

Bangladesh Development Bank Limited and its Subsidiaries

Independent Auditors' Report and Audited Consolidated and Separate Financial Statements For the year ended 31 December 2020

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K. M. Hasan & Co
Chartered Accountants
Hometown Apartments
(7th, 8th & 9th Floor)
87 New Eskaton Road, Dhaka-1000
Bangladesh
Telephone: +88-02-9345792

ACNABIN
Chartered Accountants
BDBL Bhaban (Level-13 & 15),
12 Kawran Bazar C/A,
Dhaka-1215, Bangladesh.
Tel.: +88-02-41020030
Fax:+88-02-41020036

K. M. HASAN & CO.
Chartered Accountants
Hometown Apartments (8th & 9th Floor)
87, New Eskaton Road, Dhaka-1000
Phone: 9351457, 9351564
Fax: 88-02-9345792
Email: kmh_co@yahoo.com
Web: www.kmhasan.com.bd

ACNABIN
Chartered Accountants
BDBL Bhaban (Level-13 & 15)
12 Kawran Bazar C/A, Dhaka-1215
Telephone: (+88-02) 41020030 to 3
Fascimile: (+88-02) 41020036
E-mail: acnabin@bangla.net
Web: www.acnabin.com

Independent Auditors' Report

To the Shareholders of Bangladesh Development Bank Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of Bangladesh Development Bank Limited (BDBL) and its subsidiaries (the "Group") as well as the separate financial statements of Bangladesh Development Bank Limited (the "Bank"), which comprise the consolidated and separate balance sheets as at 31 December 2020 and the consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2020, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to note 2.6.1 and 23.1 to the financial statements, which describes the policy of charging depreciation of revalued assets and present contribution to the employees' pension fund and the future contribution thereto. Our opinion is not modified in respect of these matters.

Other information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the consolidated and separate financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the board of directors of the Bank.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the consolidated financial statements of the Group and also separate financial statements of the Bank in accordance with IFRSs as explained in note 2, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries. In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and separate

financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Bank Company Act, 1991 (as amended) and the rules and regulations issued by Bangladesh Bank, we also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) to the extent noted during the course of our audit work performed on the basis stated under the Auditors' Responsibility section in forming the above opinion on the consolidated financial statements of the Group and separate financial statements of the bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the consolidated and separate financial statements and internal control:
 - a) internal audit, internal control and risk management arrangements of the Group as disclosed in the financial statements appeared to be materially adequate; and
 - b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Group and its related entities (other than matters disclosed in these financial statements);
- (iii) financial statements for the year ended 31 December 2020 of subsidiaries namely BDBL Securities Limited and BDBL Investment Services Limited have been audited by K. M. Hasan & Co., Chartered Accountants and have been properly reflected in the consolidated financial statements;
- (iv) in our opinion, proper books of account as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;

- (v) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (vi) the consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (vii) the expenditures incurred were for the purpose of the Bank's business for the year;
- (viii) the consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- (ix) adequate provisions have been made for advance and other assets which are, in our opinion, doubtful of recovery as explained in note no. 12.5.b and 12.7;
- (x) the information and explanations required by us have been received and found satisfactory;
- (xi) we have reviewed over 84% of the risk weighted assets of the Bank and spent over 5,601 person hours; and
- (xii) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

Signed for & on behalf of
K. M. HASAN & CO.
Chartered Accountants

Signed for & on behalf of
ACNABIN
Chartered Accountants

Md. Amirul Islam FCA
Senior Partner
ICAB Enrollment No. 331

Md Moniruzzaman FCA
Partner
ICAB Enrollment No. 787

Dhaka, Bangladesh
Dated: 21 June, 2021

Bangladesh Development Bank Limited and Its Subsidiaries
Consolidated Balance Sheet
As at 31 December 2020

	Notes	31.12.2020 Taka	31.12.2019 Taka
PROPERTY AND ASSETS			
Cash	3(a)	2,362,629,982	2,380,756,940
In hand (including foreign currencies)		83,850,821	76,973,099
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		2,278,779,161	2,303,783,841
Balance with other banks and financial institutions	4(a)	9,932,408,640	12,464,584,433
In Bangladesh		8,914,379,821	11,866,454,294
Outside Bangladesh		1,018,028,819	598,130,139
Money at call and on short notice	5	100,000,000	1,770,000,000
Investments	6(a)	10,074,067,390	10,244,293,959
Government		548,300	1,514,000
Others		10,073,519,090	10,242,779,959
Loans and advances	7(a)	21,014,688,938	19,809,919,240
Loans, cash credit and overdrafts, etc		20,621,912,488	19,168,356,976
Bill purchased and discounted		392,776,450	641,562,264
Fixed assets including premises, furniture and fixtures	8(a)	7,766,488,956	7,824,704,883
Other assets	9(a)	4,684,405,284	4,403,199,626
Total assets		55,934,689,190	58,897,459,081
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other Banks, financial institutions and agents	10	332,192,781	35,826,453
Deposits and other accounts	11(a)	24,216,289,953	27,645,591,525
Current and other accounts		2,724,601,035	2,743,354,363
Bills payable		132,101,882	128,914,922
Savings bank deposits		1,713,722,396	1,451,212,270
Fixed deposits		19,645,864,640	23,322,109,970
Other deposits		-	-
Other liabilities	12(a)	12,124,913,414	11,948,508,221
Total liabilities		36,673,396,148	39,629,926,199
Shareholders' equity			
Total shareholders' equity		19,261,293,041	19,267,532,882
Paid-up capital	13	4,000,000,000	4,000,000,000
Quasi equity	14	134,744,560	134,744,560
Statutory reserve	15	2,614,571,336	2,592,421,336
General reserve	16.1	4,347,755,114	4,347,755,114
Revaluation reserve	16.2(a)	6,411,967,551	6,505,569,700
Other reserve	16.3(a)	1,076,128,516	1,074,351,242
Retained earnings	16(a.i)	676,125,964	612,690,929
Total liabilities and shareholders' equity		55,934,689,190	58,897,459,081

Bangladesh Development Bank Limited and Its Subsidiaries

Consolidated Balance Sheet

As at 31 December 2020

	Notes	31.12.2020 Taka	31.12.2019 Taka
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	16.4	1,070,752,530	1,026,942,358
Acceptance and endorsements		-	-
Acceptance for FC guarantee		340,370,238	340,370,238
Letters of credit		368,842,751	399,980,377
Bills for collection		306,346,914	248,571,936
Other contingent liabilities		55,192,627	38,019,807
Other commitments		-	-
Documentary credits and other short term trade-related transaction		-	-
Liability on account of outstanding forward exchange contract		-	-
Forward assets purchased and forward deposit placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total off-balance sheet items including contingent liabilities		1,070,752,530	1,026,942,358

The accompanying notes from 1 to 35 form an integral part of these consolidated financial statements.

Managing Director

Director

Director

Chairman

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

Signed for & on behalf of
K. M. HASAN & CO.
Chartered Accountants

Signed for & on behalf of
ACNABIN
Chartered Accountants

Md. Amirul Islam FCA
Senior Partner
ICAB Enrolment No. 331

Md Moniruzzaman FCA
Partner
ICAB Enrolment No. 787

Dhaka, Bangladesh
Dated: 21 June, 2021

Bangladesh Development Bank Limited and Its Subsidiaries
Consolidated Profit and Loss Account
For the year ended 31 December 2020

	Notes	2020 Taka	2019 Taka
Interest Income	18(a)	1,917,809,218	2,345,528,678
Interest paid on borrowings, deposits, etc	19(a)	(1,588,268,863)	(1,689,041,868)
Net interest income		329,540,355	656,486,810
Investment income	20(a)	611,692,782	385,884,164
Commission, exchange and brokerage	21(a)	65,954,225	47,394,737
Other operating income	22(a)	412,324,432	489,866,353
		1,089,971,439	923,145,254
Total operating income		1,419,511,794	1,579,632,064
Operating expenses			
Salaries and allowances	23(a)	946,083,855	812,077,170
Rent, taxes, insurance, lighting, etc	24(a)	63,272,364	62,753,202
Legal expenses	25(a)	1,964,964	1,360,481
Postage, telecommunication, etc	26(a)	6,866,790	6,559,451
Stationery, printing, advertisement, etc	27(a)	9,262,291	9,611,604
Managing Director's/Chief Executive's remuneration		3,700,000	1,746,184
Directors' fees	28(a)	2,307,540	2,928,761
Auditors' fees	28(b)	1,317,500	1,272,500
Depreciation and repair of Bank's assets	29(a)	63,130,545	56,317,802
Other expenses	30(a)	131,775,521	133,665,741
		1,229,681,370	1,088,292,896
Total operating expenses		1,229,681,370	1,088,292,896
Profit before provision		189,830,425	491,339,168
Provision for loans and advances	31(a)	-	34,000,000
Provision for diminution in value of investments		17,284,665	25,734,965
Other provisions		-	216,500,000
		17,284,665	276,234,965
Total provision		17,284,665	276,234,965
Total profit before taxes		172,545,760	215,104,203
Provision for taxation			
Current tax	12(a.i)	89,370,135	132,683,962
Deferred tax	12(a.ii)	(4,635,580)	(902,568)
		84,734,554	131,781,394
Net profit after tax		87,811,205	83,322,809
Appropriations:			
Statutory reserve		22,150,000	37,000,000
General reserve		-	-
Revaluation reserve		-	-
Start up fund		448,896	-
Building fund		-	-
Dividend to Government		-	-
		22,598,896	37,000,000
Retained surplus	16(a)	65,212,309	46,322,809
Earnings per share (EPS)	33(a)	2.20	2.08

The accompanying notes from 1 to 35 form an integral part of these consolidated financial statements.

Managing Director	Director	Director	Chairman
This is the consolidated profit and loss account referred to in our separate report of even date.			
Signed for & on behalf of			Signed for & on behalf of
K. M. HASAN & CO.			ACNABIN
Chartered Accountants			Chartered Accountants

Md. Amirul Islam FCA
Senior Partner
ICAB Enrolment No. 331

Md Moniruzzaman FCA
Partner
ICAB Enrolment No. 787

Dhaka, Bangladesh
Dated: 21 June, 2021

Bangladesh Development Bank Limited and Its Subsidiaries
Consolidated Cash Flow Statement
For the year ended 31 December 2020

Notes	2020 Taka	2019 Taka
A. Cash flows from operating activities		
Interest receipts in cash	1,930,339,698	2,376,903,948
Interest payments	(1,723,680,167)	(1,662,260,139)
Dividends receipts	185,359,073	710,635,113
Fees and commission receipts in cash	65,954,225	47,394,737
Recoveries of loans previously written-off	92,454,986	185,424,935
Cash payments to employees	(895,284,890)	(883,986,380)
Cash payments to suppliers	9,394,668	(9,451,143)
Income taxes paid	(154,602,160)	(282,293,764)
Receipts from other operating activities	1,047,229,104	664,856,084
Payments for other operating activities	(602,280,823)	(819,496,215)
Operating profit before changes in operating assets and liabilities	(45,116,286)	327,727,176
Increase/(Decrease) in operating assets and liabilities		
Loans and advances	(1,374,783,790)	(724,889,825)
Other assets	(1,237,600,534)	(149,112,122)
Deposits from other banks	-	-
Deposits from customers and others	(3,429,301,571)	(660,206,350)
Other liabilities	292,894,054	(22,818,754)
Cash flows used in operating assets and liabilities	(5,748,791,841)	(1,557,027,051)
Net cash used in operating activities	(5,793,908,128)	(1,229,299,875)
B. Cash flows from investing activities		
Proceeds from sale of securities	1,946,830,470	410,131,357
Payments for purchase of securities	(630,780,827)	(316,574,077)
Purchase of fixed asset (property, plant and equipment)	(42,294,831)	(16,349,386)
Net cash flow from investing activities	1,273,754,812	77,207,894
C. Cash flows from financing activities		
Decrease in long term borrowing	295,862,328	(72,656,166)
Dividend paid	-	-
Net cash flow from/(used in) financing activities	295,862,328	(72,656,166)
D. Net increase in cash and cash equivalents (A+B+C)	(4,224,290,989)	(1,224,748,148)
E. Effects of changes in exchange rate	3,988,237	9,517,070
F. Cash and cash equivalents at beginning of the year	16,615,341,373	17,830,572,451
G. Cash and cash equivalents at end of the year (D+E+F)	12,395,038,622	16,615,341,373
Cash and cash equivalents at end of the year		
Cash in hand (including foreign currencies)	83,850,821	76,973,099
Balance with Bangladesh Bank and its agent bank(s)	2,278,779,161	2,303,783,841
Balance with other banks and financial institutions	10,032,408,640	14,234,584,433
	12,395,038,622	16,615,341,373

The accompanying notes from 1 to 35 form an integral part of these consolidated financial statements.

Managing Director

Director

Director

Chairman

Dhaka, Bangladesh
Dated: 21 June, 2021

Bangladesh Development Bank Limited and Its Subsidiaries
Consolidated Statement of Changes in Equity
For the year ended 31 December 2020

(Amount in Taka)

Particulars	Paid-up capital	Quasi equity	Statutory reserve	General reserve	Revaluation reserve	Other reserve	Retained earnings	Profit/(Loss)	Total equity
Balance as at 01 January 2020	4,000,000,000	134,744,560	2,592,421,336	4,347,755,114	6,505,569,700	1,074,351,242	612,690,929	-	19,267,532,881
Share Issued (BDBL Securities)	-	-	-	-	-	-	-	-	-
Transfer to Capital Reserve	-	-	-	-	-	1,777,274	(1,777,274)	-	-
Surplus/Deficit on revaluation of	-	-	-	-	-	-	-	-	-
Surplus/Deficit on revaluation of	-	-	-	-	-	-	-	-	-
Adjustment for sold assets	-	-	-	-	-	-	-	-	-
Dep. during the year	-	-	-	-	(107,588,731)	-	-	-	(107,588,731)
Adjustment for deferred tax	-	-	-	-	13,986,582	-	-	-	13,986,582
Difference arises in currency transaction	-	-	-	-	-	-	-	-	-
Net gain and losses not recognized in the profit and loss account	-	-	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	-	-	87,811,205	87,811,205
Appropriations made during the year	-	-	22,150,000	-	-	-	65,212,309	(87,362,309)	-
Appropriations of profit to other liability for Start up fund	-	-	-	-	-	-	-	(448,896)	(448,896)
Dividend to Govt./BDBL	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2020	4,000,000,000	134,744,560	2,614,571,336	4,347,755,114	6,411,967,551	1,076,128,516	676,125,964	-	19,261,293,041
Balance as at 31 December 2019	4,000,000,000	134,744,560	2,592,421,336	4,347,755,114	6,505,569,700	1,074,351,242	612,690,929	-	19,267,532,882

Dhaka, Bangladesh
Dated: 21 June, 2021

Managing Director

Director

Director

Chairman

Bangladesh Development Bank Limited

Balance Sheet

As at 31 December 2020

	Notes	31.12.2020 Taka	31.12.2019 Taka
PROPERTY AND ASSETS			
Cash	3	2,362,629,982	2,380,750,523
Cash in hand (including foreign currencies)		83,850,821	76,966,682
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		2,278,779,161	2,303,783,841
Balance with other banks and financial institutions	4	9,706,431,205	12,331,718,479
In Bangladesh		8,688,402,386	11,733,588,340
Outside Bangladesh		1,018,028,819	598,130,139
Money at call and on short Notice	5	100,000,000	1,770,000,000
Investments	6	8,404,523,997	9,720,573,640
Government		548,300	1,514,000
Others		8,403,975,697	9,719,059,640
Loans and advances	7	21,289,651,005	19,983,903,304
Loans, cash credit and overdrafts, etc		20,896,874,555	19,342,341,040
Bill purchased and discounted		392,776,450	641,562,264
Fixed assets including premises, furniture and fixtures	8	7,754,832,735	7,815,420,467
Other assets	9	5,683,568,219	4,393,300,445
Total assets		55,301,637,143	58,395,666,858
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other Banks, financial institutions and agents	10	332,192,781	35,826,453
Deposits and other accounts	11	24,218,902,631	27,645,878,512
Current and other accounts		2,727,213,713	2,743,641,350
Bills payable		132,101,882	128,914,922
Savings Bank deposits		1,713,722,396	1,451,212,270
Fixed deposits		19,645,864,640	23,322,109,970
Other deposits		-	-
Other liabilities	12	11,727,869,499	11,642,128,217
Total liabilities		36,278,964,911	39,323,833,182
Shareholders' equity			
Total shareholders' equity		19,022,672,232	19,071,833,676
Paid-up capital	13	4,000,000,000	4,000,000,000
Quasi equity	14	134,744,560	134,744,560
Statutory reserve	15	2,614,571,336	2,592,421,336
General reserve	16.1	4,347,755,114	4,347,755,114
Revaluation reserve	16.2	6,411,967,551	6,505,569,700
Other reserve	16.3	1,065,907,514	1,065,907,514
Retained earnings	16.5	447,726,157	425,435,452
Total liabilities and shareholders' equity		55,301,637,143	58,395,666,858

Bangladesh Development Bank Limited

**Balance Sheet
As at 31 December 2020**

	Notes	31.12.2020 Taka	31.12.2019 Taka
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	16.4	1,070,752,530	1,026,942,358
Acceptance and endorsements		-	-
Acceptance for FC guarantee		340,370,238	340,370,238
Letters of credit		368,842,751	399,980,377
Bills for collection		306,346,914	248,571,936
Other contingent liabilities		55,192,627	38,019,807
Other commitments		-	-
Documentary credits and other short term trade related transaction		-	-
Liability on account of outstanding forward exchange contract		-	-
Forward assets purchased and forward deposit placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal stand by facilities, credit lines and other commitments		-	-
Total off-balance sheet items including contingent liabilities		<u>1,070,752,530</u>	<u>1,026,942,358</u>

The accompanying notes from 1 to 35 form an integral part of these consolidated financial statements.

Managing Director

Director

Director

Chairman

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

Signed for & on behalf of
K. M. HASAN & CO.
Chartered Accountants

Signed for & on behalf of
ACNABIN
Chartered Accountants

Md. Amirul Islam FCA
Senior Partner
ICAB Enrolment No. 331

Md Moniruzzaman FCA
Partner
ICAB Enrolment No. 787

Dhaka, Bangladesh
Dated: 21 June, 2021

Bangladesh Development Bank Limited

Profit and Loss Account

For the year ended 31 December 2020

	Notes	2020 Taka	2019 Taka
Interest income	18	1,928,321,715	2,348,367,160
Interest paid on borrowings, deposits, etc	19	(1,588,268,863)	(1,689,041,868)
Net Interest Income		340,052,852	659,325,292
Income from investments	20	514,035,398	307,473,542
Commission, exchange and brokerage	21	35,805,023	28,906,780
Other operating income	22	410,619,129	487,873,074
		960,459,550	824,253,396
Total operating income		1,300,512,402	1,483,578,688
Operating expenses			
Salaries and allowances	23	924,662,912	791,954,531
Rent, taxes, insurance, lighting, etc	24	58,045,493	56,480,792
Legal expenses	25	1,760,964	1,125,631
Postage, telecommunication, etc	26	6,725,033	6,419,367
Stationery, printing, advertisement, etc	27	8,841,768	9,063,368
Managing Director's/Chief Executive's remuneration		3,700,000	1,746,184
Directors' fees	28	1,336,800	1,512,157
Auditors' fees		1,179,500	1,143,500
Depreciation and repair of Bank's assets	29	60,249,617	53,626,826
Other expenses	30	123,395,422	125,386,152
Total operating expenses		1,189,897,509	1,048,458,508
Profit before provision		110,614,893	435,120,180
Provision for loans and advances	31	-	34,000,000
Provision for diminution in value of investments		-	-
Other provisions		-	216,500,000
Total provision		-	250,500,000
Total profit before taxes		110,614,893	184,620,180
Provision for taxation			
Current tax		70,394,491	120,000,000
Deferred tax		(4,669,198)	(929,898)
		65,725,292	119,070,102
Net profit after tax		44,889,600	65,550,078
Appropriations:			
Statutory reserve		22,150,000	37,000,000
General reserve		-	-
Start up fund		448,896	-
Dividend to Government		-	-
		22,598,896	37,000,000
Retained surplus		22,290,704	28,550,078
Earnings per share (EPS)	33	1.12	1.64

The accompanying notes from 1 to 35 form an integral part of these consolidated financial statements.

Managing Director
This is the profit and loss account referred to in our separate report of even date.
Signed for & on behalf of
K. M. HASAN & CO.
Chartered Accountants

Director

Director

Chairman

Signed for & on behalf of
ACNABIN
Chartered Accountants

Md. Amirul Islam FCA
Senior Partner
ICAB Enrolment No. 331

Md Moniruzzaman FCA
Partner
ICAB Enrolment No. 787

Dhaka, Bangladesh
Dated: 21 June, 2021

Bangladesh Development Bank Limited
Cash Flow Statement
For the year ended 31 December 2020

	Notes	2020 Taka	2019 Taka
A. Cash flows from operating activities			
Interest receipts in cash		1,947,366,712	2,396,514,355
Interest payments		(1,751,117,741)	(1,689,094,043)
Dividend receipts		141,430,645	671,212,999
Fees and commission receipts in cash		35,805,023	28,906,780
Recoveries on loans previously written-off		92,454,986	185,424,935
Cash payments to employees		(895,284,890)	(883,986,380)
Cash payments to suppliers		9,394,668	(9,451,143)
Income taxes paid		(133,142,323)	(268,593,078)
Receipts from other operating activities	22(b)	634,113,419	413,322,897
Payments for other operating activities	30(b)	(222,473,929)	(213,696,270)
Operating profit before changes in operating assets and liabilities		(141,453,430)	630,561,052
Increase/(Decrease) in operating assets and liabilities			
Loans and advances		(1,374,783,790)	(724,889,825)
Other assets		(1,237,600,534)	(149,112,122)
Deposits from other banks		-	-
Deposits from customers and others		(3,426,975,881)	(666,408,859)
Other liabilities		292,894,054	(22,818,754)
Cash flows used in operating assets and liabilities		(5,746,466,151)	(1,563,229,560)
Net cash used in operating activities		(5,887,919,582)	(932,668,508)
B. Cash flows from investing activities			
Proceeds from sale of securities		1,946,830,470	410,131,357
Payments for purchase of securities		(630,780,827)	(316,574,077)
Purchase of property, plant and equipment		(41,892,441)	(16,236,789)
Net cash flow from investing activities		1,274,157,202	77,320,491
C. Cash flows from financing activities			
Increase in long term borrowing		296,366,328	(72,656,166)
Dividend paid		-	-
Net cash flow from / (used in) financing activities		296,366,328	(72,656,166)
D. Net increase/(Decrease) in cash and cash equivalents (A+B+C)		(4,317,396,052)	(928,004,183)
E. Effects of changes in exchange rate		3,988,237	9,517,070
F. Cash and cash equivalents at beginning of the year		16,482,469,002	17,400,956,115
G. Cash and cash equivalents at end of the year (D+E+F)	32	12,169,061,187	16,482,469,002
Cash and cash equivalents at end of the year			
Cash in hand (including foreign currency)		83,850,821	76,966,682
Balance with Bangladesh Bank and its agent bank(s)		2,278,779,161	2,303,783,841
Balance with other banks and financial institutions		9,806,431,205	14,101,718,479
		12,169,061,187	16,482,469,002

The accompanying notes from 1 to 35 form an integral part of these consolidated financial statements.

Managing Director

Director

Director

Chairman

Dhaka, Bangladesh
Dated: 21 June, 2021

Bangladesh Development Bank Limited
Statement of Changes in Equity
For the year ended 31 December 2020

(Amount in Taka)

Particulars	Paid-up capital	Quasi equity	Statutory reserve	General reserve	Revaluation reserve	Other reserves	Retained earnings	Profit/(loss)	Total equity
Balance as at 01 January 2019	4,000,000,000	134,744,560	2,592,421,336	4,347,755,114	6,505,569,700	1,065,907,514	425,435,452	-	19,071,833,676
Surplus/deficit on revaluation of properties	-	-	-	-	-	-	-	-	-
Surplus/deficit on revaluation of investments	-	-	-	-	-	-	-	-	-
Adjustment for sold assets	-	-	-	-	-	-	-	-	-
Depreciation during the year	-	-	-	-	(107,588,731)	-	-	-	(107,588,731)
Adjustment for deferred tax	-	-	-	-	13,986,582	-	-	-	13,986,582
Difference arises in currency transaction	-	-	-	-	-	-	-	-	-
Net gain and losses not recognised in the profit and loss account	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	-	44,889,600	44,889,600
Appropriations made during the year	-	-	22,150,000	-	-	-	22,290,704	(44,440,704)	-
Appropriations of profit to other liability for Start up fund	-	-	-	-	-	-	-	(448,896)	(448,896)
Dividend to Govt.	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2020	4,000,000,000	134,744,560	2,614,571,336	4,347,755,114	6,411,967,551	1,065,907,514	447,726,157	-	19,022,672,232
Balance as at 31 December 2019	4,000,000,000	134,744,560	2,592,421,336	4,347,755,114	6,505,569,700	1,065,907,514	425,435,452	-	19,071,833,676

Dhaka, Bangladesh
Dated:

Managing Director

Director

Director

Chairman

Bangladesh Development Bank Limited
Liquidity Statement (Analysis of Maturity of Assets and Liabilities)
As at 31 December 2020

(Amount in Taka)

Particulars	Not more than 1 month term	1-3 months term	3-12 months term	1-5 years term	Above 5-years term	Total
Assets						
Cash in hand	83,850,821	-	-	-	-	83,850,821
Balance with Bangladesh Bank and Sonali Bank (incl. foreign currencies)	177,500,000	-	-	-	2,101,279,161	2,278,779,161
Balance with other banks and financial institutions and agents	3,197,400,000	5,563,000,000	946,031,205	-	-	9,706,431,205
Money at call and on short notice	100,000,000	-	-	-	-	100,000,000
Investments	1,300,000	5,900,000	4,007,000,000	1,458,600,000	2,931,723,997	8,404,523,997
Loans and advances	1,141,300,000	1,744,600,000	3,707,300,000	11,579,300,000	3,117,151,005	21,289,651,005
Fixed assets including premises, furniture and fixtures	-	-	-	-	7,754,832,735	7,754,832,735
Other assets	83,600,000	644,400,000	454,900,000	2,256,800,000	2,243,868,219	5,683,568,219
Non-banking assets	-	-	-	-	-	-
Total Assets	4,784,950,821	7,957,900,000	9,115,231,205	15,294,700,000	18,148,855,117	55,301,637,143
Liabilities						
Borrowing from Bangladesh Bank, Other banks, financial institutions and agents	27,400,000	82,300,000	219,500,000	2,992,781	-	332,192,781
Deposits and other accounts	1,939,000,000	8,037,300,000	2,954,300,000	11,288,302,631	-	24,218,902,631
Provision and other liabilities	-	163,000,000	998,800,000	2,415,100,000	8,150,969,499	11,727,869,499
Total Liabilities	1,966,400,000	8,282,600,000	4,172,600,000	13,706,395,412	8,150,969,499	36,278,964,911
Net liquidity gap	2,818,550,821	(324,700,000)	4,942,631,205	1,588,304,588	9,997,885,618	19,022,672,232

Managing Director

Director

Director

Chairman

Dhaka, Bangladesh
Dated: 21 June, 2021

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

Bangladesh Development Bank Limited and its Subsidiaries
Notes to the consolidated and separate financial statements
As at & for the year ended 31 December 2020

1. Status of the Bank

1.1 Legal form of the Bank

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

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

1.2 Nature of business

Bangladesh Development Bank Limited extends financial assistance both in local and foreign currencies for setting up of new industries and provides all kinds of commercial banking services to its customer through its branches in Bangladesh. The principal activities of the bank are to vastly involved to provide a comprehensive range of financial services:

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

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

1.3 BDBL Securities Limited (BSL)

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

1.4 BDBL Investment Services Limited (BISL)

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

2. Significant accounting policies

2.1 Basis of preparation of the financial statements

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

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

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

i) Presentation of financial statements

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

Bangladesh Development Bank Limited and its Subsidiaries
Notes to the consolidated and separate financial statements
As at & for the year ended 31 December 2020

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

ii) Investment in shares and securities

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

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; otherwise investments are recognised at cost.

iii) Revaluation gains/losses on Government securities

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

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

iv) Provision on investments and off-balance sheet items

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

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

v) Recognition of investment income in suspense

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

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

Bangladesh Development Bank Limited and its Subsidiaries
Notes to the consolidated and separate financial statements
As at & for the year ended 31 December 2020

vi) Other comprehensive income

IFRS: As per IAS 1 Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single other comprehensive income statement.

Bangladesh Bank: Bangladesh Bank has issued templates for financial statements which will strictly be followed by all Banks. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income nor are the elements of Other Comprehensive Income allowed to be included in a single Other Comprehensive Income (OCI) Statement. As such the Bank does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity.

vii) Financial instruments – presentation and disclosure

In several cases Bangladesh Bank guidelines categorise, recognise, measure and present financial instruments differently from those prescribed in IFRS 9. As such full disclosure and presentation requirements of IFRS 7 and IAS 32 cannot be made in the financial statements.

viii) Financial guarantees

IFRS: As per IFRS 9, financial guarantees are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtors fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee liabilities are recognised initially at their fair value plus transaction costs that are directly attributable to the issue of the financial liabilities. The financial guarantee liability is subsequently measured at the higher of the amount of loss allowance for expected credit losses as per impairment requirement and the amount initially recognised less, income recognised in accordance with the principles of IFRS 15. Financial guarantees are included within other liabilities.

Bangladesh Bank: As per BRPD 14 dated 25 June 2003, financial guarantees such as letter of credit, letter of guarantee will be treated as off-balance sheet items. No liability is recognised for the guarantee except the cash margin.

ix) Cash and cash equivalent

IFRS: Cash and cash equivalent items should be reported as cash items as per IAS 7 “Statement of Cash Flows”.

Bangladesh Bank: Some cash and cash equivalent items such as ‘money at call on short notice’, treasury bills, Bangladesh Bank bills and prize bond are not shown as cash and cash equivalents. Money at call and on short notice presented on the balance sheet, and treasury bills, prize bonds are shown in investments.

x) Non-Banking assets

IFRS: No indication of Non-Banking asset is found in any IFRS.

Bangladesh Bank: As per BRPD 14 dated 25 June 2003, there must exist a face item named Non-Banking asset.

xi) Cash flow statement

IFRS: The Cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

Bangladesh Bank: As per BRPD 14 dated 25 June 2003 and BRPD 15 dated 09 November 2009, cash flow is the mixture of direct and indirect methods.

xii) Balance with Bangladesh Bank: (Cash Reserve Requirement)

IFRS: Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per IAS 7 “Statement of Cash Flows”.

Bangladesh Bank: Balance with Bangladesh Bank is treated as cash and cash equivalents.

xiii) Presentation of intangible asset

IFRS: An intangible asset must be identified and recognised, and the disclosure must be given as per IAS 38 “Intangible Assets”.

Bangladesh Bank: There is no regulation for intangible assets in BRPD 14 dated 25 June 2003.

xiv) Off-balance sheet items

IFRS: There is no concept of off-balance sheet items in any IFRS; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.

Bangladesh Bank: As per BRPD 14 dated 25 June 2003, off balance sheet items (e.g. Letter of credit, Letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.

xv) Disclosure of appropriation of profit

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

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, an appropriation of profit should be disclosed in the face of profit and loss account.

Bangladesh Development Bank Limited and its Subsidiaries
Notes to the consolidated and separate financial statements
As at & for the year ended 31 December 2020

xvi) Investments net off provision

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

Bangladesh Bank: As per BRPD 14 dated 25 June 2003, provision on loans and investments are presented separately as liability and cannot be net-off against loans and advances.

xvii) Recognition of Interest in Suspense

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

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

2.2 Consolidation

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

The consolidated Financial Statements have been prepared in accordance with IFRS 10. ‘Consolidated Financial Statements’. The consolidated Financial Statements are prepared to a common financial year ending 31 December 2020.

2.3 Subsidiary

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

2.4 Transactions eliminated on consolidation

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

2.5 Use of estimates and judgments

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

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

2.6 Fixed assets and depreciation

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

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

Assets	Rates
Building / Premises	2.5%
Furniture and Fixtures, Interior Decoration	10%
Electric / Gas Installation	20%
Typewriters, Ceiling Fans, Office Equipment (including Computer) and SBBL Gun	20%
Motor Cars, Other Vehicles	20%
Software	25%

Depreciation at the applicable rates is charged proportionately on additions made during the year from the date when the asset are ready to use after their acquisition.

Upon disposal of items of fixed assets the net book values are eliminated from the accounts and the resulting gains or losses, if any, are transferred to Profit and Loss Account.

Repairs and maintenance costs of fixed assets are charged to Profit and Loss Account when incurred.

Bangladesh Development Bank Limited and its Subsidiaries
Notes to the consolidated and separate financial statements
As at & for the year ended 31 December 2020

2.6.1 Revalued depreciation

Depreciation on revalued assets are being charged against revaluation reserve/ surplus as per Bangladesh Bank instruction since 2015 consistently.

2.6.2 Impairment of assets

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

2.6.3 Disposal of fixed assets

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

2.6.4 IFRS 16: Leases

Bangladesh Development Bank Limited has applied IFRS 16: "Leases" for the first time with the date of initial application of 01 January 2020 using modified retrospective approach where the bank measured the lease liability at the present value of the remaining lease payments and recognized a right-of-use asset at the date of the initial application on a lease by lease basis.

In according to IFRS 16 Leases, a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Control is conveyed where the customer has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use.

An asset is typically identified by being explicitly specified in a contract, but an asset can also be identified by being implicitly specified at the time it is made available for use by the customer. Upon lease commencement the bank recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the Bank. Adjustments may also be required for lease incentives, payments at or prior to commencement and restoration obligations or similar. After lease commencement, the Bank measures the right-of-use asset using a cost model. Under the cost model a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment.

The lease liability is initially measured at the present value of the lease payments payable over the lease term.

The Bank has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term. Bank only has recognised the leases for those agreements those complied the criteria of IFRS 16 Lease in the financial statements.

2.7 Investments

Investment in subsidiaries

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

2.8 Loans and advances

- i. Loans and advances have been stated at gross value as per requirement of the Bangladesh Bank.
- ii. Interest on unclassified loans and advances are calculated on a daily product basis but charged and accounted for on quarterly basis and in some cases on monthly basis.
- iii. No interest is charged on loan classified as bad loss.
- iv. Interest is charged on classified loans and advances other than bad loss as per BCD Circular no. 34 of 1989, BCD Circular no. 20 of 1994, BCD Circular no.12 of 1995, BRPD Circular no. 16 of 1998 and BRPD Circular no.9 of 2001, BRPD Circular no. 05 of 2006, BRPD Circular no.08 of 2007, BRPD Circular no.10 of 2007 and such interest is not included in income and credited to interest suspense account. This interest is credited to income on realisation.
- v. Interest and penal interest, if any, calculated on classified loans and advances are taken as income in the year of its receipt from the defaulting borrowers.

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- vi. Interest on Special Mention Account (SMA) loan is charged and credited to interest income account as per Bangladesh Bank BRPD Circular no.14 dated 23 September 2012, BRPD Circular no. 05 dated 29 May 2013.
- vii. Provision for loans and advances are made on the basis of information furnished by the branches and of instructions contained in Bangladesh Bank BRPD Circular no.14 dated 23 September 2012, BRPD Circular no.19 dated 27 December 2012 and BRPD Circular 8 dated 02 August 2015, BRPD Circular no. 05 dated 29 May 2013, BRPD Circular no. 01 dated 20 February 2018, BRPD Circular no. 03 dated 21 April 2019 and other applicable circulars issued during the year 2020 at the following rates:
- viii. Loans and advances are written-off as per BRPD Circular no. 2 dated 13 January 2003.
- viii. The provision of the loans and advances were maintained as follows and also considering the relevant circulars issued by the year 2020.

Types of loans	Provision				
	STD	SMA	SS	DF	BL
House Finance	1%	1%	20%	50%	100%
Loan to Professionals	2%	2%	20%	50%	100%
Consumer Finance	2%	2%	20%	50%	100%
Loans to BHs/MBs/SDs	2%	2%	20%	50%	100%
Short term Agri. Credit and Micro Credit	1%	-	5%	5%	100%
SME	0.25%	0.25%	5%	20%	100%
Others	1%	1%	20%	50%	100%

* 1% Special general provision COVID-19 were maintained duly as per circular.

2.9 Rental income

Rental income is accounted for on accrual basis.

2.10 Revenue recognition

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

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

2.11 Cash flow statement

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

2.12 Off-balance sheet items

Under general Banking transactions, liabilities against acceptance, endorsement and other obligations and bills against which acceptances have been given and claims exist there against, have been shown as Off Balance Sheet items.

2.13 Foreign currency transactions

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

2.14 Statement of changes in equity

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

2.15 Statement of liquidity

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

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

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2.16 Retirement benefit scheme

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

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

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

2.17 Capital/ Shareholders' equity

2.17.1 Authorised capital

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

2.17.2 Paid-up capital

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

2.18 Statutory reserve

The Bank Companies Act, 1991 requires the Bank to transfer from its current year's profit before tax to reserve until such reserve together with share premium account equals to its paid up capital. Accordingly 20% of the current year's profit before tax (PBT) has been transferred to this reserve.

2.19 Asset revaluation reserve

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

2.20 Taxation

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

2.20.1 Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Provision for current tax has been made as under as per the Income Tax Ordinance, 1984 and the Finance Act, 2020.

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

2.20.2 Deferred tax

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

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2.21 Earnings per share

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

2.22 Reconciliation position

a. Nostro A/C:

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

b. Inter-branch transactions:

As CBS-Core Banking System has been established, inter-branch transactions are performed reciprocally and the balance is netted-off at a particular point of time. The position of inter branch outstanding entries as on 31 December 2020 is as under:

Outstanding Period	Debit Entry		Credit Entry		Total Entry
	No. of entry	BDT '000'	No. of entry	BDT '000'	
Less than 3 months	11	19819	1	0	12
3 months to 6 months	-	-	-	-	-
6 months to 9 months	-	-	-	-	-
9 months to 12 months	-	-	-	-	-
More than 12 months	54	1,979	70	1743	124
Total	65	21,798	71	1,743	136
Unadjusted amount (Dr.)	-	20,055	-	-	-

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

2.23 Core risk management

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

To mitigate those risk factors, appropriate steps are being taken under the supervision of the top management of BDBL continuously. The overall focus of Risk Management of the bank in 2020 was on maintaining the risk profile in line with its strategy, strengthening its capital base and supporting the strategic goals. Besides, the objective of risk management policy of BDBL is to build up a strong shield against risk throughout the bank and to minimize risk by developing an early alert system and avoiding internal and external vulnerabilities.

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

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

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a. **Credit risk management**

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

b. **Asset liability risk management**

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

c. **Foreign exchange risk management**

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

d. **Money laundering and terrorist financing risk management**

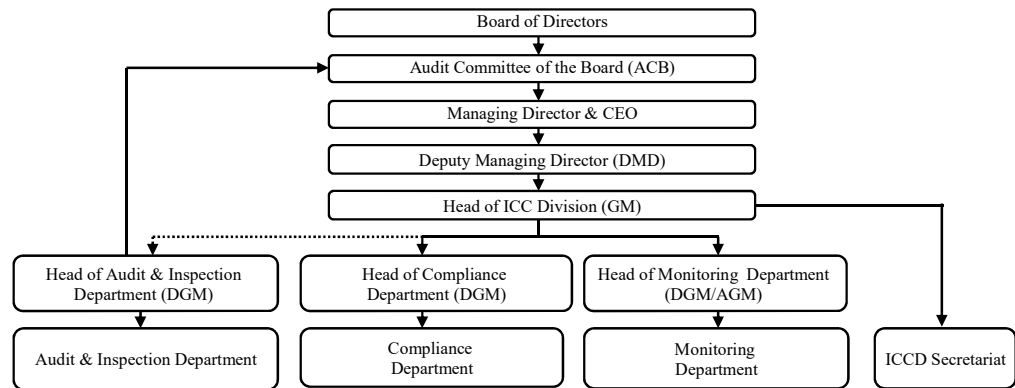
Money Laundering and Terrorist Financing Risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering and terrorist financing. For mitigating the risk, the Bank has designated Chief Compliance Officer at Head Office and Compliance Officer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

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

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e. Internal control and compliance risk management

“Internal Control and Compliance Risk Management Manual-2020” of BDBL has been approved by Board of Directors in August, 2020 to address the Internal Control and Compliance Risks. The main objective of the policy is to ensure uniformity and consistency in audit compliance procedure and establish a set of standard in this regard. The manual will help to establish pragmatic control environment and robust compliance culture within the bank to address all sorts of operational risks. Operational loss may arise from errors and fraud due to regulatory failure of Internal Control and Compliance. Internal Control and Compliance (ICC) structure of BDBL is shown below:



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

Audit & Inspection Department performs risk-oriented reviews of the design and operating effectiveness of BDBL's system of internal controls. Internal audit is conducted at periodic intervals to ensure compliance of the policies of the Bank and regulatory bodies. The Head of Audit & Inspection Department, although being a part of ICC Division administratively, shall submit the audit report directly to Audit Committee of the Board (ACB) and keep the management informed. He/she shall be accountable to the ACB for his/her audit related activities. The Bank has designed Internal Control and Compliance Risk Management Manual as per Bangladesh Bank's respective guideline. For oversight of Internal Control and Compliance Risk in Bank, Bank's Internal Control & Compliance Risk Management Committee plays crucial role in assessing, monitoring, mitigating and controlling the risk(s) associated with Internal Control and Compliance (ICC).

Monitoring Department is formed to conduct effective monitoring on the proper implementation of various control tools (DCFCL, QOR, LDCL and Self Assessment Anti-Fraud Internal Control Checklist) in all branches and divisions/departments at head office of the bank to strengthen internal check and internal control system of the bank. It conduct effective monitoring for timely submission of regulatory returns as per the calendar of returns to avoid regulatory imposition. It identify, assess and control the risks involved in manifold operational activities of the bank and prepare the Self-Assessment Anti-Fraud Internal Control Checklist for signature by the MD and counter signature by the Chairman of the Audit Committee of the Board for submission of the same to the Department of Offsite Supervision of Bangladesh Bank.

f. Information and communication technology security risk management

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

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

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

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

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

g. Environmental risk management and green Banking

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

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

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

Sustainable Finance Committee

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

The functional areas of the committee are as follows:

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

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2.24 Implementation of Basel-III

Calculation of MCR

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

Implementation of ICAAP

The key principle of the Supervisory Review process (SRP) as per Bangladesh Bank Guidelines is that “banks have a process for assessing overall capital adequacy in relation to their risk profile and a strategy for maintaining their capital at an adequate level”. The Board approved the ‘Supervisory Review Process Team’ of the bank and the ‘ICCAP Manual & Checklist’ to establish the Internal Capital Adequacy Assessment Process (ICCAP). The Bank is periodically (annually) reporting “ICAAP Report and Supervisory Review Process Documents (i.e. Supplementary Documents)” to Bangladesh Bank. The latest ICAAP Report-2019 of BDBL (based on audited accounts as on 31 December 2019).

Stress testing

The Bank is periodically reporting “Stress Testing Report” to Bangladesh Bank. In fact, Stress Testing is a simulation technique being used on asset and liability portfolios to determine their sensitivity to different financial situations. The stress testing report of BDBL on the basis of financial statement as on 31 December 2020 depicts very strong position of the bank’s capability to absorb any sort of shock relating to Capital Adequacy.

Risk management report

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

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

Market discipline

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

2.25 Audit committee

2.25.1 Member

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

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

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2.25.2 Activities

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

During the year 2020 the committee conducted 10 (Ten) meetings in which among others, the following issues were discussed:

- Review of present status of internal audit activities;
- Approval of audited accounts of BDBL for the year 2019;
- Review of key performance indicators of the branches
- Review of compliance and implementation of comprehensive inspection report as on 31 December 2018 by Bangladesh Bank
- Approval of internal audit plan of BDBL for the year 2020.

2.26 Board of directors

Name of the directors and the entities in which they have interest during as on 31 December 2020 are as under:

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

2.25 Credit Rating of the Bank

As per the BRPD circular no. 6 dated 5 July 2006, the Bank has done its credit rating by Emerging Credit Rating Limited based on the financial statements of Bangladesh Development Bank Limited dated 31 December 2019. The following ratings had been awarded:

Date of Declaration	Valid till	Rating Mode	Long Term	Short Term	Outlook
July 31, 2020	July 30, 2021	Govt. Support	AAA	ST-1	Stable
		Without Govt. Support	A-	ST-3	Developing

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2.27 Liquidity Coverage Ratio (LCR)

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

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

2.28 Net Stable Funding Ratio (NSFR)

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

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

2.29 Loan Write off

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

2.30 Related Party Transaction

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

Sl No.	Particulars	BSL	BISL
1.	Receivable against salaries	15,239,389	20,644,049
2.	Receivable against shares	19,956,262	88,757,024

2.31 Reporting Period

The Financial Statements cover one calendar year from 01 January to 31 December 2020.

2.32 Offsetting

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

2.33 Corporate Governance

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

2.34 Investment Property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Bank for its own use, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

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Initial Recognition

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. There is two model of the initial recognition of Investment property:

- a. Cost model
- b. Fair Value model

Subsequent recognition

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the cost of the replacement is included in the carrying amount of the property, and the fair value is reassessed.

If the Investment property is measured at cost model then it shall follow the criteria as applicable IAS 16. and if the entity follow the fair market value, after initial recognition, investment property is carried at fair value.

Disposal

Changes in fair values are recognised in the income statement. Investment properties are derecognised when they have been disposed of. Where the entity disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the income statement within net gain from fair value adjustment on investment property.

Transfer of Fixed Assets to Investment Property

When an entity uses the cost model, transfers between investment property, owner- occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

*The Bank's has decided to reclassify the property, plant and equipment to Investment Property those actually met the criteria of Investment Property as per International Accounting Standard (IAS) 40- Investment Property from the financial year 2020 at cost model.

2.35 Regulatory & Legal Compliance

The bank has complied with the requirement of following regulatory & legal authority:

- (a) The Bank Companies Act, 1991 (amended 2018)
- (b) The Companies Act, 1994
- (c) Rules, Regulation and Directives issued by Bangladesh Bank
- (d) Security & Exchange Rules, 1987
- (e) Security & Exchange Ordinance, 1969
- (f) Security & Exchange Commission Act, 1993
- (g) The Income-Tax Ordinance, 1984
- (h) The Value Added Tax and Supplementary Duty Act, 2012
- (i) The Value Added Tax and Supplementary Duty Rules, 2016
- (j) Labor Act, 2006 (Amended 2013)
- (j) Other applicable laws and regulations

2.36 Workers profit Participation and Welfare Fund (WPPF) :

As per the Bangladesh Labour Act, 2006 and employer is required to pay 5% of its net profit to the (1) Worker participation Fund (2) Worker Welfare Fund and (3) Labour Trust Foundation Fund for farther appropriate disbursement to the beneficiaries as defined under the Act. There is significant ambiguity around the inclusion of Bank, Financial Institutions and Insurance Companies within the scope of chapter XV: Workers profit participation Fund (WPPF) under the Labour Act 2006 as amendment in 2013. As such the Bank and Financial Institution Division, Ministry of Finance Government of the People Republic of Bangladesh vide its letter dated February 14, 2017 requested the Ministry of Labour and Employment not to apply chapter XV: Workers Profit Participation Fund (WPPF) under the Labour Act 2006 as amended is 2013 for bank and financial institution. On the basis of the facts as stated above the management of the company believes that the possibility of a legal obligation to pay for Workers' Profit Participation Fund is bleak at the present stage. Therefore, in Consistent with the widely accepted industry practice no provision for workers participation fund has been made by the company in the reporting period for the WPPF.

2.37 Contingent liabilities and Contingent assets

A contingent liability is any possible obligation that arises from the past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank; or any present obligation that arises from past events but is not recognized because:

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- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - the amount of the obligation cannot be measured with sufficient reliability.
- Contingent liabilities are not recognized but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is reliably estimated. Contingent assets are not recognized in the financial statements as this may result in the recognition of income which may never be realized.

2.38 Events after the Reporting Period

Events after the reporting period that provide additional information about the company's position at the balance Sheet date are reflected in the financial statements in accordance with IAS 10 "Events after the Reporting Period".

Impact of COVID-19

Subsequent to year-end, on 11 March 2020, World Health Organization (WHO) declared a global pandemic due to Corona Virus related respiratory disease commonly called as COVID-19. To contain the spread of this disease, along with many other countries of the world, Government of Bangladesh has also taken a number of measures such as declaration of general holiday, enforcement of lock down, social distancing etc. As a result of these measures, all business and economic activities were adversely affected and those also impacted the Group and the Bank as well. Management considered COVID-19 as a subsequent event and in accordance with IAS 10 this is a non-adjusting event (i.e. an event after the reporting period that is indicative of a condition arising after the end of the reporting period); because the significant changes in business activities and economic conditions as a result of COVID-19 had taken place well after the reporting date of 31 December 2019 and continued till reporting period 31 December 2020. Although the business operation and profitability of the Bank were affected due to COVID-19, the situation is constantly changing and there is no certainty at present as to how long the situation will prevail. The bank is continuously trying to recover from the impact of COVID-19 and it also assessed its going concern concept and found no threat upon its existence due to COVID-19.

Operating income & Net profit

There was significant impact on the operating income and net profit of the Bank due to the impact of COVID 19. The Bank's operating income and subsequent profit was reduced. But they Bank is trying to increase its recoverability and bringing some positive earning within the pandemic situation maintaining all the instructions of regulators.

Other aspects of the operation

Bank is continuously assessing the impact of COVID 19 in other areas of the operations and will bring to the attention to the users if there is any significant issues arised thereon.

2.39 Going Concern

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The accompanying financial statements do not include any adjustments should the bank be unable to continue as a going concern. The management also continuously assessing its going concern with the impact of COVID-19 and currently there is no possible threat on it.

2.40 General

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

2.41 Compliance of International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs)

The Institute of Chartered Accountants of Bangladesh (ICAB) is the sole authority for adoption of International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs). While preparing the financial statements, the Bank applied most of IASs and IFRSs as adopted by ICAB. Details are given below:

Sl. No.	IASs No.	IAS Title	Compliance Status
1	1	Presentation of Financial Statements	Complied *
2	2	Inventories	Complied
3	7	Statement of Cash Flows	Complied
4	8	Accounting policies, Changes in accounting Estimates and Errors	Complied
5	10	Events after the Reporting Period	Complied

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Sl. No.	IASs No.	IAS Title	Compliance Status
6	12	Income Taxes	Complied
7	16	Property, Plant and Equipment	Complied
8	19	Employees Benefits	Complied
9	20	Accounting for Government Grants and Disclosure of Government Assistance	N/A
10	21	The Effects of Changes in Foreign Exchange Rates	Complied
11	23	Borrowing Costs	Complied
12	24	Related Party Disclosures	Complied
13	27	Separate Financial Statements	Complied
14	28	Investment in Associates & joint venture	N/A
16	33	Earning Per Share	Complied
17	34	Interim Financial Reporting	N/A
18	36	Impairment of Assets	Complied
19	37	Provision, Contingent Liabilities and Contingent Assets	Complied
20	38	Intangible Assets	Complied
22	40	Investment Property	Complied *
23	41	Agriculture	N/A
Sl. No.	IFRS No.	IFRS Title	Compliance Status
1	1	First-time Adoption of Bangladesh Financial Reporting	Complied
2	2	Share-based Payment	N/A
3	3	Business Combinations	N/A
4	4	Insurance contracts	N/A
5	5	Non-Current Assets Held for Sale and Discontinued Operations	N/A
6	6	Exploration for and Evaluation of Mineral	N/A
7	7	Financial Instruments: Disclosures	Complied *
8	8	Operating Segments	Complied
9	9	Financial Instruments	Complied *
10	10	Consolidated Financial Statements	Complied
11	11	Joint Arrangements	N/A
12	12	Disclosure of Interest in other Entities	Complied
13	13	Fair Value Measurement	Complied
14	14	Regulatory Deferral Accounts	N/A
15	15	Revenue from Contract with Customers	Complied
16	16	Leases	Complied

* Relevant disclosures are made according to the requirement of Bangladesh Bank.

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	Notes	31.12.2020 Taka	31.12.2019 Taka
3. Cash			
3.1 Cash in hand			
In local currency		83,850,821	76,966,682
In foreign currencies		-	-
Balance with Bangladesh Bank and Sonali Bank Limited			
	Note: 3.2	2,278,779,161	2,303,783,841
		<u>2,362,629,982</u>	<u>2,380,750,523</u>
3(a) Consolidated cash in hand			
Bangladesh Development Bank Limited	Note: 3.1	2,362,629,982	2,380,750,523
BDBL Securities Limited		-	-
BDBL Investment Services Limited		-	6,417
		<u>2,362,629,982</u>	<u>2,380,756,940</u>
3.2 Balance with Bangladesh Bank and Sonali Bank Limited			
Local currency - Bangladesh Bank		1,374,060,767	1,779,589,959
Local currency - Sonali Bank Limited		10,501,151	9,742,894
Foreign currency - Bangladesh Bank		894,217,242	514,450,988
		<u>2,278,779,160</u>	<u>2,303,783,841</u>
3.3 Cash reserve ratio (CRR)			
Required reserve (3.5% of demand and time liabilities)		840,346,000	1,474,265,000
Actual reserve held with Bangladesh Bank		960,784,000	1,665,081,000
Excess reserve (average/day)		<u>120,438,000</u>	<u>190,816,000</u>
Cash reserve ratio (CRR) has been calculated and maintained in accordance with the Section 33 of the Bank Companies Act 1991 and subsequent BCD circular no. 13 dated 24 May 1992; BRPD circular no. 12 dated 20 September 1999, BRPD circular no. 22 dated 06 November 2003, BRPD circular no. 11 dated 25 November 2005, BRPD circular no. 01 dated 12 January 2009 & MPD circular no. 04 dated 01 December 2010, MPD circular no. 01 dated 23 June 2014 and MPD circular 03, Dated 06/04/2020.			
3.3.1 Statutory liquidity ratio (SLR)			
This is not applicable for Bangladesh Development Bank Limited, since both Bangladesh Shilpa Bank and Bangladesh Shilpa Rin Sangstha were exempted from maintaining SLR vide Notification from Ministry of Finance.			
4. Balance with other banks and financial institutions			
In Bangladesh	Note: 4.1	8,688,402,386	11,733,588,340
Outside Bangladesh	Note: 4.2	1,018,028,819	598,130,139
		<u>9,706,431,205</u>	<u>12,331,718,479</u>
4.1 In Bangladesh			
Current and other accounts:			
Current account		75,642,205	109,153,102
Term deposit	Note: 4.1.1	6,500,146,156	9,482,138,464
Term deposit - depreciation fund	Note: 4.1.2	72,000,000	72,000,000
Term deposit - building fund	Note: 4.1.3	553,800,000	503,800,000
Term deposit - loan redemption fund	Note: 4.1.4	204,959,500	204,959,500
Short term deposit	Note: 4.1.5	1,281,854,525	1,361,537,274
		<u>8,688,402,386</u>	<u>11,733,588,340</u>
4.1.1 Term deposit			
AB Bank Limited		200,000,000	80,000,000
The Premier Bank Limited		-	60,000,000
ICB Islami Bank Limited		5,146,156	5,146,156
National Bank limited		200,000,000	-
Padma Bank Limited		500,000,000	521,992,308
Al-Arafa Islami Bank Limited		100,000,000	1,050,000,000
Standard Bank Limited		365,000,000	645,000,000
EXIM Bank Limited		1,100,000,000	1,600,000,000

Notes	31.12.2020 Taka	31.12.2019 Taka
Union Bank Limited	200,000,000	400,000,000
Phoenix Finance and Investment Limited	150,000,000	150,000,000
Reliance Finance Limited	500,000,000	500,000,000
Mercantile Bank Limited	-	20,000,000
Peoples Leasing and Financial Services Limited	50,000,000	50,000,000
Karmasangsthan Bank	40,000,000	40,000,000
The Community Bank Limited	-	20,000,000
NCC Bank Limited	-	200,000,000
Social Islami Bank Limited	10,000,000	10,000,000
NRB Global Bank Limited	210,000,000	310,000,000
South Bangla Agriculture and Commerce Bank Limited	20,000,000	20,000,000
Islamic Finance and Investment Limited	50,000,000	50,000,000
IFIC Bank Limited	-	900,000,000
ONE Bank Limited	-	50,000,000
Investment Corporation of Bangladesh	2,800,000,000	2,800,000,000
	6,500,146,156	9,482,138,464

4.1.2 Term deposit - depreciation fund

NRB Global Bank Limited	72,000,000	72,000,000
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Depreciation fund was created by erstwhile BSB with a view to meet capital replacement obligation of the organisation as per directive of Ministry of Finance through office memorandum no. MF(ABW-3)MISC-17/85/94(13) dated 15 August 1985. The Board of Directors of that Bank in its 100th ordinary meeting held on the 19 January 1988 approved the creation and investment of the fund in Government approved securities/term deposit, when necessary, for the purpose mentioned above.

4.1.3 Term deposit - building fund

Union Bank Limited	10,000,000	10,000,000
South Bangla Agriculture and Commerce Bank Limited	200,000,000	350,000,000
The Premier Bank Limited	100,000,000	100,000,000
First Security Islami Bank Limited	143,800,000	43,800,000
Social Islami Bank Ltd	100,000,000	-
	553,800,000	503,800,000

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

4.1.4 Term deposit - loan redemption fund

ICB Islamic Bank Limited	4,959,500	4,959,500
One Bank Limited	50,000,000	50,000,000
Union Bank Limited	150,000,000	150,000,000
	204,959,500	204,959,500

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

4.1.5 Short term deposit

Agrani Bank Limited	23,495,519	22,278,268
First Finance Limited	136,000,000	137,000,000
Premier Leasing and Finance Limited	119,500,000	119,700,000
Peoples Leasing and Financial Services Limited	230,400,000	230,400,000
The Farmers Bank Limited	198,700,000	250,000,000
Bangladesh Industrial Finance Company Limited	221,359,006	221,359,006
FAS Finance and Investment Limited	158,500,000	158,500,000
International Leasing and Financial Services Limited	11,800,000	11,800,000
Phoenix Finance and Investment Limited	14,500,000	20,600,000
Union Capital Limited	88,800,000	91,300,000
Reliance Finance Limited	40,000,000	54,000,000
GSP Finance Co. Bangladesh Limited	38,800,000	44,600,000
	1,281,854,525	1,361,537,274

	Notes	31.12.2020 Taka	31.12.2019 Taka
4.2 Outside Bangladesh			
Modhumoti Bank Limited		4,756,469	4,756,469
Mashreq Bank, USA		847,226,561	515,241,375
BHF Bank AG, Germany		9,332,171	1,306,181
Sonali Bank Limited, India		71,218,394	20,544,898
Axis Bank, India		85,495,224	56,281,216
		1,018,028,819	598,130,139

Foreign currency transactions have been converted into BDT at the rates prevailing on the transaction dates. At the balance sheet date the monetary assets and liabilities are converted into BDT using exchange rate prevailing on that date. The resultant gain during and at the end of year has been reflected in the profit and loss account of the Bank.

A Schedule of Balance with other banks - outside Bangladesh (nostro account) is given in **Annexure-D**.

4.3 Maturity-wise grouping (balance with other banks and financial institutions)			
On demand		99,600,000	101,700,000
Less than three months		8,660,800,000	11,463,900,000
More than three months but less than one year		946,031,205	766,118,479
More than one year but less than five years		-	-
More than five years		-	-
		9,706,431,205	12,331,718,479

4(a) Consolidated balance with other banks and financial institutions

In Bangladesh

Bangladesh Development Bank Limited	Note: 4.1	8,688,402,386	11,733,588,340
BDBL Securities Limited		111,567,723	79,134,069
BDBL Investment Services Limited		114,409,712	53,731,885
		8,914,379,821	11,866,454,294

Outside Bangladesh

Bangladesh Development Bank Limited	Note: 4.2	1,018,028,819	598,130,139
BDBL Securities Limited		-	-
BDBL Investment Services Limited		-	-
		1,018,028,819	598,130,139
		9,932,408,641	12,464,584,433

5. Money at call and on short notice

In Bangladesh		100,000,000	1,770,000,000
Outside Bangladesh		-	-
		100,000,000	1,770,000,000

6. Investments

Government securities	Note: 6.1	548,300	1,514,000
Other investment	Note: 6.2	8,403,975,697	9,719,059,640
		8,404,523,997	9,720,573,640

A Schedule of Statement of Investment (for cost) is given in **Annexure-F**.

6.1 Government securities

Treasury bonds		-	-
Prize bond		548,300	1,514,000
		548,300	1,514,000

6.2 Other investments

Shares	Note: 6.2.1	7,341,044,438	7,546,081,657
Debentures		2,931,259	32,977,983
Investment in bonds		-	80,000,000
Investment in Bangladesh fund		1,060,000,000	1,060,000,000
Investment in subsidiaries		-	1,000,000,000
		8,403,975,697	9,719,059,640

6.2.1 Investment in shares by listing status

Quoted shares		7,138,260,244	7,423,712,221
Unquoted shares		151,872,094	71,457,336
Others*		50,912,100	50,912,100
		7,341,044,438	7,546,081,657
Market value	(Annexure -F)	23,760,060,281	16,855,637,468

Investment in quoted and unquoted shares are recorded at cost. At 31 December 2020 market value/fair value of this investment is above cost, thus no provision is required to make for the year.

	Notes	31.12.2020 Taka	31.12.2019 Taka
6.3 Maturity-wise grouping of investments			
On demand		1,300,000	1,514,000
Less than three months		5,900,000	7,286,000
More than three months but less than one year		4,007,000,000	3,828,500,000
More than one year but less than five years		1,458,600,000	1,574,900,000
More than five years		2,931,723,997	4,308,373,640
		8,404,523,997	9,720,573,640
6.4 Provision for investment			
Required provision		93,643,359	139,690,083
Provision maintained		93,643,359	139,690,083
Provision excess/(shortage)		-	-
6(a) Consolidated investment			
(i) Government securities			
Bangladesh Development Bank Limited	Note: 6.1	548,300	1,514,000
BDBL Securities Limited		-	-
BDBL Investment Services Limited		-	-
		548,300	1,514,000
(ii) Other investments			
Bangladesh Development Bank Limited	Note: 6.2	8,403,975,697	9,719,059,640
<u>Less:</u> Investment in Subsidiaries		-	(1,000,000,000)
BDBL Securities Limited		1,078,404,804	929,766,718
BDBL Investment Services Limited		591,138,589	593,953,601
		10,073,519,090	10,242,779,959
		10,074,067,390	10,244,293,959
7. Loans and advances			
Loans, cash credits, overdrafts, etc			
In Bangladesh		20,896,874,555	19,342,341,040
Outside Bangladesh		-	-
		20,896,874,555	19,342,341,040
Bills purchased and discounted :			
In Bangladesh		392,776,450	641,562,264
Outside Bangladesh		-	-
		392,776,450	641,562,264
		21,289,651,005	19,983,903,304
7.1 Nature-wise loans and advances			
Cash credits		3,852,528,454	4,628,203,534
Long term (amount due and not due)		10,692,784,625	8,864,223,330
Overdrafts		442,001,858	315,177,017
Local documentary bill purchased		392,776,450	641,562,264
Bridge loan		-	-
Consumer loan		356,440,730	277,126,351
Loan against trust receipt and others		1,824,966,780	1,629,876,147
Staff loan		3,728,152,107	3,627,734,661
		21,289,651,005	19,983,903,304
7.2 Maturity-wise grouping of loans and advances			
On demand		-	-
Not more than three months		2,885,900,000	3,298,200,000
Over three months but not more than one year		3,707,300,000	3,871,800,000
Over one year but not more than five years		11,579,300,000	9,858,400,000
Over five years		3,117,151,005	2,955,503,304
		21,289,651,005	19,983,903,304
7.3 Particulars of advances			
i. Debts considered good in respect of which the Bank is fully secured.		15,327,058,940	12,321,381,713
ii. Debts considered good for which the Bank hold no other security than the debtors personal security.		749,217,180	918,688,614
iii. Debts considered good and secured by the personal liabilities of one or more persons in addition to the personal security of the debtors.		-	-
iv. Debts considered doubtful or bad provision not provided for.		-	-

	Notes	31.12.2020 Taka	31.12.2019 Taka
v. Debts due by directors or officers, employees of the banking company or any of them either severally or jointly with any other persons and debt due by companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or in the case of private companies, as members, directors.		3,728,152,107	3,627,734,661
vi. Maximum total amount of advances, including temporary advances made any time during the year to directors or managers or officers of the banking company or any of them either severally or jointly with any other persons.		10,385,000	10,385,000
vii. Debts due from companies or firms in which the directors of the Bank are interested as directors, partners, or managing agents or in case of private companies, as members.		-	-
viii. Maximum total amount of advances including temporary advances granted during the year to the company or firm in which the directors of the banking company are interested as directors, partners, managing agents or in the case of private companies as members.		-	-
ix. Maximum total amount of advances including temporary advances granted during the year to the companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or in the case of private companies as members.		-	-
x. Due from Banking Companies		-	-
xi. Classified advances on which no interest has been charged.		5,517,753,441	7,241,427,568
(a) The balance of bad loan written-off is BDT 15,44,77,71,959.34 which has been written-off as per Bangladesh Bank's Circular No. 02 dated 13 January 2003 and a debt collection department has been established to take initiative for recovery of that bad loan.		15,447,771,959	17,573,604,499
7.4 Movement of loans and advances			
Opening balance		19,983,903,304	19,307,160,674
<u>Add:</u> Disbursed during the year		5,116,200,000	5,262,481,113
<u>Add:</u> Interest charged during the year		1,335,887,960	1,015,592,440
		26,435,991,264	25,585,234,227
<u>Less:</u> Recovery during the year		5,146,340,259	5,601,330,923
		21,289,651,005	19,983,903,304
<u>Add/Less:</u> Written-off and adjustment during the year		-	-
		21,289,651,005	19,983,903,304
As at 31 December 2019, accumulated written-off loans stood at 17,573,604,499. During the year under reporting no further loans have been written-off, but a waiver of BDT 2,033,377,554 and recovery of BDT 92,454,986 have been provided/made for the written-off loans of BDT 1,544,771,959 as at 31 December 2020.			
7.5 Significant concentration-wise grouping			
Other executives and officers of the Bank		3,728,152,107	3,627,734,661
Customers		2,623,409,368	2,222,179,515
Industries		14,938,089,530	14,133,989,128
		21,289,651,005	19,983,903,304
7.6 Division-wise loans & advances			
Dhaka Division		9,673,951,005	9,519,800,000
Mymensingh Division		1,414,200,000	1,404,200,000
Chittagong Division		2,840,800,000	1,007,800,000
Khulna Division		1,136,200,000	2,766,200,000
Rajshahi Division		2,675,800,000	2,404,100,000
Sylhet Division		560,000,000	439,200,000
Barisal Division		518,200,000	479,400,000
Rangpur Division		2,470,500,000	1,963,203,304
		21,289,651,005	19,983,903,304

	Notes	31.12.2020 Taka	31.12.2019 Taka
7.7 Classification status of loans and advances			
Unclassified loan:			
Standard		7,804,969,281	6,892,135,163
Standard (C.F)		281,423,494	192,373,596
Special mention account		3,524,542,095	1,621,170,960
Staff loan		3,716,124,070	3,615,701,994
		15,327,058,940	12,321,381,713
Classified:			
Sub-standard		243,306,899	264,801,239
Doubtful		201,531,725	156,292,784
Bad/Loss		5,517,753,441	7,241,427,568
		5,962,592,065	7,662,521,591
		21,289,651,005	19,983,903,304

As at 31 December 2020 bad/loss loans includes staff loan of BDT 12 million. These loans have been classified as bad/loss due to non-payment of loans resulting from death of employees or discontinuance of unemployment with the bank. Most of the loans are recoverable as the employees have retirement benefits unsettled with the bank.

Provisions required against loans and advances

Unclassified loan:			
Standard		490,635,430	43,765,266
Standard (C.F)		5,628,470	9,618,680
Special mention account		869,501,037	15,888,160
Staff loan		37,161,194	36,157,020
Special General Provision-COVID-19		15,383,224	-
Classified:			
Sub-standard		8,022,298	16,453,236
Doubtful		33,340,441	19,594,860
Bad/Loss		2,437,827,906	3,754,957,003
Total		3,897,500,000	3,896,434,225
Provisions maintained		3,897,529,735	3,897,529,735
Provisions surplus/(deficit)		29,735	1,095,510

In response to the request of the Bank dated 18 April 2021, Bangladesh Bank allowed deferral through vide no- DBI-2(UB-6)/2640/2021-780 dated 22 April 2021 to maintain required provision of Taka 389.75 crore against unclassified and classified loans & advances. Remaining 101.6 million required provision as per Bangladesh Bank quick summary shall be maintained in the year 2021, 2022 & 2023 by 35%, 35% and 30% respectively. Bank has complied that accordingly.

7.8 Sector-wise loans & advances

Industrial sector			
Food and allied products		3,701,223,854	3,629,788,047
Jute and allied fibre products		176,154,206	199,385,320
Cotton woolen and synthetic textile		5,107,663,369	5,032,537,701
Paper, paper products and printing		109,936,881	113,041,347
Tannery and its products		40,393,959	40,763,769
Non-metallic mineral products		278,376,867	205,717,289
Forest, wood products & saw mills		198,404,223	161,170,666
Metal products		1,458,034,036	1,092,386,833
Electrical machinery and goods		133,209,025	121,924,201
Machinery and spare parts		54,159,832	40,231,404
Transport sector		93,577,569	91,706,351
Chemicals and pharmaceuticals		308,721,473	261,337,318
Petro-chemicals		130,032,581	103,584,392
Service industries		790,275,400	683,516,490
Rubber goods sector		18,291,468	15,476,596
Miscellaneous sector		8,691,196,262	8,191,335,580
		21,289,651,005	19,983,903,304

Notes	31.12.2020 Taka	31.12.2019 Taka
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7.9 Loans written-off

As per Bangladesh Bank circular no. 02 dated January 2003 and Bangladesh Bank letter no. BRPD(P)661/13(chha)/2003-2230, dated 1 June 2003 classified loans and advances have been written-off from the books as and when necessary. The balance position of the written-off loans as on 31 December 2020 is BDT 15,447,771,959. The movement of the written-off loans is as follows:

Opening balance	17,573,604,499	17,789,429,750
<u>Add:</u> Addition during the year	-	-
	<u>17,573,604,499</u>	<u>17,789,429,750</u>
<u>Less:</u> Recovery during the year	(92,454,986)	(185,424,935)
<u>Less:</u> Waiver during the year	<u>(2,033,377,554)</u>	<u>(30,400,316)</u>
Closing balance	<u>15,447,771,959</u>	<u>17,573,604,499</u>

Recovery of loans for the year under reporting is BDT 9,24,54,986 and waived during the year with outstanding balance of BDT 2,03,33,77,554.

	Notes	31.12.2020 Taka	31.12.2019 Taka
7(a) Consolidated loans and advances			
(i) Loans, cash credits, overdrafts, etc			
Bangladesh Development Bank Limited		20,896,874,555	19,342,341,040
<u>Less: Inter group loan (BDBL Securities Limited)</u>		(394,673,450)	(257,557,330)
BDBL Securities Limited		72,869,642	64,035,975
BDBL Investment Services Limited		46,841,741	19,537,291
		20,621,912,488	19,168,356,976
(ii) Bills purchased and discounted			
Bangladesh Development Bank Limited		392,776,450	641,562,264
BDBL Securities Limited		-	-
BDBL Investment Services Limited		-	-
		392,776,450	641,562,264
		21,014,688,938	19,809,919,240
8. Fixed assets including premises, furniture and fixtures			
<u>Owner Occupied Property (IAS-16)</u>			
Opening balance		564,961,080	954,573,749
<u>Add: Addition during the year</u>		52,894,403	19,252,457
<u>Less: Disposal/adjustment during the year</u>		16,884,213	3,015,668
		600,971,270	970,810,538
<u>Less: Accumulated depreciation at the year end</u>		410,116,412	634,643,499
		190,854,858	336,167,039
<u>Add: Revaluation balance at the year end</u>		4,426,520,002	7,479,253,428
Written Down Value (A+B)		4,617,374,861	7,815,420,467
<u>Investment property (IAS-40)</u>			
Opening balance		-	-
Add: Transfer of Property, plant and equipment to Investment Property		4,207,153,381	-
Adjusted opening balance		4,207,153,381	-
Add: Addition during the year		5,882,251	-
		4,213,035,632	-
Less : Disposal during the year		-	-
		4,213,035,632	-
<u>Less: Accumulated depreciation at the year end</u>		1,102,506,163	-
Written Down Value (C)		3,110,529,469	-
<u>Lease Assets</u>			
Opening balance		-	-
Add: Addition during the year		31,319,507	-
		31,319,507	-
Less: Disposal during the year		-	-
		31,319,507	-
<u>Less: Accumulated depreciation at the year end</u>		4,391,101	-
Written Down Value (D)		26,928,406	-
Total Fixed Assets including Investment property and Lease (A+B+C+D)		7,754,832,735	7,815,420,467
A Schedule of Fixed Assets is given in Annexure- A .			
8(a) Consolidated fixed assets including premises, furniture and fixtures			
Bangladesh Development Bank Limited	Note: 8	7,754,832,735	7,815,420,467
BDBL Securities Limited		3,127,680	3,607,822
BDBL Investment Services Limited		8,528,541	5,676,594
		7,766,488,956	7,824,704,883

*The Bank has decided to reclassify the property, plant and equipment to Investment Property those actually met the criteria of Investment Property as per International Accounting Standard (IAS) 40- Investment Property from the financial year 2020. The Bank used the cost model, for the transfer of owner- occupied property to investment property. For this reason, there is no change in the carrying amount of the property transferred and there is no change in the cost of that property for measurement or disclosure purposes (as per Para 59 of IAS 40). If there is any changes in fair market value, the adjustment will be given subsequently in future for the impairment loss.

9. Other assets			
Stationery and stamps in hand		5,496,149	4,924,604
Tax paid in advance	Note: 9.1	3,653,057,110	3,519,914,787
Prepaid expenses and security deposit		22,363,063	27,405,853
Accrued income (CAD and Branches)	Note: 9.2	360,053,704	414,860,563
Suspense A/C (CAD and branches)		4,252,641	6,041,339
Exchange risk adjustment account		11,345,062	61,359,262
Depreciation fund - interest receivable		26,462,500	26,462,500
Sanchaya patra encashment A/C		360,996,799	151,105,419
Legal expenses realizable A/C		52,901,687	52,894,055
Misc. receivable and sundry for adjustment purpose		14,860,789	27,462,784

	Notes	31.12.2020 Taka	31.12.2019 Taka
Inter office adjustment	Note: 12.10.1	20,055,938	-
Temporary advance		5,557,999	6,648,176
Investment in subsidiaries		1,000,000,000	-
Receivable from securities-Salary & Allowances		35,883,438	32,631,870
Receivable from BSL		19,956,262	27,058,760
Receivable from BISL		88,757,024	33,854,118
Interest receivable on bond		-	667,778
*Receivable from forfeited CPF		1,164,986	-
Deferred tax asset (for ROU Assets)		394,491	-
Other charges receivables from write-off project		8,577	8,577
		5,683,568,219	4,393,300,445

* The balance represents the portion of employer's contribution to those employee who have left service before completion of 05 (Five) years as per FRC circular No 179/FRC/FRM/Proggapan/2020/2 dated 07 July 2020. This forfeited fund shown as Miscellaneous income in the Profit & Loss statement. The PF audit is completed upto 2018 and 2019 & 2020 audit is under process.

9.1 Tax paid in advance

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

Opening balance	3,519,914,787	3,251,321,709
Add: Addition during the year	133,142,323	268,593,078
	3,653,057,110	3,519,914,787
Less: Adjustment during the year	-	-
	3,653,057,110	3,519,914,787

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

A: Erstwhile BSRS:

Accounting year	Assessment year	Corporate advance tax	Deducted at source	Total BDT
1997 - 1998	1998 - 1999	-	5,666,165	5,666,165
1998 - 1999	1999 - 2000	-	6,620,718	6,620,718
1999 - 2000	2000 - 2001	12,500,000	4,731,041	17,231,041
2000 - 2001	2001 - 2002	45,473,000	4,391,185	49,864,185
2001 - 2002	2002 - 2003	16,000,000	5,558,725	21,558,725
2002 - 2003	2003 - 2004	4,500,000	7,314,644	11,814,644
2003 - 2004	2004 - 2005	10,000,000	7,020,445	17,020,445
2004 - 2005	2005 - 2006	-	6,936,472	6,936,472
2005 - 2006	2006 - 2007	-	13,412,159	13,412,159
2006 - 2007	2007 - 2008	20,000,000	18,913,584	38,913,584
2007 - 2008	2008 - 2009	10,000,000	20,865,579	30,865,579
2008 - 2009	2009 - 2010	34,848,614	22,489,729	57,338,343
2009 - 2010	2010 - 2011	-	13,223,817	13,223,817
Total (A)		153,321,614	137,144,263	290,465,877

B: Erstwhile BSB:

Accounting year	Assessment year	Corporate advance tax	Deducted at source	Total BDT
1994-95	1995-1996	-	223,455,120	223,455,120
1995-96	1996-1997	-	1,388,566	1,388,566
1996-97	1997-1998	-	101,091,067	101,091,067
1997-98	1998-1999	-	69,230,875	69,230,875
1998-99	1999-2000	-	18,911,461	18,911,461
1999-00	2000-2001	-	12,737,817	12,737,817
2000-01	2001-2002	-	13,926,730	13,926,730
2001-02	2002-2003	-	25,698,639	25,698,639
2002-03	2003-2004	-	30,948,020	30,948,020
2003-04	2004-2005	-	32,943,494	32,943,494
2004-05	2005-2006	-	22,924,846	22,924,846
2005-06	2006-2007	-	25,020,846	25,020,846
2006-07	2007-2008	-	24,016,003	24,016,003
2007-08	2008-2009	50,000,000	24,546,660	74,546,660
2008-09	2009-2010	-	18,992,160	18,992,160
2009-10	2010-2011	-	7,727,587	7,727,587
Total (B)		50,000,000	653,559,891	703,559,891

C: BDBL

Accounting year	Assessment year	Corporate advance tax	Deducted at source	Total BDT
2010	2011-2012	10,000,000	73,748,710	83,748,710
2011	2012-2013	61,232,451	89,333,534	150,565,985
2012	2013-2014	82,370,218	120,350,190	202,720,408
2013	2014-2015	60,735,632	194,793,491	255,529,123
2014	2015-2016	-	289,235,544	289,235,544
2015	2016-2017	154,782,467	244,926,149	399,708,617
2016	2017-2018	41,371,000	242,688,379	284,059,380
2017	2018-2019	15,000,000	228,700,911	243,700,911
2018	2019-2020	64,617,766	283,409,498	348,027,264
2019	2020-2021	-	268,593,078	268,593,078
2020	2021-2022	-	133,142,323	133,142,323
Total (C)		490,109,534	2,168,921,807	2,659,031,343

Total advance tax paid (A+B+C)

3,653,057,110

	Notes	31.12.2020 Taka	31.12.2019 Taka
9.2 Accrued income (CAD and Branches)			
CAD, Head office			
Dividend		127,703,849	75,036,609
Interest on debenture/other		-	25,749,141
Rent		115,720,976	89,542,518
Accrued income on FDR		116,628,879	224,532,295
		360,053,704	414,860,563
Branch Offices		-	-
		360,053,704	414,860,563
9.3 Deferred tax asset on ROU assets			
WDV of ROU		26,928,406	-
Closing balance of Lease liability		27,914,633	-
Deductible temporary difference		986,227	-
Tax Rate		40.00%	-
Deferred tax asset		394,491	-
9(a) Consolidated other assets			
Bangladesh Development Bank Limited	Note:9	5,683,568,219	4,393,300,445
Less: Receivable from BSL		35,195,651	46,309,242
Less: Receivable from BISL		109,401,073	47,235,506
Less: Investment in subsidiaries		(1,000,000,000)	-
BDBL Securities Limited		80,623,020	68,398,108
BDBL Investment Services Limited		64,810,769	35,045,821
		4,684,405,284	4,403,199,626
*Investment in subsidiaries was rearranged from Investment to Other assets.			
10. Borrowing from other banks, financial institutions and agents			
In Bangladesh	Note:10.1	332,192,781	35,826,453
Outside Bangladesh		-	-
		332,192,781	35,826,453
a) Security based segregation			
Secured		-	-
Un-secured		332,192,781	35,826,453
		332,192,781	35,826,453
b) Maturity based segregation			
On demand		-	-
On maturity		332,192,781	35,826,453
		332,192,781	35,826,453
10.1 In Bangladesh			
DM 3.00 million K.F.W. loan		3,085,466	3,697,594
SME refinance from BB		119,107,315	32,128,859
*Call borrowing		210,000,000	-
		332,192,781	35,826,453
*The call loan is taken from Agrani Bank Limited for fund requirement. The rate of interest is 1.00%.			
11. Deposits and other accounts			
Current and other accounts	Note: 11.1	2,727,213,713	2,743,641,350
Bills payable	Note: 11.2	132,101,882	128,914,922
Saving bank deposits		1,713,722,396	1,451,212,270
Fixed deposits		19,645,864,640	23,322,109,970
		24,218,902,631	27,645,878,512
11.1 Current and other accounts			
Short term deposit account		1,453,508,987	1,291,329,376
Scheme deposit		513,079,550	646,922,256
Sundry deposit		170,052,365	315,237,105
Current account		393,076,058	371,645,954
Margin deposits		63,911,789	10,588,511
Guarantee margin security deposits		65,767,781	54,462,296
Earnest money		72,200	72,200
Payable under investment scheme		67,625,093	52,591,558
Deposit in foreign currency		119,890	792,094
		2,727,213,713	2,743,641,350
11.2 Bills payable			
Payment order		131,383,053	128,020,562
Drafts payable		718,829	894,360
		132,101,882	128,914,922
11.3 Deposits and other accounts by maturity			
On demand		156,000,000	103,200,000
Repayable within one month		1,783,000,000	1,312,800,000
More than one month but not more than six months		8,037,300,000	2,649,400,000
More than six months but not more than one year		2,954,300,000	6,543,100,000
More than one year but not more than five years		11,288,302,631	17,037,378,512
More than five years but not more than ten years		-	-
Unclaimed deposits held by the bank more than ten years		-	-
		24,218,902,631	27,645,878,512

	Notes	31.12.2020 Taka	31.12.2019 Taka
11(a) Consolidated deposit and other accounts			
(i) Current and other accounts			
Bangladesh Development Bank Limited	Note:11.1	2,727,213,713	2,743,641,350
Less: BDBL Securities Limited		(111,774)	(86,154)
Less: BDBL Investment Services Limited		(2,500,904)	(200,833)
		2,724,601,035	2,743,354,363
(ii) Bills payable			
Bangladesh Development Bank Limited	Note:11.2	132,101,882	128,914,922
BDBL Securities Limited		-	-
BDBL Investment Services Limited		-	-
		132,101,882	128,914,922
(iii) Savings bank deposit			
Bangladesh Development Bank Limited		1,713,722,396	1,451,212,270
BDBL Securities Limited		-	-
BDBL Investment Services Limited		-	-
		1,713,722,396	1,451,212,270
(iv) Fixed deposit			
Bangladesh Development Bank Limited		19,645,864,640	23,322,109,970
BDBL Securities Limited		-	-
BDBL Investment Services Limited		-	-
		19,645,864,640	23,322,109,970
		24,216,289,953	27,645,591,525

12. Other liabilities

Provision for income tax	Note: 12.1	3,139,782,702	3,013,591,487
Provision for deferred tax	Note: 12.2	1,035,007,918	1,053,269,209
Accrued expenses	Note: 12.3	630,035,040	774,647,482
Others funds	Note: 12.4	148,195,326	181,209,371
Provision for B/D equity		48,412,100	48,412,100
Provision for B/D debenture		2,931,259	32,977,983
Provision for investment and share		42,300,000	58,300,000
Other provisions	Note: 12.5	621,641,707	598,814,677
Provision for unclassified loan	Note: 12.6	1,402,926,131	105,429,126
Special General Provision-COVID-19	Note: 12.6.1	15,383,224	-
Provision for classified loan	Note: 12.7	2,479,220,380	3,792,100,609
Interest suspense	Note: 12.8	1,852,950,187	1,555,729,518
Advance deposit receipts	Note: 12.9	181,724,809	265,362,888
Lease Liability (*)		27,914,633	-
Start up fund (**)		448,896	-
Miscellaneous	Note: 12.10	98,995,187	162,283,767
		11,727,869,499	11,642,128,217

*The Bank has recognised the IFRS 16 Lease from this financial year 2020 and it measured lease liability in respect of the appropriate criteria. The lease liability will be paid within the lease term to the lessor. The interest was capitalised and charged accordingly.

**As per Bangladesh Bank SMESPD circular no. 05 dated 26 April 2021, this fund was created through compulsory appropriation of 1% Net profit after tax of 2020 and bank has to maintain it from 2020 to following five years to facilitate/finance start up entrepreneurs.

12.1 Provision for income tax

Opening balance	3,013,591,487	2,893,591,487
Add: Provision made during the year	126,191,215	120,000,000
	3,139,782,702	3,013,591,487
Less: Adjustment made during the year	-	-
	3,139,782,702	3,013,591,487

12.1.1 Income tax assessment status

A) Erstwhile BSB

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

B) Erstwhile BSRS

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

C) BDBL

Financial Year	Assessment Year	Assessment Status
2010	2011-2012	DP BDT 7,47,000.00 not credited. The taxes Appellate Tribunal order dated 29 April 2015 available but revised order is yet to be received.
2011	2012-2013	DP BDT 11,000,000.00 not credited. The taxes Appellate Tribunal order disposed dated 30 April 2015.
2012	2013-2014	TDS BDT 1,948,242 not credited. The appeal filed on 27 June 2016 for rectification.
2013	2014-2015	TDS BDT 542,649 not credited. The appeal filed on 18 October 2016 for rectification.
2014	2015-2016	Return file normal in procedure.
2015	2016-2017	Return filed
2016	2017-2018	Return filed
2017	2018-2019	Return filed
2018	2019-2020	Return filed
2019	2020-2021	Return filed
2020	2021-2022	Not yet filed

Notes	31.12.2020 Taka	31.12.2019 Taka
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12.2 Provision for deferred tax

A. Deferred tax on fixed asset

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

WDV of fixed assets as per tax records	167,962,700	137,203,337
WDV of fixed assets as per accounts	356,239,632	336,167,039
Taxable temporary difference	(188,276,932)	(198,963,702)
Applicable tax rate	40.00%	40.00%
Deferred tax liabilities	(75,310,773)	(79,585,481)

B. Deferred tax on asset revaluation reserve

Asset revaluation reserve on 01 January 2020*

Asset revaluation reserve on 01 January 2020*	6,505,569,700	6,601,572,270
Less: Adjustment for depreciation during the year	107,588,731	110,347,417
	6,397,980,969	6,491,224,853
Applicable tax rate	15%	15%
Deferred tax liability	(959,697,145)	(973,683,728)
Total deferred tax liability (A+B)	(1,035,007,918)	(1,053,269,209)

*Detail of the revaluation reserve given in Annexure A and Note: 16.2(a).

12.3 Accrued expense

Accrued interest	544,040,029	706,888,907
Accrued expense	85,995,011	67,758,575
	630,035,040	774,647,482

12.4 Other funds

Pension and death cum retirement fund	58,455,265	79,692,052
Employees provident fund	28,432,777	55,313,400
Employees gratuity fund	54,380,625	42,089,152
Employees benevolent fund	6,926,659	4,114,767
	148,195,326	181,209,371

12.5 Other provisions

12.5.a Other provisions (Miscellaneous)

Provision for bonus	73,124,030	40,046,008
Provision for unadjusted inter branch current account	2,800,000	2,800,000
Dividend payable to Govt.	100,000,000	100,000,000
Payable to Govt. against share dividend	46,050,207	30,551,199
	221,974,237	173,397,207

12.5.b Provision for other assets

Provision for realisable legal expenses	52,898,000	51,002,000
Provision for interest on depreciation fund	26,462,500	26,462,500
Provision for off balance sheet items	10,707,525	10,270,000
Provision for exchange risk adjustment A/C	11,345,000	61,359,262
Provision for investment in other bank and financial institution*	213,611,300	213,300,000
Provision for other assets	84,643,145	63,023,708
	399,667,470	425,417,470

* Bangladesh Bank classified the investment with People's Leasing and Financial Services Ltd., FAS Finance & Investment Ltd, Premier Leasing, First Finance Ltd, Union Capital Ltd, International Leasing and Bangladesh Industrial Finance Company Ltd. on qualitative judgement and objective criteria. As a result, total required provision against these investments stood at Taka 977.5 million for the year ended 31 December 2020. Bank maintained provision for investment in other bank and financial institutions amounting to Taka 213.3 million in the year 2019. As per Bank's application, Bangladesh Bank vide its letter no. DBI-2(UB-6)/2640/2021-780 dated 22 April 2021 has given relief (deferral) to the Bank for the remaining amount of Taka 764.2 million against the required provision and advised the Bank to provide this shortfall in the next 3 years (2021, 2022 and 2023 by 35%, 35% and 30% respectively). Bank has complied that accordingly.

Notes	31.12.2020 Taka	31.12.2019 Taka
12.6 Provision for un-classified loan		
Provision held at the beginning of the year	105,429,126	107,000,000
<u>Less:</u> Fully provided debts written-off	-	-
<u>Add:</u> Recoveries of amount previously written-off	-	-
<u>Add:</u> Specific provision for the year	427,995,969	-
<u>Less:</u> Excess provision transferred to provision to CL loan	-	(1,570,874)
<u>Add:</u> Specific provision for special mentioned A/C	869,501,037	-
Provision held at the end of the year	1,402,926,131	105,429,126
12.6.1 Special General Provision-COVID-19	15,383,224	-
As per BRPD circular letter no-56 of Bangladesh Bank dated 10 Dec, 2020 Bank has to maintain additional 1% Special General provision COVID-19 for unclassified loans. Which includes in the provision for un-classified loans.		
12.7 Provision for classified loan		
Provision held at the beginning of the year	3,792,100,609	3,697,631,825
<u>Less:</u> Fully provided debts written-off/loan liquidated	-	-
<u>Add:</u> Recoveries of amount previously written-off	-	-
<u>Add:</u> Specific provision for the year	-	34,000,000
<u>Add:</u> Recoveries and provision no longer required	-	58,897,910
<u>Less:</u> Excess provision transferred to provision for Unclassified (SMA) Special Rescheduling and one time exit and Writ projects	(1,312,880,229)	-
<u>Add:</u> Excess provision transferred from un-classified loan	-	1,570,874
Provision held at the end of the year	2,479,220,380	3,792,100,609
Total provision maintained	3,897,529,735	3,897,529,735
Required provision	3,897,500,000	3,896,434,225
(Shortfall)/Excess	29,735	1,095,510
Bangladesh Bank classified the loan & advances amounting to 596.26 crore and instructed to maintain total provision of Taka 3999.1 million. Bank has maintained 389.75 crore for the year ended 31 December 2020. As per Bank's application, Bangladesh Bank vide its letter no. DBI-2(UB-6)/2640/2021-780 dated 22 April 2021 has given relief/deferral to the Bank for the remaining amount of Taka 101.6 million against the required provision and advised the Bank to maintain this shortfall in the next 3 years (@35%, 35% and 30% for the year 2021, 2022 and 2023 respectively). Bank has complied that accordingly.		
12.8 Interest suspense		
Opening balance	715,344,666	717,443,561
<u>Add:</u> Credited/Added during the year	482,860,323	129,927,221
<u>Less:</u> Transferred to interest income	123,227,689	120,165,983
<u>Less:</u> Written-off during the year	-	-
<u>Less:</u> Adjustment during the year	57,003,741	11,860,133
	1,017,973,559	715,344,666
<u>Add:</u> Interest suspense A/C (IDCP)	834,976,628	840,384,852
	1,852,950,187	1,555,729,518
12.9 Advance deposits receipts		
Other deposits received in advance	44,563,820	43,597,817
L/C Charges Received in Advance	665,130	487,779
Advance rent received on Bank's premises	661,422	2,219,354
Sundry - unadjusted recovery from loan	95,413,575	86,981,142
Sundry deposits(write-off)	40,420,862	132,076,796
	181,724,809	265,362,888
12.10 Miscellaneous		
FCTA exchange premium	46,028,469	46,028,469
FCTA penal premium	7,446,350	7,446,350
Liabilities towards BSB and EPF	6,394,900	6,394,900
Sanchaya patra sold	14,940,000	1,400,000
Special adjustment account	8,495,120	8,378,996
Managed fund	725,542	725,542
Exchange equalization account	-	50,014,200
Liability for other finance	1,444	1,444
Other payable	2,636,600	50,348
Suspense others	1,700,771	-
Liability for other expenses	4,545,630	4,541,510
Employees Income Tax	6,080,361	6,251,689
Inter office adjustment account	-	31,050,319
Note: 12.10.1	-	-
	98,995,187	162,283,767

Notes	31.12.2020 Taka	31.12.2019 Taka
12.10.1 Inter office adjustment account		
CAD current account in branch office book	(5,916,543,834)	(10,218,669,959)
Branch office current account in CAD's book	5,896,256,330	10,249,488,711
LAD's current account in CAD's book	(435,847,499)	(342,969,323)
CAD's current account in LAD's book	435,364,185	342,486,009
LAD's current account in branch office book	(532,943,253)	531,747,180
Branch office current account in LAD's book	532,995,591	(531,694,841)
Brokerage house C/A in Pr. Br.	136,000	136,000
Inter branch current account	526,542	526,542
	(20,055,938)	31,050,319
*The balance of 2020 of inter office adjustment account is transferred to Other Assets for having negative balance.		
12(a) Consolidated other liabilities		
Bangladesh Development Bank Limited	Note: 12	11,727,869,499
BDBL Securities Limited		305,291,411
BDBL Investment Services Limited		236,349,228
Less: Payable to BDBL (BSL)		(35,195,651)
Less: Payable to BDBL(BISL)		(109,401,073)
		12,124,913,414
		11,948,508,221
12.a.i Consolidated current tax		
Bangladesh Development Bank Limited		70,394,491
BDBL Securities Limited		7,058,496
BDBL Investment Services Limited		11,917,148
		89,370,135
		132,683,962
12.a.ii Consolidated deferred tax		
Bangladesh Development Bank Limited		(4,669,198)
BDBL Securities Limited		71,708
BDBL Investment Services Limited		(38,090)
		(4,635,580)
		(902,568)
13 Share Capital		
Authorised capital:		
100,000,000 shares of Taka 100 each		10,000,000,000
Issued, subscribed and paid-up capital:		
40,000,000 Shares of Taka 100 each fully paid by the government and government nominated shareholders		4,000,000,000
		4,000,000,000
13.1 Capital to risk weighted asset ratio (CRAR)		
Consolidated CRAR		
i) Core capital (Tier-i)		
Paid-up capital		4,000,000,000
General reserve		4,347,755,114
Statutory reserve		2,614,571,336
Retained earnings		676,125,964
Less: Provision shortfall as per RBCA (Basel-III)		217,530,805
		11,420,921,609
		9,642,575,703
ii) Supplementary capital (Tier-ii)		
General provision		126,670,734
Assets revaluation reserves (20% of 50% of revaluation reserve)		-
		126,670,734
		115,699,126
iii) Additional supplementary capital (Tier-iii)		
Total supplementary capital (ii+iii)		-
		126,670,734
		115,699,126
A Total eligible capital (Tier-i+ii+iii)		11,547,592,343
		9,758,274,829
B Total risk weighted assets		48,833,878,989
		45,605,788,827
C Required capital(10% of risk weighted assets)		4,883,387,899
		4,560,578,883
D Capital conservation buffer (2.5% on risk weighted assets)		1,220,846,975
		1,140,144,721
E Total required capital with conservation buffer (C+D)		6,104,234,874
		5,700,723,604
F Capital surplus (A-E)		5,443,357,469
		4,057,551,225
Capital adequacy ratio		
Core capital to risk weighted assets	23.65%	21.40%
Supplementary capital to risk weighted assets	23.39%	21.15%
	0.26%	0.25%
Solo CRAR		
i) Core capital (Tier-i)		
Paid-up capital		4,000,000,000
General reserve		4,347,755,114
Statutory reserve		2,614,571,336
Retained earnings		447,726,157
Less: Provision shortfall as per RBCA (Basel-III)		964,050,849
		10,446,001,758
		9,879,834,539

Notes	31.12.2020 Taka	31.12.2019 Taka		
ii) Supplementary capital (Tier-ii)				
General provision	126,670,734	115,699,126		
Assets revaluation reserves (20% of 50% of revaluation reserve)	-	-		
	<u>126,670,734</u>	<u>115,699,126</u>		
iii) Additional supplementary capital (Tier-iii)				
Total supplementary capital (ii+iii)	126,670,734	115,699,126		
A Total eligible capital (Tier-i+ii+iii)	10,572,672,492	9,995,533,665		
B Total risk weighted assets	46,204,960,323	45,068,219,896		
C Required capital (10% of risk weighted assets)	4,620,496,032	4,506,821,990		
D Capital conservation buffer (2.5% on risk weighted assets)	1,155,124,008	1,126,705,497		
E Total required capital with conservation buffer	5,775,620,040	5,633,527,487		
F Capital surplus (A-E)	4,797,052,452	4,362,006,178		
Capital adequacy ratio	22.88%	22.18%		
Core capital to risk weighted assets ratio	22.61%	21.92%		
Supplementary capital to risk weighted assets ratio	0.27%	0.26%		
14. Quasi equity	134,744,560	134,744,560		
This was created as per government decision in 1982 by converting the 3rd, 5th, 6th and 8th UK credits received by erstwhile BSB. This liability has been waived by the Government of Bangladesh.				
15. Statutory reserve				
Opening balance	2,592,421,336	2,555,421,336		
Add: Addition made for the year	22,150,000	37,000,000		
	<u>2,614,571,336</u>	<u>2,592,421,336</u>		
16. General, revaluation and other reserve	11,825,630,179	11,919,232,328		
This is the cumulative reserve maintained in notes General reserve 16.1, Asset revaluation reserve 16.2 & Other reserves in 16.3 accordingly.				
16.1 General reserve				
Opening balance	4,347,755,114	4,347,755,114		
Add: Addition during the year	-	-		
	<u>4,347,755,114</u>	<u>4,347,755,114</u>		
16.2 Asset revaluation reserve				
Opening balance	6,505,569,700	6,601,572,270		
Less: Adjustment for depreciation for the year	107,588,731	110,347,417		
Add/(Less): Adjustment for deferred tax	Note: 16.2.1 13,986,582	14,344,847		
	<u>6,411,967,551</u>	<u>6,505,569,700</u>		
Asset-wise break-up of revaluation surplus is as under:				
	Land Taka	Building Taka	Motor vehicle Taka	Total Taka
Valuation surplus	2,761,481,869	3,744,087,829	1	6,505,569,700
Less: Adjustment for disposal of asset	-	-	-	-
Less: Adjustment for depreciation	-	107,588,731	-	107,588,731
Add: Adjustment for deferred tax liabilities @15%	18	13,986,564	-	13,986,582
Balance as at 31 December 2020	2,761,481,887	3,650,485,662	1	6,411,967,551
16.2(a) Consolidated asset revaluation reserve				
Bangladesh Development Bank Limited		Note: 16.2	6,411,967,551	6,505,569,700
BDBL Investment Services Limited			-	-
			<u>6,411,967,551</u>	<u>6,505,569,700</u>
16.2.1	Deferred tax liabilities on asset revaluation reserve has been computed in accordance with IAS-12, on the assumption that this will be taxable in the form of capital gain and hence relevant tax rate is applied.			
16.3 Other reserve			1,065,907,514	1,065,907,514
Capital reserve				
Opening balance			66,503,915	66,503,915
Add: Appreciation made for the year			-	-
			<u>66,503,915</u>	<u>66,503,915</u>
Reserve for unforeseen losses				
Opening Balance			560,000	560,000
Add: Appreciation made during the year			-	-
			<u>560,000</u>	<u>560,000</u>
Building fund				
Opening balance			639,241,000	639,241,000
Add: Appropriation made for the year			-	-
			<u>639,241,000</u>	<u>639,241,000</u>

Notes	31.12.2020 Taka	31.12.2019 Taka
Special assistance fund		
Opening balance	109,161,572	109,161,572
<u>Add: Appreciation made for the year</u>	-	-
	109,161,572	109,161,572
In accordance with the Industrial Policy 1986, a Special Assistance Fund (SAF) was created by erstwhile BSB as the prime DFI of the country to provide concessional loans to projects:		
a. Based on local innovation and invention of product and process;		
b. Utilizing locally manufactured capital goods; and		
c. For production of capital machinery and other non-traditional items.		
Equity adjustment reserve		
Opening balance	43,206,475	43,206,475
<u>Add: Appreciation made for the year</u>	-	-
<u>Less: Adjustment during the year</u>	-	-
	43,206,475	43,206,475
Exchange equalisation reserve		
Opening Balance	131,518,243	131,518,243
<u>Add: Addition/adjustment for the year</u>	-	-
	131,518,243	131,518,243
Special reserve		
Opening balance	75,716,308	75,716,308
<u>Add: Appreciation made for the period</u>	-	-
<u>Less: Adjustment during the year</u>	-	-
	75,716,308	75,716,308
Special reserve was created by erstwhile BSRS as per section 29(1)(V) of the Income Tax Ordinance, 1984.		
16.3(a) Consolidated other reserve		
Bangladesh Development Bank Limited	1,065,907,514	1,065,907,514
BDBL Securities Limited	6,436,584	5,581,872
BDBL Investment Services Limited	3,784,418	2,861,856
	1,076,128,516	1,074,351,242
16.4 Contingent liabilities		
Acceptance for FC guarantee	340,370,238	340,370,238
Letters of credit	368,842,751	399,980,377
Irrevocable letter of credits	-	-
Bills for collection	306,346,914	248,571,936
Other contingent liabilities	55,192,627	38,019,807
	1,070,752,530	1,026,942,358
16.5 Retained earnings		
Opening Balance	425,435,452	396,885,374
<u>Add: Appropriation during the year</u>	22,290,704	28,550,078
<u>Add: Adjustment during the year</u>	-	-
	447,726,157	425,435,452
16(a) Consolidated current year retained earnings		
Bangladesh Development Bank Limited	22,290,704	28,550,078
BDBL Securities Limited	20,251,247	8,547,115
BDBL Investment Services Limited	22,670,356	9,225,615
	65,212,307	46,322,808
16(a.i) Consolidated retained earnings		
Bangladesh Development Bank Limited	447,726,157	425,435,452
BDBL Securities Limited	140,303,198	120,906,662
BDBL Investment Services Limited	88,096,610	66,348,815
	676,125,965	612,690,929

Note: 16.5

	Notes	2020 Taka	2019 Taka
17. Profit and loss account			
Profit before tax during the year		110,614,893	184,620,180
<u>Less:</u> Provision for income tax		70,394,491	120,000,000
<u>Less:</u> Provision for Deferred Tax		(4,669,198)	(929,898)
<u>Less:</u> Statutory Reserve		22,150,000	37,000,000
<u>Less:</u> General Reserve		-	-
<u>Less:</u> Start up Fund		448,896	-
<u>Less:</u> Dividend to Government		-	-
<u>Less:</u> Retained Surplus		22,290,704	28,550,078
		<u>-</u>	<u>-</u>
18. Interest income			
Interest on taka loans		227,497,309	249,090,183
Interest on amount due		64,640,588	12,808,309
Interest on money at call and on short notice		120,055,960	160,599,145
Interest on term deposit		766,391,859	1,169,274,299
Interest on F.C. A/C. with Bangladesh Bank		8,614,829	12,662,515
Interest on advances		561,649,536	550,662,292
Interest on staff loan		121,420,522	123,647,634
Interest on LTR		24,749,886	21,842,758
Interest on LDBP		33,301,226	47,780,025
		<u>1,928,321,715</u>	<u>2,348,367,160</u>
18(a) Consolidated interest income			
Bangladesh Development Bank Limited	Note: 18	1,928,321,715	2,348,367,160
BDBL Securities Limited		11,445,187	18,001,845
BDBL Investment Services Limited		4,918,317	5,993,577
<u>Less:</u> Interest income from Subsidiaries		26,876,001	26,833,904
		<u>1,917,809,218</u>	<u>2,345,528,678</u>
19. Interest paid on borrowing, deposit			
Interest on L/C borrowing from GOB		97,476	114,309
Interest on borrowing from B. Bank		1,321,692	4,404,259
Interest on deposit at call		2,574,028	11,800,972
Interest on F.D. account		1,426,529,025	1,508,320,655
Interest on S.B account and schemes		118,933,825	117,359,477
Interest on deposit pension scheme and SND		36,437,013	47,042,196
Interest expense on Lease		2,375,804	-
		<u>1,588,268,863</u>	<u>1,689,041,868</u>
19 (a) Consolidated interest paid on borrowing, deposit			
Bangladesh Development Bank Limited	Note: 19	1,588,268,863	1,689,041,868
BDBL Securities Limited		26,876,001	26,833,904
<u>Less:</u> Interest paid to BDBL		26,876,001	26,833,904
		<u>1,588,268,863</u>	<u>1,689,041,868</u>
20. Investment income			
Profit on sale of shares/securities		265,437,156	104,491,835
Dividend on shares/securities		194,097,885	187,081,714
Interest on debentures		48,018,135	379,544
Interest on bond		6,482,222	15,520,449
		<u>514,035,398</u>	<u>307,473,542</u>
20(a) Consolidated investment income			
Bangladesh Development Bank Limited	Note: 20	514,035,398	307,473,542
BDBL Securities Limited		64,544,180	47,247,026
BDBL Investment Services Limited		33,113,204	31,163,596
		<u>611,692,782</u>	<u>385,884,164</u>
21. Commission, exchange and brokerage			
Other fees commission and charges		2,332,822	3,555,386
Commission on F.C./ L/C		5,839,106	5,817,620
Commission on bills for collection		894,072	2,571,861
Acceptance commission		3,035	-
Exchange commission		16,322,117	15,967,299
Brokerage commission		10,091,794	826,115
Commission on remittance		9,699	4,478
Commission on Taka guarantee		312,378	164,021
		<u>35,805,023</u>	<u>28,906,780</u>

	Notes	2020 Taka	2019 Taka
21(a) Consolidated commission, exchange and brokerage			
Bangladesh Development Bank Limited	Note: 21	35,805,023	28,906,780
BDBL Securities Limited		10,597,266	10,097,495
BDBL Investment Services Limited		19,551,936	8,390,462
		65,954,225	47,394,737
22. Other operating income			
Rent on Bank's premises		263,755,841	269,738,611
Profit on sale of assets		114,256	-
Technical examination fees		5,008,535	2,907,416
Legal amount and documentation charges		183,450	177,876
Gain or loss on re-valuation of F.C A/C		3,988,237	9,517,070
Income from write-off loan account		92,454,986	185,424,935
Miscellaneous earnings		45,113,824	20,107,166
		410,619,129	487,873,074
22(a) Consolidated other operating income			
Bangladesh Development Bank Limited	Note: 22	410,619,129	487,873,074
BDBL Securities Limited		807,573	1,093,514
BDBL Investment Services Limited		897,730	899,765
		412,324,432	489,866,353
22(b) Receipt from other operating activities			
Profit on sale of securities		265,437,156	104,491,835
Interest on bond		54,500,357	15,899,993
Rent on Bank's premises		263,755,841	269,738,611
Others		50,420,065	23,192,458
		634,113,419	413,322,897
23. Salaries and allowances			
Salary and allowances		508,067,409	503,134,721
Bank's contribution to employees P.F and gratuity fund		23,501,521	20,031,382
Staff salary (outsourcing)		56,634,968	56,795,755
Staff overtime allowances		10,080,398	11,287,930
Employees pension fund	Note: 23.1	176,670,161	133,373,022
Staff welfare facilities		12,709,820	12,511,300
Staff education expenses		60,500	50,750
Incentive Bonus	Note: 23.2	78,372,961	-
Festival Bonus		58,565,174	54,769,671
		924,662,912	791,954,531
Managing Director/Chief Executive's remuneration		3,700,000	1,746,184
<u>Breakup of the remuneration includes in the total Salary and allowances</u>			
Basic		1,500,000	567,473
House rent		1,050,000	471,748
Medical allowance		300,000	134,785
House maintenance		300,000	134,785
Entertainment		150,000	67,393
Bonus		400,000	370,000
		3,700,000	1,746,184
23.1	An actuarial valuation had been carried out by a professional actuarial firm as at 31 December 2017 to determine any surplus or deficit for these defined benefit plans. A shortfall of BDT 2,164 million has been reported in the said valuation report. However, as per bank's board decision in this regard Tk. 250.00 million lumpsum to be contributed in the pension and death cum retirement fund each year on the profitability of the Bank. Whereas Tk. 50.00 million has been provided for the said fund to meet the shortfall in the year 2020 due to insufficiency of profitability. The left will be maintained accordingly in the following years.		
23.2	Incentive bonus represents three months basic salary of the employees.		
23(a) Consolidated salary and allowances			
Bangladesh Development Bank Limited	Note: 23	924,662,912	791,954,531
BDBL Securities Limited		13,676,551	14,094,020
BDBL Investment Services Limited		7,744,392	6,028,619
		946,083,855	812,077,170
24. Rent, taxes, insurance, lighting			
Rent and property taxes		35,681,158	45,217,389
Electricity, light and gas		11,621,981	3,302,242
Insurance, telex and rental		10,742,354	7,961,161
		58,045,493	56,480,792

	Notes	2020 Taka	2019 Taka
24(a) Consolidated rent, taxes, insurance, lighting			
Bangladesh Development Bank Limited	Note: 24	58,045,493	56,480,792
BDBL Securities Limited		3,363,236	3,848,560
BDBL Investment Services Limited		1,863,635	2,423,850
		<u>63,272,364</u>	<u>62,753,202</u>
25. Legal and professional expenses			
Legal and documentation charges		1,484,214	902,131
Professional charges		276,750	223,500
		<u>1,760,964</u>	<u>1,125,631</u>
25(a) Consolidated legal and professional expenses			
Bangladesh Development Bank Limited	Note: 25	1,760,964	1,125,631
BDBL Securities Limited		146,500	183,100
BDBL Investment Services Limited		57,500	51,750
		<u>1,964,964</u>	<u>1,360,481</u>
26. Postage, telecommunication, etc			
Postage and telegram		3,789,874	3,338,584
Telephone - local and trunk call		2,935,159	3,080,783
		<u>6,725,033</u>	<u>6,419,367</u>
26(a) Consolidated postage, telegram and telephone			
Bangladesh Development Bank Limited	Note: 26	6,725,033	6,419,367
BDBL Securities Limited		61,425	78,457
BDBL Investment Services Limited		80,332	61,627
		<u>6,866,790</u>	<u>6,559,451</u>
27. Stationery, printing and advertisement			
Printing and stationery		6,674,616	7,351,401
Advertisement		2,167,152	1,711,967
		<u>8,841,768</u>	<u>9,063,368</u>
27(a) Consolidated stationery, printing and advertisement			
Bangladesh Development Bank Limited	Note: 27	8,841,768	9,063,368
BDBL Securities Limited		361,296	474,932
BDBL Investment Services Limited		59,227	73,304
		<u>9,262,291</u>	<u>9,611,604</u>
28. Directors' fees		<u>1,336,800</u>	<u>1,512,157</u>
Each director is paid BDT 8,000 per board meeting for per attendance.			
28(a) Consolidated Director fees			
Bangladesh Development Bank Limited	Note: 28	1,336,800	1,512,157
BDBL Securities Limited		483,140	809,404
BDBL Investment Services Limited		487,600	607,200
		<u>2,307,540</u>	<u>2,928,761</u>
(b) Consolidated auditor fees			
Bangladesh Development Bank Limited		1,179,500	1,143,500
BDBL Securities Limited		69,000	60,000
BDBL Investment Services Limited		69,000	69,000
		<u>1,317,500</u>	<u>1,272,500</u>
29. Depreciation and repair of Bank's assets			
Depreciation of fixed assets (including lease)		39,060,668	30,854,655
Repair and maintenance of Bank's properties		21,188,949	22,772,171
		<u>60,249,617</u>	<u>53,626,826</u>
29(a) Consolidated Depreciation and repair of Bank's assets			
Bangladesh Development Bank Limited	Note: 29	60,249,617	53,626,826
BDBL Securities Limited		1,586,344	1,680,644
BDBL Investment Services Limited		1,294,584	1,010,332
		<u>63,130,545</u>	<u>56,317,802</u>

	Notes	2020 Taka	2019 Taka
30. Other expenses			
Entertainment		6,144,445	8,230,250
Donation and subscription		350,000	1,814,000
Sundries		8,517,030	8,318,865
Books and periodicals		65,726	71,625
Lunch subsidy		28,988,266	32,668,700
Business development expenditure		1,124,807	1,478,962
Expenditure in minor assets		134,253	99,741
Staff training expenses		4,513,749	5,267,491
Liveries and uniform		1,192,640	633,299
Local conveyance		3,428,616	4,300,245
Staff medical facilities		1,489,073	1,398,435
TA/DA and conveyances		3,686,690	5,616,959
TA/DA Directors		28,635	243,616
Motor car running expenses		4,147,233	4,891,063
Staff bus facilities		11,219,592	12,563,398
Honorarium		1,103,625	2,550,245
Branch opening expense		6,779	75,000
Other expenditure		29,052,931	13,672,174
Corporate Social Responsibility		-	340,000
Sports, culture and recreation		3,033,908	3,051,300
Executive car maintenance allowances		13,654,047	17,242,254
Generator & Substation		1,513,377	-
Interest waived		-	858,530
		123,395,422	125,386,152
30(a) Consolidated other expenses			
Bangladesh Development Bank Limited	Note: 30	123,395,422	125,386,152
BDBL Securities Limited		2,678,276	2,706,491
BDBL Investment Services Limited		5,701,822	5,573,098
		131,775,521	133,665,741
30(b) Payment for other operating activities			
Rent, taxes, insurance and lighting		58,045,493	56,480,792
Law charges		1,760,964	1,125,631
Postage, telegram and telephone		6,725,033	6,419,367
Audit fee		1,179,500	1,143,500
Stationary, printing and advertisement		8,841,768	9,063,368
Directors' fee		1,336,800	1,512,157
Repair & maintenance of Bank's properties		21,188,949	22,772,171
Motor car running expenses		4,147,233	4,891,063
Staff bus facilities		11,219,592	12,563,398
Staff canteen		28,988,266	32,668,700
Others		79,040,331	65,056,123
		222,473,929	213,696,270
31. Provision for loans and advances and other investments			
Provision for loan and advances			
For unclassified loans		-	-
For classified loans		-	34,000,000
		-	34,000,000
Other provision			
Off-Balance sheet items		-	-
Investment in shares		-	-
Others		-	216,500,000
		-	216,500,000
		-	250,500,000
31(a) Consolidated provision for loans and advances			
Bangladesh Development Bank Limited	Note: 31	-	34,000,000
BDBL Securities Limited (Margin Loan)		-	-
BDBL Investment Services Limited		-	-
		-	34,000,000
Provision for investment & others			
Bangladesh Development Bank Limited		-	216,500,000
BDBL Securities Limited		10,710,986	11,941,110
BDBL Investment Services Limited		6,573,679	13,793,855
		17,284,665	242,234,965

In response to the request of the Bank dated 18 April 2021, Bangladesh Bank allowed deferral through vide no- DBI-2(UB-6)/2640/2021-780 dated 22 April 2021 to maintain required provision of Taka 851.5 million against unclassified and classified loans & advances which shall be maintained in the year 2021, 2022 & 2023 by 35%, 35% and 30% respectively. Bank has complied that accordingly. There is no current year provision to be charged in the profit and loss accounts in respect of this response.

Notes	2020 Taka	2019 Taka
32. Closing cash and cash equivalent		
Cash in hand	83,850,821	76,966,682
Balance with Bangladesh Bank (including foreign currencies)	2,278,779,161	2,303,783,841
Balance held with other banks	9,806,431,205	14,101,718,479
	12,169,061,187	16,482,469,002
32(a) Consolidated closing cash and cash equivalent		
Bangladesh Development Bank Limited	12,169,061,187	16,482,469,002
BDBL Securities Limited	111,679,497	79,220,223
BDBL Investment Services Limited	116,910,616	53,939,135
<u>Less:</u> Intergroup cash and cash equivalent (BSL)	111,774	86,154
<u>Less:</u> Intergroup cash and cash equivalent (BISL)	2,500,904	200,833
	12,395,038,622	16,615,341,373
33. Earnings per share (EPS)		
a) Profit attributable to ordinary share holders	44,889,600	65,550,078
b) Weighted average number of outstanding shares	40,000,000	40,000,000
Earnings per share (EPS) (a ÷ b)	1.12	1.64
Earnings per Share (EPS) has been calculated in accordance with "International Accounting Standard (IAS) - 33. Earnings per Share" which has been shown on the face of Profit & Loss Account. This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year.		
33(a) Consolidated earnings per share		
a) Profit attributable to ordinary equity holders	87,811,205	83,322,809
b) Weighted average number of outstanding shares	40,000,000	40,000,000
Earnings per share (EPS) (a ÷ b)	2.20	2.08
34 Related parties and its transactions		
Name of the Directors of BDBL and their interest in the bank as at 31 December 2020		

Name	Present Address	Date of Appointment	Number of Shares
Mohammad Mejbahuddin	Flat no-7N, Building No-02, National Housing Authority Complex, Block-A, Lalmatia, Dhaka.	2/24/2019	1 Share
Md. Ekhlashur Rahman	Falguni-1, Eskaton Garden, Officers Colony, Dhaka-1000.	06/01/2019 (Re-appointment)	1 Share
Md. Abu Hanif Khan	Flat # D-2, 4/1, Dilu Road, New Eskaton, Dhaka-1000.	14/01/2019 (Re-appointment)	1 Share
Kazi Tariqul Islam	Asset Prophecy, Flat # E-2, 14-14/1, Dilu Road, New Eskaton, Dhaka.	5/30/2018	1 Share
Subhash Chandra Sarker	Flat # C-1, Bosilia Asset, House No # 44, Road No # 4/A, Dhanmondi R/A, Dhaka	1/14/2019	1 Share
Md. Abu Yusuf	Road: 7/a, House # 91/M, Flat # A/6,, Dhanmondi R/A, Dhaka-1209	2/10/2019	1 Share
Quazi Shairul Hassan	House # 59, Flat # S 5, Road: 25/A, Banani, Dhaka-1213.	12/29/2019	1 Share
Kazi Alamgir	Exora, Flat # 2 D, 35 lakecircus, Kalabagan, Dhaka-1205.	11/27/2019	-

Particulars of directors and their interest in other entities as at 31 December 2020

Name	Status in Bank	Name of the firms/Companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.	Status
Mohammad Mejbahuddin	Director & Chairman	Government of the People's Republic of Bangladesh.	Ex- Senior Secretary
		BDBL Securities Ltd. (BSL)	Chairman
Md. Ekhlashur Rahman	Director	Government of the People's Republic of Bangladesh.	Additional Secretary
Md. Abu Hanif Khan	Director	Rajshahi Krishi Unnyan Bank	Ex-DMD
Kazi Tariqul Islam	Director	Government of the People's Republic of Bangladesh.	Ex- Joint Secretary
Subhash Chandra Sarker	Director	Government of the People's Republic of Bangladesh.	Ex-Additional Secretary
Md. Abu Yusuf	Director	Government of the People's Republic of Bangladesh.	Ex- Joint Secretary
Quazi Shairul Hassan	Director	SABINCO	Ex- Managing Director
Kazi Alamgir	Managing Director & CEO	BDBL Investment Services Ltd. (BISL)	Chairman

Related party relationship disclosure during the year 2020 (in compliance of IAS-24)

Name of related party	Relationship	Nature of Transaction	Balance as at 31 December 2020
BDBL Securities Ltd. (BSL)	Subsidiary Company	Investment in subsidiary Company	500,000,000
BDBL Investment Services Ltd. (BISL)	Subsidiary Company	Investment in subsidiary Company	500,000,000

35. Events after the reporting period

35.1 Impact of COVID-19

While the banking sector of Bangladesh as well as the whole world economy facing challenges from Covid-19 pandemic causing disruption in normal banking operations, lower operating profit, negative growth in recovery, BDBL reviewing, upgrading and formulating new strategies to harvest the best in the year 2020.

35.2 Approval of financial statements

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

35.3 Others

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

Managing Director

Director

Director

Chairman

Dhaka, Bangladesh

Dated:

Bangladesh Development Bank Limited
Schedule of fixed assets
As at 31 December 2020

(Amount in Taka)

Particulars	Cost / Revaluation				Rate (%)	Depreciation				Written down value as at 31.12.2020
	Balance as at 01.01.2020	Addition during the year	Disposal/ adjustment during the year	Balance as at 31.12.2020		Balance as at 01.01.2020	Charged during the year	Disposal/ adjustment during the year	Balance as at 31.12.2020	
Owner Occupied Property										
At cost										
Land	13,854,848	-	-	13,854,848	-	-	-	-	-	13,854,848
Premises and Building	172,366,040	2,510,664	-	174,876,704	2.5	102,334,432	2,290,189	-	104,624,621	70,252,083
Building U/C	304,490	-	-	304,490	2.5	-	-	-	-	304,490
Vehicles	92,769,923	-	5,500,325	87,269,598	20	92,769,881	-	5,500,322	87,269,559	39
Equipments	52,924,469	2,459,262	930,340	54,453,391	20	42,207,754	2,333,100	360,879	44,179,975	10,273,416
Computer equipments and software	156,380,362	45,473,533	9,952,497	191,901,398	20	112,730,596	21,263,361	6,512,942	127,481,015	64,420,383
Furniture and fixtures	52,162,072	2,016,907	501,051	53,677,928	10	31,176,685	2,211,402	475,576	32,912,511	20,765,417
Sundry asset	1,051,399	2,489	-	1,053,888	20	1,051,394	-	-	1,051,394	2,494
Interior decorator	23,147,477	431,548	-	23,579,025	10	11,418,253	1,179,084	-	12,597,337	10,981,688
Sub-Total (A)	564,961,080	52,894,403	16,884,213	600,971,270		393,688,995	29,277,136	12,849,719	410,116,412	190,854,858
At revaluation										
Land	3,175,704,168	-	-	3,175,704,168	-	-	-	-	-	3,175,704,168
Premises and Building	1,614,430,402	-	-	1,614,430,402	2.5	331,542,368	32,072,201	-	363,614,569	1,250,815,833
Vehicles	8,620,180	-	-	8,620,180	20	8,620,179	-	-	8,620,179	1
Sub-Total (B)	4,798,754,750	-	-	4,798,754,750		340,162,547	32,072,201	-	372,234,748	4,426,520,002
Particulars	Cost / Revaluation				Rate (%)	Depreciation				Written down value as at 31.12.2020
	Adjusted opening balance as at 01.01.2020	Addition during the year	Disposal/ adjustment during the year	Balance as at 31.12.2020		Adjusted opening balance as at 01.01.2020	Charged during the year	Disposal/ adjustment during the year	Balance as at 31.12.2020	
Investment Property										
Premises and Buildings (at cost)	405,849,458	5,882,251	-	411,731,709	2.5	240,954,504	5,392,431	-	246,346,935	165,384,774
Revalued Premises & Buildings	3,801,303,923	-	-	3,801,303,923	2.5	780,642,698	75,516,530	-	856,159,228	2,945,144,695
Sub-Total (C)	4,207,153,381	5,882,251	-	4,213,035,632		1,021,597,202	80,908,961	-	1,102,506,163	3,110,529,469
Lease Asset (IFRS-16)										
Right of Use (ROU) Assets	-	31,319,507	-	31,319,507	Lease term	-	4,391,101	-	4,391,101	26,928,406
Sub-Total (D)	-	31,319,507	-	31,319,507		-	4,391,101	-	4,391,101	26,928,406
Balance as at 31.12.2020 (A+B+C+D)	9,570,869,211	90,096,161	16,884,213	9,644,081,159		1,755,448,744	146,649,399	12,849,719	1,889,248,424	7,754,832,735
Balance as at 31.12.2019	9,554,632,422	19,252,457	3,015,668	9,570,869,211		1,614,252,708	141,202,072	6,036	1,755,448,744	7,815,420,467

Bangladesh Development Bank Limited
Detail of information on advances
More than 15% of bank's total capital (funded and non-funded)
As at 31 December 2020

Sl. No.	Name of the Borrower	Outstanding as at 31 December 2020			Remarks
		Funded	Non funded	Total	
	Nil	-	-	-	-
	Total	-	-	-	-

Bangladesh Development Bank Limited
Highlights on the overall activities of the Bank
As at 31 December 2020

Sl no.	Particulars	2020 Taka	2019 Taka
1	Paid-up capital	4,000,000,000	4,000,000,000
2	Total capital	19,022,672,232	19,071,833,676
3	Capital surplus / (deficit)	4,797,052,452	4,362,006,178
4	Total assets	55,301,637,143	58,395,666,858
5	Total deposits	24,218,902,631	27,645,878,512
6	Total loans and advances	21,289,651,005	19,983,903,304
7	Total contingent liabilities and commitments	1,070,752,530	1,026,942,358
8	Credit deposit ratio (%)	87.91%	72.29%
9	Percentage of classified loans against total loans and advances	28.01%	38.34%
10	Profit after tax and provision	44,889,600	65,550,078
11	Amount of classified loans during the year	5,962,592,065	7,662,521,591
12	Provisions kept against classified loans	2,479,220,380	3,792,100,609
13	Provision surplus / (deficit)	29,735	1,095,510
14	Cost of fund (%)	8.13%	7.85%
15	Interest earning assets	26,058,708,855	25,839,952,660
16	Non-interest earning assets	29,242,928,288	33,350,994,370
17	Return on investment (ROI)(%)	6.12%	3.16%
18	Return on assets (ROA)(%)	0.08%	0.11%
19	Income from investments	514,035,398	307,473,542
20	Earning per share	1.12	1.64
21	Net income per share	1.12	1.64
22	Price earning ratio	N/A	N/A

Bangladesh Development Bank Limited
Balance with other banks - outside Bangladesh (nostro account)
As at 31 December 2020

Name of the Bank	Name of the Country	Currency Name	2020			2019		
			Amount in FC	Conversion rate per unit FC	Amount in Taka	Amount in FC	Conversion rate per unit FC	Amount in Taka
Modhumoti Bank Limited	Bangladesh	USD	56,256.29	84.55	4,756,469	56,256.29	84.5500	4,756,469
Mashreq Bank Limited	USA	USD	10,020,420.59	84.55	847,226,561	6,093,925.18	84.5500	515,241,375
BHF Bank AG, Germany	Germany	EUR	89,189.63	104.63	9,332,171	13,793.73	94.6938	1,306,181
Sonali Bank Limited	India	ACU	842,322.81	84.55	71,218,394	242,991.11	84.5500	20,544,898
Axis Bank Limited	India	ACU	1,011,179.47	84.55	85,495,224	665,656.02	84.5500	56,281,216
Total					1,018,028,819			598,130,139

Bangladesh Development Bank Limited
Name of the Directors of BDBL and their interest in other different entities
As at 31 December 2020

Name	Status in Bank	Name of Firms/Companies in which interested
Mohammad Mejbahuddin	Chairman	Government of the People's Republic of Bangladesh
Md. Ekhlashur Rahman	Director	Government of the People's Republic of Bangladesh
Md. Abu Hanif Khan	Director	Rajshahi KrishiUnnyan Bank
Kazi Tariqul Islam	Director	Government of the People's Republic of Bangladesh
Subhash Chandra Sarker	Director	Government of the People's Republic of Bangladesh
Md. Abu Yusuf	Director	Government of the People's Republic of Bangladesh
Quazi Shairul Hassan	Director	SABINCO
Kazi Alamgir	Managing Director & CEO	BDBL Investment Services Ltd.

Bangladesh Development Bank Limited
Statement of Investment
As at 31 December 2020

Particulars	Cost Price Taka	Market Price Taka
Investment in share		
Quoted shares	7,138,260,244	23,608,188,187
Un-quoted share	151,872,094	151,872,094
Sub total	7,290,132,338	23,760,060,281
Investment in Debenture & Equity		
Debenture	2,931,259	2,931,259
Other equity	50,795,000	50,795,000
EFAS-1983	117,100	117,100
Sub total	53,843,359	53,843,359
Others		
Bangladesh Bank prize bond	548,300	548,300
Bangladesh fund	1,060,000,000	1,060,000,000
Sub total	1,060,548,300	1,060,548,300
Grand Total	8,404,523,997	24,874,451,940

* Market value of Taka 24,874,451,940 of the Investment has been disclosed Taka 23,760,060,281 for quoted & unquoted share investment and the left Taka 1,114,391,659 was shown for Debenture, Equity, Prize bond and Bangladesh Fund.