasis in syndicated arrangement (Power & Energy, Telecommunication, Fibre Optic Cable, etc.).
- ❖ Public - Private Partnership (PPP) project (Port Development, Transport & Communication like Road, Water & Air Ways etc.).
- ❖ Agro-based ventures depending on indigenous raw materials (like Jute Twine / Yarn and other industries).
- ❖ Green Banking (Environment & Eco- Friendly industries like automatic brick kiln, renewable energy, effluent treatment plant, etc.).
- ❖ Lease Financing.
- ❖ Real Estate Business (including housing loan).
- ❖ **LOAN TO SMALL & MEDIUM ENTERPRISES (SME).**

Four products of SMEs :

- (1) "Ashar Alo" (for women entrepreneurs);
- (2) "Koler Chaka Takar Jhaka" (industrial loan);
- (3) "Khamar Bari" (loans for processing of agricultural products); and
- (4) "Proshar" (Business loan).

Short Term Loans :

- ❖ Cash Credit (Hypothecation)
- ❖ Cash Credit (Pledge)
- ❖ Secured Advances (General)
- ❖ Secured Advances (Financial Obligation)
- ❖ Over Draft (OD)
- ❖ **Retail Banking :**
 - (i) Consumers' Credit
 - (ii) Personal Loan

FOREIGN TRADE FINANCING & FOREIGN EXCHANGE BUSINESS:

Export Finance:

- ❖ Export Cash Credit (ECC)
- ❖ Packing Credit (PC)
- ❖ Back to Back L/C
- ❖ Advising of Export L/C
- ❖ Export bill collection
- ❖ Letter of Credit Confirmation
- ❖ Advance against Bills for Collection

Import Finance:

- ❖ Purchase of local & foreign documentary bills
- ❖ Local L/C
- ❖ Import L/C (foreign) – Cash, Sight & Deferred
- ❖ Post Import Financing (LIM, LTR, etc.)
- ❖ Payment Against Documents (PAD)
- ❖ Foreign currency buy & sale.
- ❖ Issuance counter guarantee
- ❖ Remittance Service through Xpress Money Service Ltd.

OTHER BANKING SERVICES :

- ❖ Demand Draft Issue
- ❖ Payment Order Issue
- ❖ Selling of Prize Bond
- ❖ Selling of Savings Certificates, etc.

REVIEW OF BDBL'S BUSINESS PERFORMANCE

In the banking sector, BDBL is one of the leading State - owned Specialized Commercial Bank in terms of asset quality, profitably, product diversification, capital adequacy, service portfolio etc. With continuous challenges in overall banking sector, BDBL pursued a strategic approach of cost rationalization, service delivery excellence and innovative activities. This has resulted in positive growth in many of its indicators.

The prime achievements of BDBL in key areas during 2016 were:

- In 2016 Net Profit after Provision and Tax was Tk. 38.23 crore;
- 42 branches were computerized;
- In 2016, the Capital Adequacy Ratio (CAR) maintained at 25.76 percent (Core Capital 21.01 percent + supplementary Capital 4.75 percent) which is 15.135 percent higher than the required rate of 10.625 % ;

- In 2016, Earning Per Share (EPS) was Tk. 9.56 which was Tk. 12.93 in 2015;
- In 2016, the rate of classified loan was 49.58%;
- Extended online banking network to all branches;
- Ensured corporate governance and sustainable banking activities;

ACHIEVEMENTS IN 2016

The achievement of BDBL during the year 2016 are given below:-

a) Profit before Tax

The bank registered Profit before Tax at Tk. 50.05 crore in 2016 against Tk. 63.24 crore in 2015. The Profit before Tax in 2016 declined by 20.86 percent over 2015.

b) Net Profit after Provision and Tax

The Net Profit after Provision and Tax declined by Tk. 38.23 crore in 2016 compared to Tk. 51.73 crore in 2015. The growth of Net Profit after Provision and Tax of the bank contributed to Tier -I capital as well as total capital adequacy ratio and strengthened the capital base and business opportunities of the bank.

c) Deposit Volume and Growth

In the midst of challenging scenario in the money market, BDBL's deposit mobilization increased to Tk. 2637.49 crore in 2016 which was Tk. 2337.17 crore in 2015, representing a growth of 12.85 percent over the previous year. The high cost deposits posted a growth of 78 percent due to tight liquidity position of the money market and development of treasury bills/bonds by the Bangladesh Bank as a primary dealer.

d) Investment Income

BDBL's investment income consists of interest/discount earned on treasury bills/bonds, gains on Government security trading, dividend received on shares, interest on reverse repo and capital gains from sale of securities of listed companies. Investment income of the bank in 2016 decreased by 42 percent to Tk. 90.81 crore over the previous year.

e) Growth of Interest Income

Due to tough economic situation, interest income of BDBL decreased by 9 percent during the year. Net Interest Income also decreased by 4 percent compared to the previous year.

f) Classified Loan Recovery

BDBL management is very much concern and proactive about recovery and reduction of Classified Loans (CL) since its inception. So, keeping eye on the recovery of the broad spectrum of default loans, bank designed various action plans and also took all out efforts to implement the same for reducing classified loans and increased cash recovery as well.

g) Strengthening Capital Base

By maintaining growth of profit, BDBL always ensures internal generation of capital to meet the business growth. As a result, capital adequacy of the bank as per Basel -III on consolidated basis remained strong at 25.64 percent as against minimum statutory requirement of 10.625 percent.

BUSINESS ACTIVITIES OF BDBL

SME Banking

For enhancing domestic investment to meet rising demand for employment generation, women's empowerment and regional development, the role of SME is indispensable. In line with the Government and Bangladesh Bank's policy guidelines, promoting a dynamic SME sector is a priority for the bank to reduce poverty and stimulate economic growth.

For achieving these objectives as well as for financial inclusion of unbanked people, the SME department of the bank was entrusted with the following tasks:-

- To emphasize loan financing activities for priority sectors of SMEs in line with the policy guide lines of the Government and Bangladesh Bank.
- To guide, monitor and supervise SME related activities.
- To follow up and monitor timely implementation of projects under SME.
- To ensure regular recovery of SME loan so that loans do not turn into classified loan.

The bank has signed the following 6 (six) refinancing agreements with Bangladesh Bank:-

- Refinancing scheme under ADB fund.
- Refinancing scheme for Agro-products processing industries.
- Bangladesh Bank Fund (Women Entrepreneurs)
- Refinancing scheme for renewable energy and environment-friendly projects
- Refinancing scheme for new Entrepreneurs in cottage, micro and small enterprise sector
- Refinancing scheme for 10 taka account holder

Under these schemes, Bank has so far financed 714 projects with Tk.62.64 crore.

The bank took several steps for enhancing and accelerating SME loan portfolio, some of which were:

- Fixation of delegation of power categorically for sanctioning of SME loan by the Zonal, Branch Head and officers concerned in Head Office;
- Fixation of target for General and Women Entrepreneurs (10 percent for cluster projects, 25 percent for Green banking and 65 percent for other projects);
For the convenience of selecting SME Projects, a list based on area, sectors and clusters was prepared and sent to all branches;
- Nomination of one Focal Officer in each branch as well as in SME department at Head Office;
- Set up of SME cell, a help desk / Women Entrepreneur Dedicated Desk at all branch offices to advise and assist SME entrepreneurs particularly, women entrepreneurs for advisory services including all related assistance;

- Set up of Women Entrepreneur Development Unit at all branch and zonal offices as per instruction of Bangladesh Bank;
- Compilation of NGO-Linkage Wholesale Credit Policy;
- Preparation of SME Manual relating to rules, regulations and other related up-to-date information;
- Introduction of 4 new SME products namely “Ashar Alo” (for women entrepreneurs), “Koler Chaka Takar Jhaka” (industrial loan), “Khamar Bari” (loans for processing of agricultural products) and “Proshar” (Business loan) ;
- Creation of Database & Market Segmentation Reporting as per Software given by Bangladesh Bank;
- Creation of database of Women Entrepreneurs Reporting as per software given by Bangladesh Bank;
- Arrangement of Area-Based meeting with the entrepreneurs on a regular basis;
- Preparation of a comprehensive report on Flower Cultivation for financial inclusion of flowers cultivators according to instruction of Bangladesh Bank;
- Arrangement of different training programs by the Bank on SME related issues for enhancing knowledge and awareness of the employees on SME financing; and
- Participation in different SME fairs and seminars.

SME Portfolio Position

The portfolio position of SME loan as on 31-12-2015 and 31-12-2016 are shown below:

(Tk. in crore)			
SME sector	2015	2016	Growth (%)
Service	87.65	64.52	(26.39)
Trade	111.39	126.44	13.51
Manufacturing	35.41	61.70	74.24
Total	234.45	252.66	7.77
% of women entrepreneurs in total loans	37.16	38.72	4.20

Treasury Function

Treasury operation concerned on funding operation and foreign exchange dealings. Treasury of BDBL provides diversified products and services and has three desks concentrated on funding operation, maintaining liquidity & managing market risk and foreign exchange dealings.

(a) Money Market Desk

The money market desk regularly participates in the inter-bank market of the country and exercises all types of existing money market products like call money, term placement, repo & reverse repo with the Bangladesh Bank and inter-bank mostly on overnight basis.

(b) Foreign Exchange Desk

One of the parts of treasury is Foreign Exchange Dealing. BDBL is a very young member of Foreign Exchange Dealing market in the country. The bank has started to set up a dealing room for Foreign Exchange Dealing purpose. Meanwhile, the bank has prepared a guideline for managing Foreign Exchange risk. Hope it would be functional very shortly. At present BDBL is purchasing and selling Foreign Exchange on need basis to fulfill the commitments of its customers, e.g. settlement of L/C liabilities and purchasing inland and foreign bills of our customers. Hence risk arising from Foreign Exchange is minimum.

(c) Asset Liability Management Desk

Treasury is the driving force of the Asset Liability Committee (ALCO). It executes the strategies of the ALCO for effective management and monitoring of various balance sheet gaps and risk limits set by the regulator. It takes various decisions regarding interest rate structure of deposits, loan pricing, Credit Deposit Ratio, contingency funding plan, stress testing, Liquidity Coverage Ratio (LCR), transfer pricing mechanism for internal funding and investments in Government securities including corporate bonds by evaluating the market trend and scenario.

(d) Regulatory Compliance

Treasury complies with regulatory requirement to maintain CRR and SLR. The department also maintains exchange position (overbought/oversold position) of the bank in line with Bangladesh Bank approved open position limit set for BDBL.

Information and Communication Technology

BDBL has always upgraded itself with the latest technology and time-to-time the bank has adopted different advantages of the technology which has enriched its IT infrastructure and IT based service facilities to the customer. Technological development of the bank tremendously increased its customer service as well as trustworthiness of the stakeholders towards the bank. The bank is dedicated towards its customer satisfaction with the help of the technological advantages. The IT division is well equipped not only with technology but also with a dedicated professional workforce which has been built up for support as well as development of new application. For developing IT backbone, the bank has invested throughout the year in an efficient manner considering return on investment.

Bangladesh Automated Cheque Processing System (BACPS) and Bangladesh Electronic Funds Transfer Network (BEFTN)

As per the plan of Bangladesh Bank for automation of payment system of the country, Bangladesh Automated Clearing House (BACH) has been introduced in the bank since its inception. The two components of BACH namely Bangladesh Automated Cheque Processing System (BACPS) and Bangladesh Electronic Fund Transfer Network (BEFTN) are functioning in the bank. A total of 42 branches are operating BACPS successfully. BACH & BEFTN software has been interfaced with CBS. For this purpose, hardware, MICR cheque scanner, network connectivity has been installed at all branches.

Inauguration of New Branches

Opening of a new branch involves a series of actions. The key areas are carrying out detailed feasibility study of business through Business Development & Marketing Department, obtaining Bangladesh Bank's permission, site/ premises selection satisfying bank's distinctive requirement, testing structural feasibility of premises, hiring of suitable premises, interior and exterior designed by divisional engineers/ architectural firm, supply of all kinds of electro-mechanical and electronic equipment and furniture/ fixture etc. In 2016, BDBL opened 6 new branches at different places of the country.

Capital Management

Capital Management of the bank is based on the objective to maintain an adequate capital base to support the projected business and regulatory requirement. This is done by drawing an annual planned business growth vis-a-vis capital requirement. BDBL recognizes the impact of shareholders' return on the level of equity and seeks to maintain a prudent balance between Tier-I and Tier-II capital. Total capital fund of the bank also decreased by Tk. 5.14 crore and stood at Tk. 1201.85 crore during 2016. Tier-I capital increased Tk. 66.83 crore and stood at Tk. 980.33 crore during the year. Total capital fund is equivalent to 25.76 percent of total Risk Weighted Assets.

Human Resource

Like other resources, human resource is one of the important resources of the bank to carry on its activities. Human Resource Management Department entrusted with the task of managing its workforces in an effective and efficient manner. The department encompasses recruitment, assessment, overseeing, transfer posting and ensuring compliance with employment and service rules creating business values to strategic management with all the policy support from the Board and the management. The Administration Division is giving more importance on employees to equip them as human capital.

Knowledge and skill development is a continuous process, which is enriched by proper training. In order to enhance operational skill and efficiency of the officers, the bank established a Training Institute of its own. BDBL sent a large number of officers to participate in different training programs, workshops and seminars arranged by BIBM and Bangladesh Bank Training Academy (BBTA) including other institutions.

Besides, in house need-based training courses were also arranged with resource persons drawn from inside as well as from outside to keep the officers abreast of the latest development in the banking and financial sector.

Monitoring Performance through Key Performance

The bank tracks the performance against a number of bench marks known as Key Performance Indicators (KPIs) the KPIs fall under two categories- Financial and Non-financial. The KPIs are used to track performance against the planned targets, comparison of previous years' results and industry bench mark.

Financial Key Performance Indicators

There are some key performance indicators those are:

- Deposit performance is assessed in terms of cost of deposit, mix of deposit;
- Credit functioning is mentioned in terms of yield on advance and impairment charges;
- Credit –Deposit Ratio is observed and measured regularly;
- Asset-liability mix is monitored to expected profitability efficiency as well as to achieve diversification;
- Off-balance sheet exposure i.e. letter of credit, guarantee etc. are monitored as these are important source of fee based income;
- NPL ratio gives the idea of the asset quality of the bank and helps in managing asset portfolio;
- Net Profit before Tax measures the operating efficiency of the management and is important for determining the productivity of the employees;
- Return on Average Equity measures the return on the average capital invested in the business;
- The Earnings per Share ratio shows the level of earnings generated per ordinary shares.

Non-Financial Key Performance Indicators

- The most important indicator is customer satisfaction. It is the key to the development of business;
- The expansion of branch and increase of customers in branches indicates customer satisfaction.

Green Banking

Green banking is like a normal bank, which considers all the social and environment /ecological factors with an aim to protect the environment and conserve natural resources. It is also called as an ethical bank or a sustainable bank with an additional agenda toward taking care of the Earth's environment/habitants/ resources. Basically green banking avoids as much paper work as possible and relies on online/ electronic transactions. As a part of financial intermediary as well as environmentally conscious bank, BDBL has been playing an important role in mitigating environmental hazards through green banking. The bank approved a considerable fund in the annual budget for green banking and disbursed a handsome amount in 2016.

Risk Management

Risk management is a process of identification, analysis and either acceptance or mitigation of uncertainty in investment decision-making. When a bank makes an investment decision, it exposes itself to a number of risks. So, in order to minimize and control the exposure of investment to such risks, fund managers and investors practice risk management. The Risk Management Department of BDBL has established a robust risk management framework through strengthening risk related policies, procedures, process, control mechanism and reporting depending on the guidelines of Bangladesh Bank. The bank has also comprised a Risk Management Committee of five members from Board of Directors as per BRPD circular of Bangladesh Bank. The Committee is responsible for formulating policy of risk classification, assessment, control and mitigation including supervision and implementation of overall risk management policy and placement/reporting of risk management issues to the Board of Directors.

Risk Factors and Steps Taken to Manage the Risk

There are some external risk factors which may arise and affect the business activities of the bank. These are mentioned ad seriatim: -

- **General business and political condition**

BDBL's performance greatly depends on the general economic conditions of the country. The effect of recession is still unfolding which may result to slow down in business environment. Political stability is must for growth in business activities.

- **Changes in credit quality of borrowers**

Risk of deterioration of credit quality of borrowers is inherent in banking business. This could result due to global economic crisis and supply side distortion. The changes in the import prices affected the commodity sectors and ship breaking industry. Deterioration in credit quality requires provisioning.

- **Changes in policies and practices of regulatory bodies to revise practices, pricing and responsibilities of the financial institutions**

BDBL is subject to regulations and compliance of regulation is mandatory. Changes in policies with regards to interest rates, pricing have significant effect on the performance of the bank. Bangladesh Bank is expected to continue its persuasion to reduce the spread and charges further which is likely to affect the performance. Charges in provisioning requirement will also affect the performance of the bank.

- **Compliance with Basel-III**

In Bangladesh, Basel- III is fully effective from 2015. BDBL has complied Basel-III requirement as per Bangladesh Bank's guidelines.

- **Volatility in equity market**

The Bangladesh Securities and Exchange Commission and the Stock Exchanges improved their supervisory role but the equity market is still volatile. The recession fear also added to the volatility. If volatility continues it is likely to affect the performance of the bank, to some extent.

- **Changes in market conditions**

Changes in market conditions particularly interest rates on deposits and volatility in foreign exchange market is likely to affect the performance of the bank. Depositors become price sensitive and any unilateral upward change by a bank will exert pressure on interest rate structure of the banking sector. It is feared that wage earners remittance may decline due to fall in job opportunity in international market. Unless offset by export performances, there may be pressure in the foreign exchange market.

- **Operational risk**

Operational risk is inherent to all businesses particularly when the operation is technology based. BDBL is now using its core banking software iStelar but that requires other hardware and software support. Although all risk mitigation techniques are taken but it is not certain that there may not be any major failure in the operating system arising from error, fraud etc. This type of failure may impact the performance of the bank.

Future outlook

The global financial meltdown caused a spillover effect in the economy around the world. The efficacy of policy tools and their applications in managing systematic crises were challenged. These almost inevitably compelled the policy makers and financial sectors supervisors to revisit their policy choices.

BDBL is well positioned to meet the challenges of 2017 and will continue to strive to innovate and capture opportunity for growth and value creation.

Against the backdrop for achieving the short and long term goals, BDBL will concentrate its focus on the following:

- ✦ Continue to launch new deposit and improve deposit mix, loan products and innovating banking services.
- ✦ Build relationship with customers and client with innovative and customized solutions and services.
- ✦ Enhance customers' delight by ensuring customers' safety, adapting with dreams and changing demands of the customers.
- ✦ Maintain asset quality and recover the dues in time.
- ✦ Pursue a strategy of flexibility for absorbing shocks and adapting to new realities & challenges occurring in the market from internal and external causes.
- ✦ Carry on expansion of branch network in rural and urban areas.
- ✦ Ensure sustainable banking through green banking, corporate social responsibility and financial inclusion.
- ✦ Rationalize cost and enhance service excellence to a new level by successfully implementing 0-5 day delivery policy.
- ✦ Continue to invest in people and technology to improve productivity and customers' satisfaction.

Stakeholders' Information

FINANCIAL HIGHLIGHTS

(Tk. in crore)

Particulars	2016	2015	Change %
Deposit	2637.49	2337.17	12.85
Loans & Advances	1807.84	1813.75	(0.33)
Operating Profit	65.05	121.02	(46.25)
Profit after Tax	38.23	51.73	(26.10)
Earning Per Share (EPS) in Tk.	9.56	12.93	(26.06)
Capital Adequacy Ratio (CAR)	25.76%	25.77%	(0.01)
Number of Branches	42	36	16.67
Number of Employees	774	830	(6.75)
Import	63.80	83.86	(23.92)
Export	91.24	60.99	49.60

STAKEHOLDERS' OF BDBL

The prime motto of BDBL is sustainable banking, which creates long-term resilient and sustainable economic, social and environmental values having a green, responsible and inclusive strategy through transparent and efficient utilization of resources. As a result, sustainability reporting helps the bank in devising a means to communicate and engage with its stakeholders. Our key stakeholders are: investors, customers, employees, suppliers, communities and the environment as a whole. So, we put importance on stakeholders' financial needs and objectives while designing a product or a service. At the same time, we ensure that these products and services should create positive outcomes for the society and the environment. We want to be a responsible business partner of our stakeholders by attaching highest priority to ethical conduct and integrity and by protecting their interest. Major groups of stakeholders of BDBL including their inclusiveness and engagement are mentioned as follows:

STAKEHOLDERS' INCLUSIVENESS AND ENGAGEMENT

Government and other Regulators	Customers	Shareholders	Employees	Suppliers and Service Providers	Community
<ul style="list-style-type: none"> Ministry of Finance Bangladesh Bank National Board of Revenue BSEC ICAB, ICMAB Comptroller of Auditor General of Bangladesh External Auditors All Business Chambers 	<ul style="list-style-type: none"> Retail Customers Rural Credit Customers SME and Corporate Client Remittance Customers Importer & Exporter 	<ul style="list-style-type: none"> Government of the People's Republic of Bangladesh 	<ul style="list-style-type: none"> Permanent Staffs Contractual Staff Management Trainees & Interns Outsourced Staffs 	<ul style="list-style-type: none"> Correspondent Banks Foreign Remittance Agent Landlord of Leased Premises Suppliers of Fixed Assets Maintenance and Security Service Provider 	<ul style="list-style-type: none"> Professionals and Self-Employers Civil Society Student Different Communities

Seven Years Performance of BDBL: At a Glance



(Tk. in crore)

Sl. No.	Particulars	2016	2015	2014	2013	2012	2011	2010
A.	Balance Sheet Matrix							
1.	Authorized Capital	1000.00	1000.00	1000.00	1000.00	1000.00	1000.00	1000.00
2.	Paid up Capital	400.00	400.00	400.00	400.00	400.00	400.00	400.00
3.	Reserve Fund & Other Reserve	1384.40	1367.73	1320.55	1247.03	1165.70	1082.33	1160.06
4.	Retained Earnings	34.58	30.66	33.23	18.77	4.19	4.05	3.67
5.	Total Equity	1818.98	1798.39	1753.78	1647.03	1569.88	1486.38	1563.73
6.	Capital Required (As per Basel III)	466.65	468.43	531.02	481.56	407.21	400.00	400.00
7.	Capital Maintained (As per Basel III)	1201.85	1206.99	1305.37	1193.43	1109.72	1030.35	1063.25
8.	Capital Surplus (As per Basel III)	735.20	738.56	774.35	711.87	702.51	630.35	663.25
9.	Capital Adequacy Ratio (Basel III)	25.76%	25.77%	24.58%	24.78%	27.26%	28.90%	28.08%
10.	Deposits	2637.49	2337.17	2335.01	1998.88	794.55	470.68	325.40
11.	Investments	1122.83	1141.40	1167.03	771.83	323.03	282.09	158.84
12.	Loans & Advances	1807.84	1813.75	1650.10	1545.72	1474.31	1004.61	990.60
13.	Fixed Assets	819.07	832.29	845.67	858.34	871.35	882.47	896.15
14.	Advances to Deposit Ratio (ADR)	68.54%	77.60%	64%	86%	155.12 %	148.48 %	168.92 %
15.	Total Assets	5454.14	5145.64	5025.99	4685.78	3271.05	2884.77	2751.88
B.	Capital Matrix							
16.	Total Risk Weighted Assets (Basel III)	4666.50	4684.27	5310.20	4815.58	4069.37	3564.71	3786.00
17.	Core Capital (Tier - I)	980.33	913.50	942.43	825.06	733.05	656.85	603.25
18.	Supplementary Capital (Tier-II)	221.52	293.49	362.93	368.37	376.40	373.30	460.00
19.	Total Eligible Capital (Tier I, II & III)	1201.85	1206.99	1305.37	1193.43	1109.45	1030.15	1063.25
20.	Paid up Capital & Statutory Reserve	617.44	607.42	594.77	565.79	542.36	521.80	504.58
C.	Asset Quality							
21.	Classified Loans & Advances (excluding Staff Loan)	730.21	694.56	524.14	520.27	541.79	310.70	310.17
22.	% of Classified Loans & Advances (excluding Staff Loan)	49.58%	45.18%	38.32%	40%	42.99%	38.28%	31.31%
23.	Required Provision against Classified Loans & Advances	326.20	307.52	236.46	298.38	215.90	119.87	140.52
24.	Provision Maintained	329.99	308.82	237.58	331.95	217.38	176.83	168.61
25.	Surplus of Loan Provision	3.79	1.30	1.12	33.57	1.48	56.96	28.09
26.	Amount of Written of Loan	1820.97	1890.93	1964.44	1861.88	1946.78	2126.45	2387.23

(Tk. in crore)

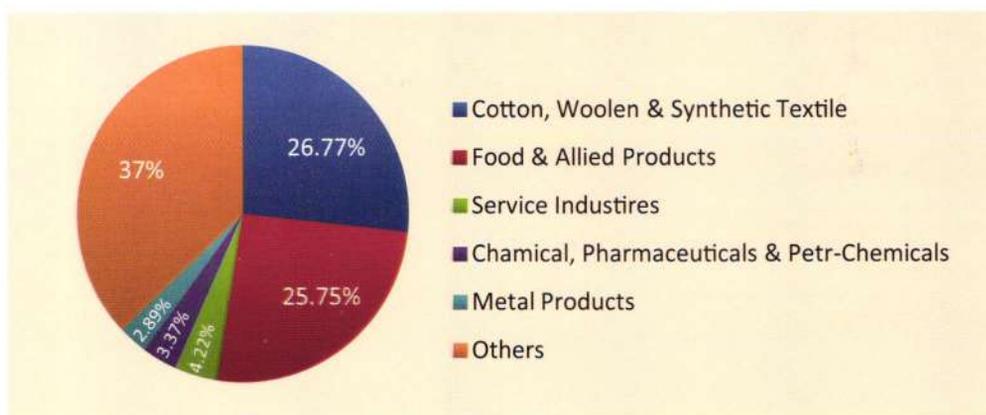
Sl. No.	Particulars	2016	2015	2014	2013	2012	2011	2010
D.	Income & Expenditure Statement Matrix							
27.	Interest Income	200.76	220.88	239.53	197.73	150.84	120.68	79.98
28.	Interest Paid on Deposit & Borrowings	170.27	139.03	209.37	102.83	62.86	31.10	11.52
29.	Net Interest Income	30.49	31.85	30.15	94.91	87.98	89.58	68.46
30.	Income from Investment & Capital Market Operation	90.81	157.36	207.41	192.28	47.23	36.17	86.21
31.	Non-Funded Income	69.16	28.28	30.56	39.90	53.96	34.17	20.00
32.	Total Operating Income	190.46	217.49	268.12	327.09	189.17	159.92	172.25
33.	Administrative & Operating Expenditure	125.41	96.47	118.22	115.29	86.37	73.81	89.77
34.	Net Profit before Tax	50.05	63.24	144.90	117.13	102.80	86.11	82.24
35.	Provision for Income Tax	11.82	11.51	31.98	28.83	19.10	17.51	17.79
36.	Net Profit after tax	38.23	51.73	112.92	88.30	83.70	68.60	64.45
E.	Foreign Exchange Business							
37.	Import L /C (Sight)	30.13	41.80	84.10	85.57	113.84	-	-
38.	Import L/C (Deferred)	17.81	23.00	22.10	28.21	144.80	-	-
39.	Export	91.24	60.99	13.55	16.41	8.40	-	-
F.	Shareholders' Information							
40.	Dividend Paid to the Govt.	10.00	10.00	10.00	10.00	7.50	5.00	5.00
41.	Net Assets Value Per Share (Taka)	454.75	449.60	438.44	411.76	392.47	371.59	390.93
42.	Earning Per Share (Taka)	9.56	12.93	28.23	22.07	20.92	17.15	16.11
G.	Financial Indicators (%)							
43.	Net Operating Income to Assets	1.19%	2.35%	2.98%	4.53%	3.14%	2.98%	3.00%
44.	Cost of Fund	9.23%	9.22%	10.36%	9.84%	10.12%	8.04%	8.91%
45.	Cost to Income Ratio	89.40%	87.27%	68.61%	50.70%	59.21%	54.92%	55.12%
46.	Return On Assets (ROA)	0.70%	1.01%	2.25%	1.88%	2.56%	2.38%	2.34%
47.	Return On Investment (ROI)	8.09%	13.79%	17.77%	24.91%	14.62%	12.82%	52.75%
48.	Return On Equity (ROE)	2.10%	2.88 %	6.44%	6.19%	5.33%	4.61%	4.12%
H.	Other Information							
49.	Number of Shareholders	100% Govt. owned	-do-	-do-	-do-	-do-	-do-	-do-
50.	Number of Zonal Offices	4	4	4	4	4	4	4
51.	Number of Branch	42	36	32	28	24	21	17
52.	Number of Employees	774	830	878	826	857	836	757

Sector-Wise Loan Portfolio Position As on 31 December, 2016

(Tk. in crore)

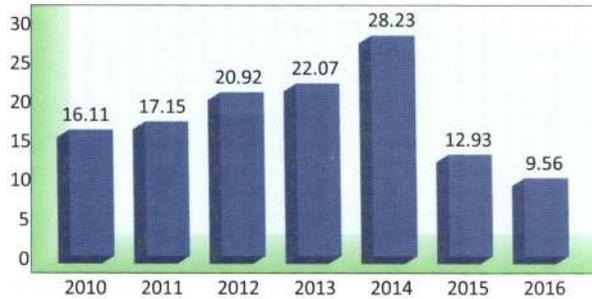
Sl. No.	Particulars	No. of Projects	Outstanding			
			Not Due	Overdue	Total	% of Total
1.	Food & Allied Products	741	144.90	320.70	465.60	25.75
2.	Jute & Allied Fibre Products	3	17.95	0.94	18.89	1.04
3.	Cotton, Woolen & Synthetic Textile	303	405.74	78.29	484.02	26.77
4.	Paper, Paper Products & Printing	23	8.94	1.70	10.64	0.59
5.	Tannery and Its Products	7	4.57	1.25	5.82	0.32
6.	Non-metallic Mineral Products	32	12.52	7.45	19.97	1.10
7.	Forest, Wood Products & Saw Mills	125	7.00	4.56	11.56	0.64
8.	Rubber & Rubber Products	5	0.74	0.21	0.95	0.05
9.	Metal Products	51	40.80	11.43	52.23	2.89
10.	Electrical Machinery & Goods	22	9.67	2.06	11.73	0.65
11.	Machinery & Spare Parts	5	0.22	1.33	1.55	0.09
12.	Water Transport	12	1.13	0.40	1.53	0.08
13.	Road Transport	11	5.29	0.63	5.92	0.33
14.	Chemicals & Pharmaceuticals	33	21.24	10.66	31.91	1.76
15.	Petro-chemicals	30	25.74	3.37	29.11	1.61
16.	Service Industries	625	58.55	17.79	76.34	4.22
17.	BSCIC Sponsored & BSB Financed	35	1.76	0.30	2.06	0.11
18.	Miscellaneous	6179	389.40	188.62	578.02	31.97
Total :		8242	1156.15	651.69	1807.84	100

Loan Portfolio in 2016 (In %)

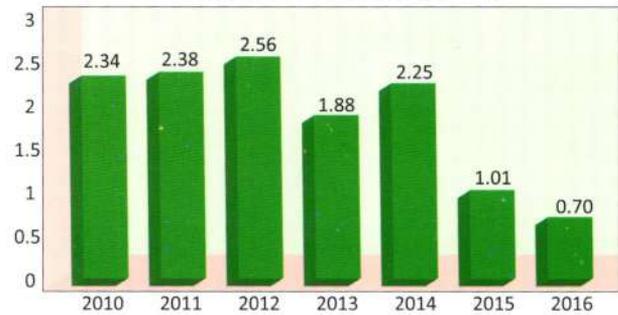


GRAPHICAL PRESENTATION OF KEY PERFORMANCE INDICATORS

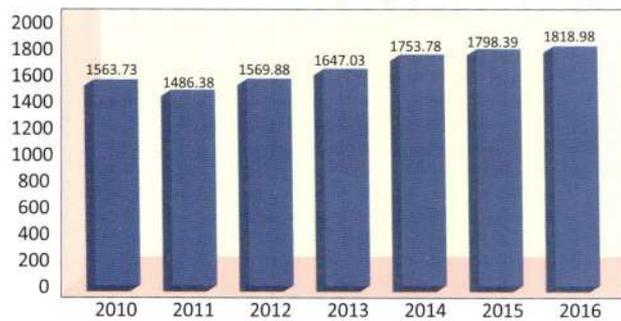
Earning Per Share (in Taka)



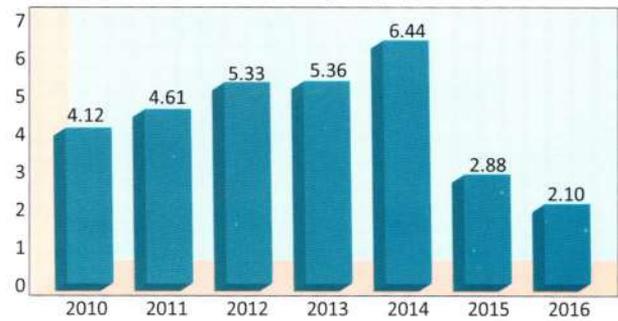
Return on Assets (In%)



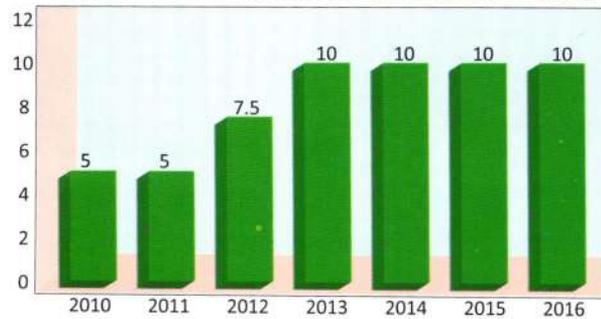
Shareholders Equity (Tk. in crore)



Return on Equity (In %)

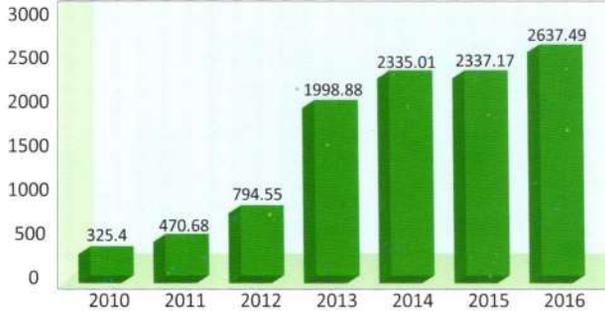


Dividend Paid to the Government (Tk. in crore)

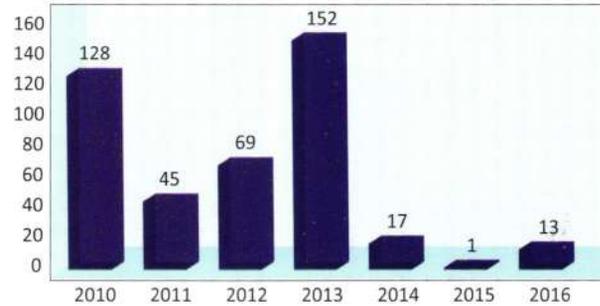


GRAPHICAL PRESENTATION OF OPERATIONAL AND FINANCIAL PERFORMANCE

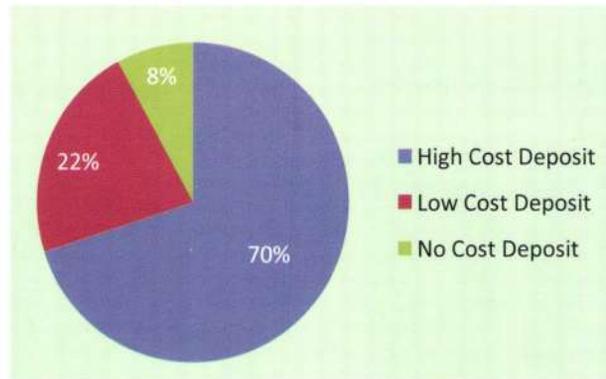
Deposit (Tk. in crore)



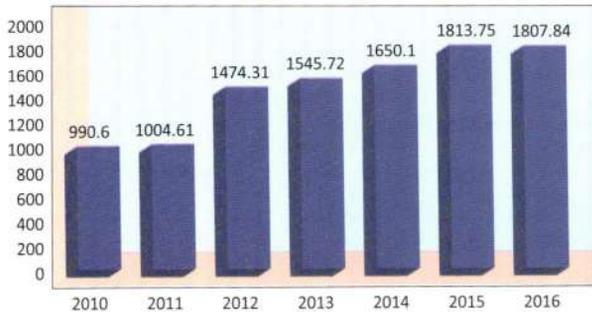
Deposit Growth (In %)



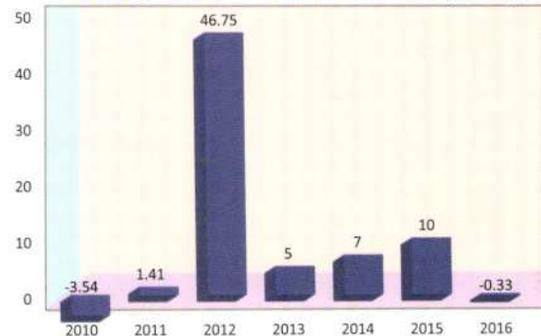
Deposit Mix in 2016 (In %)



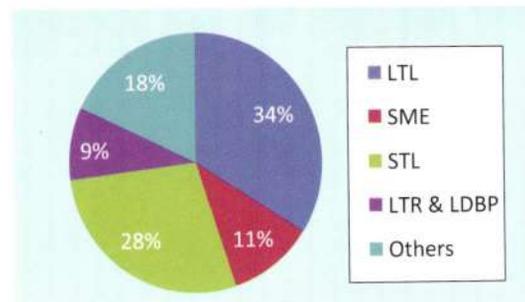
Loans and Advances (Tk. in crore)



Growth of Loans and Advances (In %)

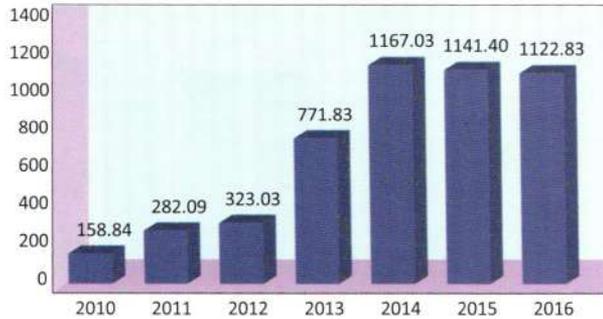


Loans and Advances Mix in 2016 (In%)

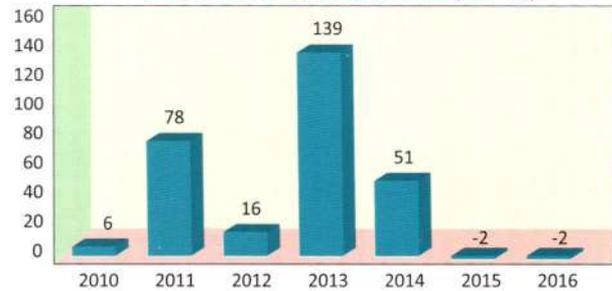


GRAPHICAL PRESENTATION OF OPERATIONAL AND FINANCIAL PERFORMANCE

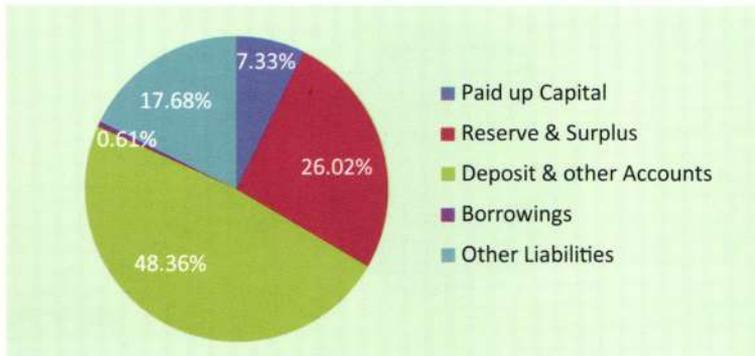
Investment (Tk. in crore)



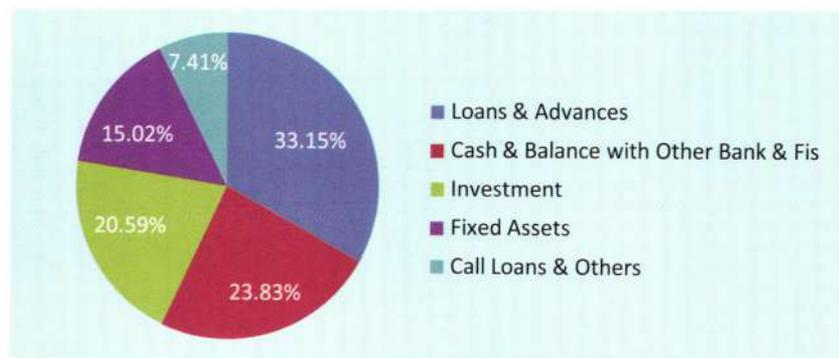
Growth of Investment (In %)



Sources of Fund in 2016 (In %)

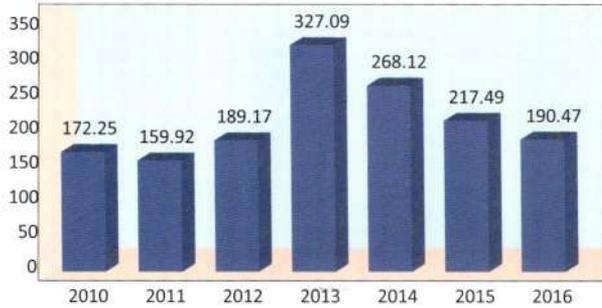


Application of Fund in 2016 (In %)

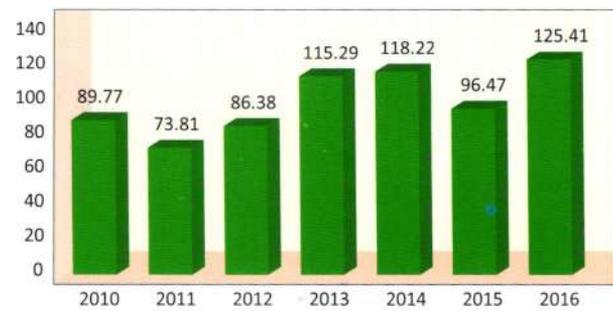


GRAPHICAL PRESENTATION OF OPERATIONAL AND FINANCIAL PERFORMANCE

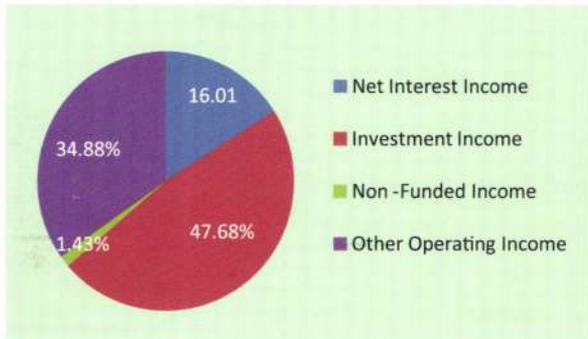
Total Operating Income (Tk. in crore)



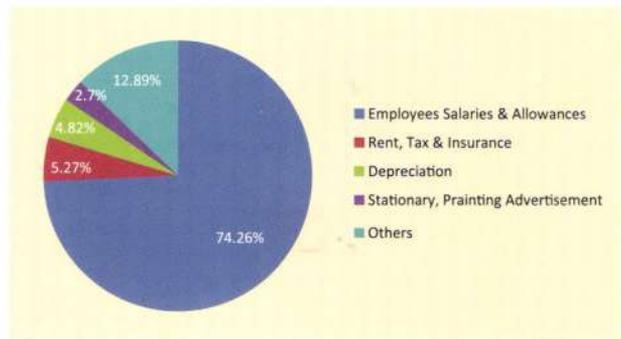
Total Operating Expenditure (Tk.in crore)



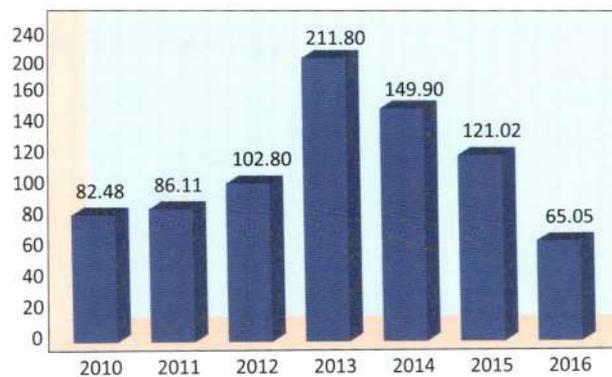
Composition of Operating Income in 2016 (In %)



Composition of Operating Expenditure in 2016 (In %)

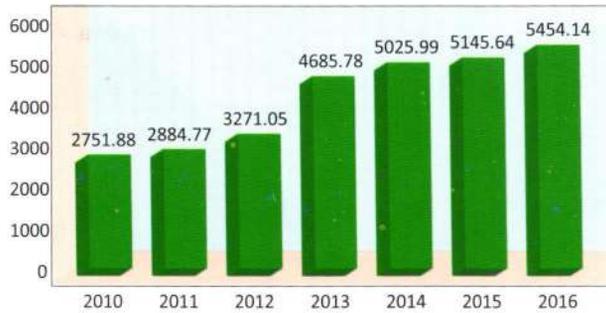


Trend of Operating Profit (Tk. in crore)

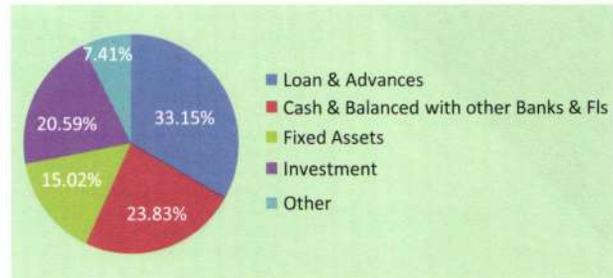


GRAPHICAL PRESENTATION OF OPERATIONAL AND FINANCIAL PERFORMANCE

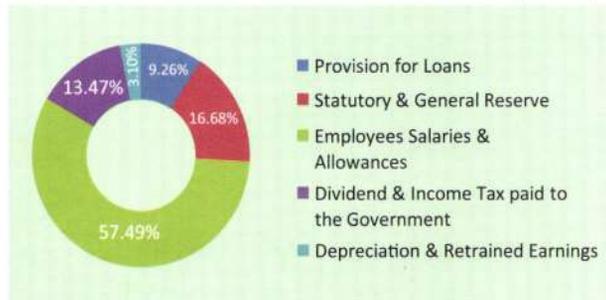
Total Assets (Tk. in crore)



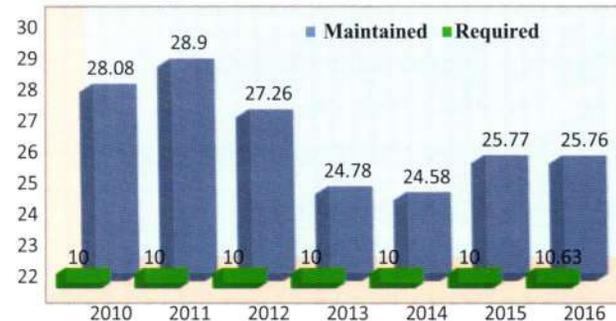
Composition of Assets in 2016 (In %)



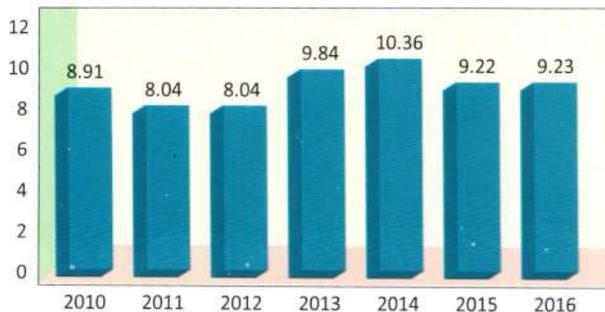
Distribution of Value Addition in 2016 (In %)



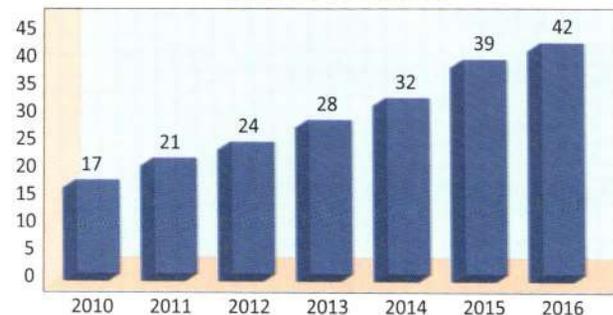
Capital Adequacy Ratio (In %)



Cost of Fund (In %)



Branch Network



Shareholding Structure



Shareholders of BDBL		No. of Shares	Amount (Taka)
The Government of the People's Republic of Bangladesh represented by : Secretary, Finance Division, Ministry of Finance, Government of the People's Republic of Bangladesh.		3,99,99,992	399,99,99,200.00
Directors nominated by the Govt.			
1.	Mr. Md. Yeasin Ali Chairman of the Board of Directors	1 (One)	100.00
2.	Mr. Shahabuddin Ahmed Director	1 (One)	100.00
3.	Mr. Md. Ekhlasur Rahman Director	1 (One)	100.00
4.	Mr. Mushtaque Ahmed Director	1 (One)	100.00
5.	Mr. Md. Abu Hanif Khan Director	1 (One)	100.00
6.	Dr. A.K. Ubaidur Rob Director	1 (One)	100.00
7.	Syed Aftear Hussain Pear Director	1 (One)	100.00
8.	Salma Nasreen, NDC Director	1 (One)	100.00
Total :		4,00,00,000	400,00,00,000.00

VALUE ADDED STATEMENT

Value addition means the wealth created by the bank through its different banking operations. The Value Added Statement shows the total wealth created how it was distributed to meet certain obligations and rewarded those responsible for its creation, and the portion retained for the continued operation and expansion of the bank. The Value Added Statement of BDBL showed how the value is created and distributed to different stakeholders of the bank. The comparative presentation of value added statement of the bank for the year 2016 and 2015 is illustrated below:

(Tk. in crore)

Sources of Fund	201 6	201 5	Rate of Change
Income from Services and Other Operations	335.54	406.52	(17.46)
Less: Expenses of Services and Supplies	198.75	241.24	(17.61)
Value Added	136.79	165.28	(17.24)
Other Income	25.19	22.10	13.98
Total Value Addition	161.98	187.38	(13.56)
Applied in the following ways :			
To Employees			
Salaries, Allowances and Other Benefits	77.54	53.16	45.86
Contribution to Retirement Benefit Scheme	15.59	9.23	68.91
To Government			
Income Tax	11.82	11.51	2.69
To Provider of Capital			
Dividend Paid to Government	10.00	10.00	-
Retained by the Bank			
As provision for Loans	15.00	57.78	(74.04)
As Depreciation	3.80	3.97	(4.28)
As Reserve	27.02	40.65	(33.53)
As Retained Earnings	1.21	1.08	(12.04)
Total Value Addition	161.98	187.38	(13.56)

Economic Value Added Statement

Economic Value Added (EVA) is a performance tool developed to measure the true economic profit produced by a company. It is also frequently refers to as “economic profit” and provides a measurement of a bank’s economic success (or failure) over a period of time. Such a metric is useful for shareholders’ who wish to determine how well the bank has produced value for its investors and it can be compared against the bank’s peers for a quick analysis of how well the bank is operating.

Particulars	2016	2015	2014
Shareholders' Equity	1818.98	1798.40	1753.78
Add: Cumulative provision for loans, investment and other assets	357.46	345.86	274.57
Total Invested Fund	2176.44	2144.26	2028.35
Average Invested fund	2160.35	2086.31	2019.13
Earnings			
Profit after tax	38.23	51.73	112.93
Add: Provision for loans and others during the year	15.00	57.78	5.00
Less: written-off loan recovered during the year	37.65	1.15	3.38
Earning for the year	90.88	108.36	114.55
Average cost of equity (based on bank rate+2.5% risk premium)	7.50%	7.50%	7.50%
Cost of average equity	162.03	156.47	151.43
Economic Value Addition	(70.15)	(48.11)	(36.88)

Market Value Added Statement

Market Value Added (MVA) is simply the difference between the current total market value of a company and the capital contributed by investors. As a wealth metric it measures the level of value, the bank has accumulated over time. The formula used to find market value added is:

Market Value Added = Market Value – Capital Invested

Since BDBL is not enlisted in share market, so it is not possible to calculate MVA in a regular method.

LIQUIDITY POSITION

(Tk. in crore)

Maturity Analysis	Below 1 Year	1-5 Year	Above 5 years	Total
Interest Earning Assets	1734.88	773.01	458.13	2966.02
Non -Interest Earning Assets	239.31	955.92	1292.89	2488.12
Total Assets	1974.19	1728.93	1760.92	5454.14
Interest Bearing Liabilities	696.06	1348.52	0	2044.58
Non-Interest Bearing Liabilities	271.55	711.39	2426.62	3409.56
Total Liabilities	967.61	2059.91	2436.52	5454.14
Maturity Gap	1006.58	(330.98)	(675.60)	-
Cumulative Gap	1006.58	675.60	-	1682.18

The liquidity policy of the bank has always been to carry a positive mismatch in the interest earning assets and interest bearing liabilities in 1-30 days category.

PAYMENT OF DIVIDEND

The Dividend Policy of the bank aims to provide a notable amount of dividend to shareholders including retaining sufficient profit to strengthen funds, maintain positive growth and fulfill capital requirements. As a result of this prudent Dividend policy, the bank has developed shareholders' fund at a satisfactory level. The five years scenario of dividend payment is mentioned below:

(Tk. in crore)

Description	2016	2015	2014	2013	2012
Payment of Dividend	10.00	10.00	10.00	7.50	5.00

ECONOMIC IMPACT REPORT

Production, distribution and consumption of goods and services are integral elements of an economic system. By analyzing economic impact, it is tried to find out how a company adds value to the society. Economic impact can be classified into two broad areas: (I) Direct and (II) Indirect. Direct impacts are the immediate economic effects of a company's financial transactions while the indirect impacts are the economic effects that are created through a company's operation or production of goods and services.

Bank's direct contributions to the economy of its nation would include creation of employment opportunities, collection of taxes on behalf of the Government, creation of savings habit among the members of the community; while improvement of socio-economic and environmental performance through lending is the indirect contribution.

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

MAINTAINING CAPITAL ADEQUACY

To cope with the international best practices and to make the bank's capital more risk sensitive, Bangladesh Bank issued Basel-III guidelines for all scheduled banks on "Risk Based Capital Adequacy (RBCA)" to report their capital requirement which came fully into effect since January 01, 2010.

As on December 31, 2016, the bank's Capital Adequacy Ratio (Basel-III) stood at 24.98 percent (core capital 18.15 percent and supplementary capital 6.83 percent) as against 10 percent of total Risk Weighted Assets, which indicates bank's strong capital base.

Comparative picture of Risk Weighted Assets, Minimum Capital Requirement (MCR) and the Capital Adequacy Ratio (CAR) and capital surplus of BDBL for 2015 and 2016 are mentioned below:

(Tk. in crore)

Particulars	2016	2015
Total Risk Weighted Assets	4666.50	4684.27
Tier I	980.33	913.50
Tier II	221.52	293.49
Total Capital	1201.85	1206.99
Required Capital	531.02	468.43
Tier I Capital Adequacy Ratio	21.01%	19.50%
Tier II Capital Adequacy Ratio	4.75%	6.27%
Capital Adequacy Ratio	25.76	25.77
Capital Surplus	735.20	738.56

Report on Corporate Governance



Corporate Governance (CG) is the set of laws, regulations, processes, policies through which a corporation is directed, administered and controlled. The corporate governance structure specifies the rights and responsibilities among the major stakeholders involved and achievement of the goals for which the corporation is governed. The principal stakeholders are the shareholders, Board, management and employees. Other stakeholders include customers, creditors, suppliers, regulators and the community at large. Fairness, commitment to the organization, mutual respect, performance orientation, transparency, accountability and responsibility are the accepted elements of good corporate governance. A good corporate governance aims at ensuring the conformity to all these elements in order to making a congenial environment to excel in.

Since its inception, the bank has actively and fully adhered to the principles of sound corporate governance in complying with legal and regulatory requirements as mentioned in Bangladesh Bank and Bangladesh Securities and Exchange Commission's notification. In BDBL, corporate governance means increasing the stakeholders value by being efficient, transparent, professional and accountable to the organization, society and the environment. The Board of Directors plays a key role in corporate governance. It is their responsibility to endorse the organization's strategy, develop directional policies, appoint, supervise and remunerate senior executives and to ensure accountability of the organization to its owners and regulatory authorities.

LEGAL AND REGULATORY COMPLIANCE

BDBL has been carrying out its activities in accordance with the Legal and Regulatory requirement of Bangladesh Bank and Bangladesh Securities and Exchange Commission (BSEC). BDBL operates within the legal framework of the Companies Act, 1994 and as Banking Company complies with the provisions of the Bank Company Act, 1991 (Amended in 2013), Income Tax Ordinance, 1984, Negotiable Instrument Act, 1881, Anti-Money Laundering Act, 2008 and other related laws, regulations and reporting requirements.

BDBL's corporate governance structure encompasses the following elements:

STRUCTURE OF THE BOARD

According to clause 95 of the Article of Association of BDBL, the number of directors shall not be less than seven and not more than thirteen, excluding the Managing Director. The Board of Directors of BDBL is currently consisted of 9 (nine) Directors including its Managing Director. The Board of Directors is accountable to owners / stockholders for the overall direction and control of the bank. The major responsibilities of the Board are to approve all policies and strategies. The Board reviews the policies and manuals of the various segments of business with a view to establishing effective risk management in credit and other key areas of operations. The management of the bank operates within the policies and guidelines approved by the Board. The Board spends most of its time in formulating different policies and strategies in directing BDBL towards a forward-looking bank. With this end, there held Board 25 meetings including 1 emergency meetings during January-December, 2016.

MANAGEMENT

The Managing Director and the Board of Directors are jointly responsible for the management of the bank. The Managing Director is responsible for the day-to-day operations and in this respect observes the policy and directions of the Board of Directors. The Managing Director implements this policy and directions through its line management.

BOARD COMMITTEES AND THEIR RESPONSIBILITIES

To ensure good governance i.e. corporate governance in bank management, Bangladesh Bank issued a circular (BRPD Circular No. 06, dated February 04, 2010) where it restricted banks to form three committees or sub-committees of the Board.

To ensure proper accountability and transparency through "due diligence", BDBL has three Board committees namely Audit Committee, Executive Committee and Risk Management Committee mainly to oversee and direct the operations, performance and strategic direction of the bank.

AUDIT COMMITTEE

As per Bangladesh Bank's BRPD Circular No. 11, dated October 27, 2013, Audit Committee (AC) of BDBL Board was last re-constituted in the Board Meeting held on December 18, 2016, to provide independent oversight of the company's financial reporting, non-financial corporate disclosures, internal control systems and compliance to governing laws, rules and regulations etc. Basically, the Audit Committee plays the role of watchdog on behalf of the Board.

The number of AC members was 4 (Four) with the following Directors :

1.	Md. Ekhlasur Rahman, Director	Chairman of the Committee
2.	Mr. Mushtaque Ahmed, Director	Member
3.	Mr. Md. Abu Hanif Khan, Director	Member
4.	Syed Aftear Hussain Pear, Director	Member

The Audit Committee of BDBL held 8 (Eight) meetings in the year 2016 and had detailed discussions and review session with the Head of Internal Audit, Head of Internal Control and Compliance, External Auditors etc. regarding their findings, observations and suggestions with corrective measures on the related areas and on other issues of bank affairs that need improvement. The AC instructed the management to follow those suggestions and monitored accordingly from time to time.

EXECUTIVE COMMITTEE

In compliance with BRPD Circular No. 11, dated October 27, 2013, the Board of Directors of BDBL constituted the Executive Committee (EC) comprising of the following Board of Directors :

1.	Mr. Md. Yeasin Ali, Chairman	Chairman of the Committee
2.	Mr. Shahabuddin Ahmed, Director	Member
3.	Dr. A.K. Ubaidur Rob, Director	Member
4.	Salma Nasreen, NDC, Director	Member
5.	Managing Director, BDBL	Member

This EC is entrusted with the following broader responsibilities and functions :

- Establish and periodically review the bank’s overall credit and lending policies and procedures.
- Develop and implement uniform and minimum acceptable credit standards for the bank.
- Approve all revision, restructure and amendments made to the credit proposals initially approved by this Committee.

In 2016, 4 (Four) meetings of EC were held.

RISK MANAGEMENT COMMITTEE

Risk Management Committee (RMC) reviews the identification of the credit risk, foreign exchange risk, internal control & compliance risk, money laundering risk, information & technology risk, operational risk, interest risk, liquidity risk, green banking policy and other risk related activities. The bank established a Risk Management Committee (RMC) with the following Board of Directors:

1.	Mr. Shahabuddin Ahmed, Director	Chairman of the Committee
2.	Mr. Md. Abu Hanif Khan, Director	Member
3.	Dr. A.K. Ubaidur Rob, Director	Member
4.	Syed Aftear Hussain Pear, Director	Member
5.	Salma Nasreen, NDC, Director	Member

The RMC is entrusted with the following responsibilities and functions:

- Identification and controlling strategies of risks;
- Preparation of organizational framework;
- Reviewing and resolving of Risk Management Policy;
- Information / document preservation & reporting;
- Follow-up the implementation of Risk Management Policy as a whole; and
- Miscellaneous.

In 2016, 5 (Five) meetings of RMC were held.

MANAGEMENT COMMITTEES

Managing Director is the Chief Executive Officer (CEO) of the bank. In an effective corporate governance structure Bank Management work under the leadership of MD & CEO to carry out daily operations to the best interest of the shareholders. Besides, conventional segregation of functional departments, BDBL has some designated committees entrusted with specific objectives. The composition of all these committees is shown below:



MANAGEMENT COMMITTEE (MANCOM)

To bring dynamism as well as to assist the Managing Director in handling the daily operational activities to the best interest of the stakeholders, a Management Committee (MANCOM) was formed with the following officials, where the Deputy Managing Director-1 acts as the Chairman:

1.	Deputy Managing Director-1	Chairman
2.	Deputy Managing Director-2	Member
3.	All General Managers of Head Office	Member
4.	Board Secretary	Member
5.	Deputy General Manager, Compliance Department	Member-Secretary

The Management Committee (MANCOM) assists the Managing Director in the following Areas :

- Set or review vision, mission and strategies of the bank as a whole for effective discharging of management responsibilities.
- Analyze business and financial performance of the bank.
- Review and discuss policies and procedures of the bank and make changes if necessary before taking to the Board (if needed).
- Market analysis and internal service quality.
- Review of control and compliance.
- Management and development of human resources.
- Exploring ways to strengthen and vitalize support functions (Operations, HRD, ITD, CRM etc.)

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

ASSET LIABILITY COMMITTEE (ALCO)

The Asset Liability Committee (ALCO) of the bank was constituted with the following officials, where the Managing Director is the Chairman of the Committee :-

1.	Managing Director	Chairman
2.	Deputy Managing Director-1	Member
3.	Deputy Managing Director-2	Member
4.	General Manager of Finance & Accounts Division	Member
5.	General Manager of Legal Affairs & Recovery Division	Member
6.	General Manager of Branch Banking Division	Member
7.	General Manager of Development Banking Division	Member
8.	General Manager of SME & General Advances Division	Member
9.	Head of International Banking Department	Member
10.	Head of Risk Management Department	Member
11.	Head of Central Accounts Department	Member-Secretary

The key role and responsibilities of ALCO are as follows:

- Directing general policies on risk exposures.
- Setting target of deposit and advances.
- Setting interest rate mismatch / gap limit.
- Analyzing liquidity position.
- Establishing monitoring system for exposure, control and limit management.
- Evaluating market risk.

The meetings of the Asset Liability Management Committee holds in every month to review the overall position of the balance sheet and achievement of targets.

CENTRAL COMPLIANCE UNIT (CCU)

Money laundering poses a significant risk to the financial sector globally and to society as a whole. The bank is firmly committed to participating in international efforts to combat money laundering, fraud or other financial crimes including the financing of terrorists or terrorist operations. Accordingly, the bank prepared an Anti-Money Laundering Manual which included written policy and procedure and formed a Central Compliance Unit (CCU) with the following officials :-

1.	Deputy Managing Director-1	Head of CCU (CAMELCO)
2.	(A) Deputy General Manager of Branch Management Department	Deputy CAMELCO
	(B) Assistant General Manager of Branch Management Department	Deputy CAMELCO
3.	Deputy General Manager of Risk Management Department	Member
4.	Principal Officer of Branch Management Department	Member
5.	Principal Officer of IT System Department	Member
6.	Officer of Branch Management Department	Member-Secretary

The unit acts in keeping consistency with the Anti-Money laundering Manual and guidelines given by the Central Bank from time to time to protect fraud / forgery and financing of terrorist activities.

CREDIT COMMITTEE (CC)

With a view to bringing dynamism in the activities of the bank and assisting the Managing Director to perform credit related activities efficiently and effectively, a Credit Committee (CC) was formed in Head Office, Zonal and Branch Offices in the following ways:

Head Office:

1.	Deputy Managing Director-1	Chairman
2.	Deputy Managing Director-2	Member
3.	General Manager Investment Banking, General Advances and SME Division	Member
4.	General Manager Development Banking Division	Member
5.	General Manager Legal Affairs and Recovery Division	Member
6.	General Manager, Finance & Accounts Division	Member
7.	General Manager, International Banking Division	Member
8.	Head of Loan Operation Department	Member-Secretary

Zonal Offices

1.	Zonal Manager	Chairman
2.	Branch Manager under Zonal Office	Member
3.	Second Senior Official of Zonal Office	Member
4.	Concerned Officer of Loans & Advances in Zonal Office	Member-Secretary

Branch Offices

1.	Branch Manager	Chairman
2.	Second Senior Official of Branch Office	Member
3.	Concerned Officer of Loans & Advances in Branch Office	Member-Secretary

Credit proposals that merit considerations in the opinion of the Credit Committee are presented before the Managing Director of the bank for approval. The credit proposals that are beyond the delegated business power of the Managing Director are placed before the Executive Committee / Board of Directors for consideration / approval. The meetings of the Committee holds regularly to approve and review loan proposals.

RISK MANAGEMENT COMMITTEE (Management Level)

A Risk Management Committee (Management Level) was formed with the following officials of the bank to strongly observe the risk level, monitor compliance of the risk management guidelines by the Divisions, Departments and Branches and do stress testing regularly and thereby take necessary steps to check and control the risk relating to banking activities :-

1.	Deputy Managing Director-1	Chairman
2.	General Manager Branch Banking & Investment Banking Division	Member
3.	General Manager IT & Risk Management Division	Member
4.	Head of Central Accounts Department	Member
5.	Head of Branch Management Department	Member
6.	Head of Audit & Inspection Department	Member
7.	Head of Risk Management Department	Member-Secretary
8.	Head of Budget Department	Member
9.	Head of International Banking Department	Member
10.	Head of Loan Operation Department	Member
11.	Head of Compliance Department	Member
12.	Head of IT System Department	Member

The Risk Management Committee will take advance preparation to address any kind of financial stress and inform the Chief Executive Officer.

Credit Risk Management Committee

Bangladesh Bank has given guidelines for mitigating risks relating to credit. Accordingly, a risk manual for credit management has been prepared for strategic management of risks. Besides, a Credit Risk Management Committee has been formed with the following officials :-

1.	Deputy Managing Director-1	Chairman
2.	General Manager, Internal Control & Compliance Division	Member
3.	General Manager, Development Banking Division	Member
4.	General Manager, SME & General Advances Division	Member
5.	General Manager, International Banking Division	Member
6.	Head of General Advances Department	Member
7.	Head of Risk Management Department	Member
8.	Head of SME Department	Member
9.	Head of International Banking Department	Member
10.	Head of Loan Operation Department	Member-Secretary

Internal Control & Compliance Risk Management Committee

Bangladesh Bank has given guidelines for mitigating risks relating to internal controls compliance. Accordingly, a risk manual for internal control & compliance has been prepared for strategic management of risks. Besides, an Internal Control & Compliance Risk Management Committee has been formed with the following officials :-

1.	Deputy Managing Director-1	Chairman
2.	General Manager, Internal Control & Compliance Division	Member
3.	Head of Audit & Inspection Department	Member
4.	Head of Human Resource Management Department	Member
5.	Head of Risk Management Department	Member
6.	Head of Compliance Department	Member-Secretary
7.	Head of Branch Management Department	Member

Foreign Exchange Risk Management Committee

Bangladesh Bank has given guidelines for mitigating risks relating to foreign exchange business. Accordingly, a risk manual for foreign exchange business has been prepared for strategic management of risks. Besides, a Foreign Exchange Risk Management Committee has been formed with the following officials :-

1.	Deputy Managing Director-1	Chairman
2.	General Manager, International Banking Division	Member
3.	Head of Risk Management Department	Member
4.	Head of International Banking Department	Member-Secretary
5.	Concerned SPO of International Banking Department	Member

ICT Security Risk Management Committee

Bangladesh Bank has given guidelines for mitigating risks relating to information & communication technology. Accordingly, a manual for ICT Security Risk Management has been prepared for strategic management of risks. Besides, a ICT Security Risk Management Committee has been formed with the following officials :-

1.	General Manager, IT & Risk Management Division	Chairman
2.	IT Consultant	Member
3.	Head of Risk Management Department	Member
4.	Head of IT System Department	Member
5.	Head of IT Operation Department	Member-Secretary
6.	Concerned SPO of IT Operation Department	Member
7.	Concerned SPO of IT System Department	Member

Environmental Risk Management and Green Banking Committee

Bangladesh Bank has given guidelines for mitigating risks relating to environmental & green banking. Accordingly, a risk manual for environmental & green banking has been prepared for strategic management of risks. Besides, a Environmental Risk Management and Green Banking Committee has been formed with the following officials :-

1.	General Manager, SME & General Advances Division	Chairman
2.	Head of SME Department	Member-Secretary
3.	Head of Risk Management Department	Member
4.	Head of Loan Operation Department	Member
5.	Head of Budget Department	Member
6.	Head of General Advances Department	Member

COMPLAIN CELL

In order to bring discipline and to create a congenial environment in the banking activities, a complain cell was set up with the efficient and experienced officials of the bank to review the complains against the officers and staff of the bank. The Managing Director regularly monitors the activities of the Complain Cell. The Complain Cell was reformed with the following officials of the bank :

1.	Head of Compliance Department	Chief
2.	Assistant General Manager of Compliance Department	Member
3.	Senior Principal Officer of Compliance Department	Member

RECOVERY TASK FORCE (RTF)

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

SHARE BUY - SALE COMMITTEE (SBSC)

A committee in the name of Share Buy Sale Committee (SBSC) was formed for buying and selling share / debentures of to give recommendations/instructions BDBL's own portfolio. The members of the Committee are as follows :-

1.	Deputy Managing Director-1	Chairman
2.	General Manager of Finance and Accounts Division	Member
3.	General Manager of SME & General Advances Division	Member
4.	Head of Investment Banking Department	Member
5.	Chief Executive Officer of BDBL Securities Limited	Member
6.	Company Secretary of BDBL Investment Services Limited	Member
7.	Assistant General Manager of Investment Banking Department	Member-Secretary

TRANSFER AND POSTING COMMITTEE

The bank has formed a Transfer and Posting Committee with the mission of placing right man in the right place for directing all sorts of banking activities in a disciplined and efficient way. The members of the Committee are as follows :-

1.	Deputy Managing Director-1	Chairman
2.	Deputy Managing Director-2	Member
3.	General Manager, Legal Affairs & Recovery Division	Member
4.	General Manager, Administration Division	Member
5.	Head of HRMD	Member-Secretary

SUSTAINABLE FINANCE UNIT

With the view of performing green banking and Corporate Social Responsibility (CSR) activities effectively and efficiently, the bank has formed a Sustainable Finance Unit as per instruction of Bangladesh Bank. The members of the Unit are as follows :-

1.	Deputy General Manager, General Advances Department	Chairman
2.	Senior most SPO/PO of General Advances Department	Member
3.	Senior most SPO/PO of Loan Operation Department	Member
4.	Senior most SPO/PO of SME Department	Member
5.	Senior most SPO/PO of Risk Management Department	Member
6.	Senior most SPO/PO of IT System Department	Member-Secretary

SUSTAINABLE FINANCE COMMITTEE

The bank has formed a Sustainable Finance Committee to review, evaluate and approve the activities taken by Sustainable Finance Unit as per instruction of Bangladesh Bank. The members of the Committee are high officials of the bank. They are as follows :-

1.	Deputy Managing Director-1	Chairman
2.	General Manager, SME & General Advances Division	Member
3.	Deputy General Manager, Loan Recovery Department	Member
4.	Deputy General Manager, Branch Management Department	Member
5.	Deputy General Manager, International Banking Department	Member
6.	Deputy General Manager, Risk Management Department	Member
7.	Deputy General Manager, Human Resource Management Department	Member
8.	Deputy General Manager, Central Accounts Department	Member
9.	Deputy General Manager, Compliance Department	Member
10.	Deputy General Manager, Establishment & Common Service Department	Member
11.	Assistant General Manager, Business Development & Marketing Department	Member
12.	Assistant General Manager, IT System Department	Member
13.	Senior most SPO/PO of IT System Department	Member-Secretary

DELEGATION OF POWER

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

AUDIT BY CENTRAL BANK

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

AUDIT BY THE EXTERNAL AUDITORS

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

AUDIT AND INSPECTION

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

INTERNAL CONTROL AND COMPLIANCE

Internal Control contains self-monitoring mechanisms and actions are taken to correct errors and deficiencies as they are identified. To assess the position of internal control and anti-money laundering compliance in various branches of BDBL, Internal Control and Compliance Division carried out onsite inspection of various branches during 2016.

BB Guidelines for Corporate Governance : Our Compliance Status

To ensure good governance i.e. corporate governance in bank management, Bangladesh Bank (BB) issued three circulars in 2013 covering three broad areas as follows:

1. BRPD Circular No. 11 dated 27 October, 2013 : Formation and Responsibilities of Board of Directors (BOD).
2. BRPD Circular Letter No. 18 dated 27 October, 2013 : Appointment and Responsibilities of Chief Executive Officer (CEO).
3. BRPD Circular Letter No. 19 dated 27 October, 2013 : Contractual Appointment of Advisor and Consultant.

The summary of the BB guidelines and BDBL's compliance thereto are presented below :

1. Formation and Responsibilities of Board Of Directors (BOD).

Sl. No.	Particulars	Compliance Status
1.	Formation of BOD: Prior approval from BB to be taken before appointment of new Directors, as well as dismissal, termination or removal of any Director from the post. Qualification and competency of Directors, maximum number of Directors of the Board, appointment of Independent Directors, appointment of maximum 02 (two) members from a family as Director.	Complied
1.1	Appointment of New Directors: Every bank company, other than specialized banks, at the time of taking prior approval from BB while appointing Directors should furnish the following information along with the application:	N/A
	a. Personal information of the nominated person	-
	b. Declaration of nominated person	-
	c. Declaration for confidentiality by the nominated person	-
	d. In case of Independent Director, the approval letter from BSEC	-
	e. CIB report of the nominated person	-
	f. Updated list of Directors	-
1.2	Vacancy of office of a Director	
(a)	The office of a Director shall be vacated as per the provision of section 108 (1) of Companies Act, 1994. Besides, provision of section 17 of Bank Company Act, 1991, providing false declaration at the time of appointment or observing shortfall of qualification as a Director.	N/A
(b)	In the office of a Director is vacated as per section 17 of Bank Company Act, 1991 (amended in 2013), she/he will not be eligible to become Director of that bank company or any other bank company or Financial Institutions within one year from the date of repayment of the total dues to the bank. The dues can be adjusted with the shares held by the Director in that bank company and he cannot transfer his shares of that bank company until he repays his all the liabilities of that bank company or Financial Institutions.	N/A