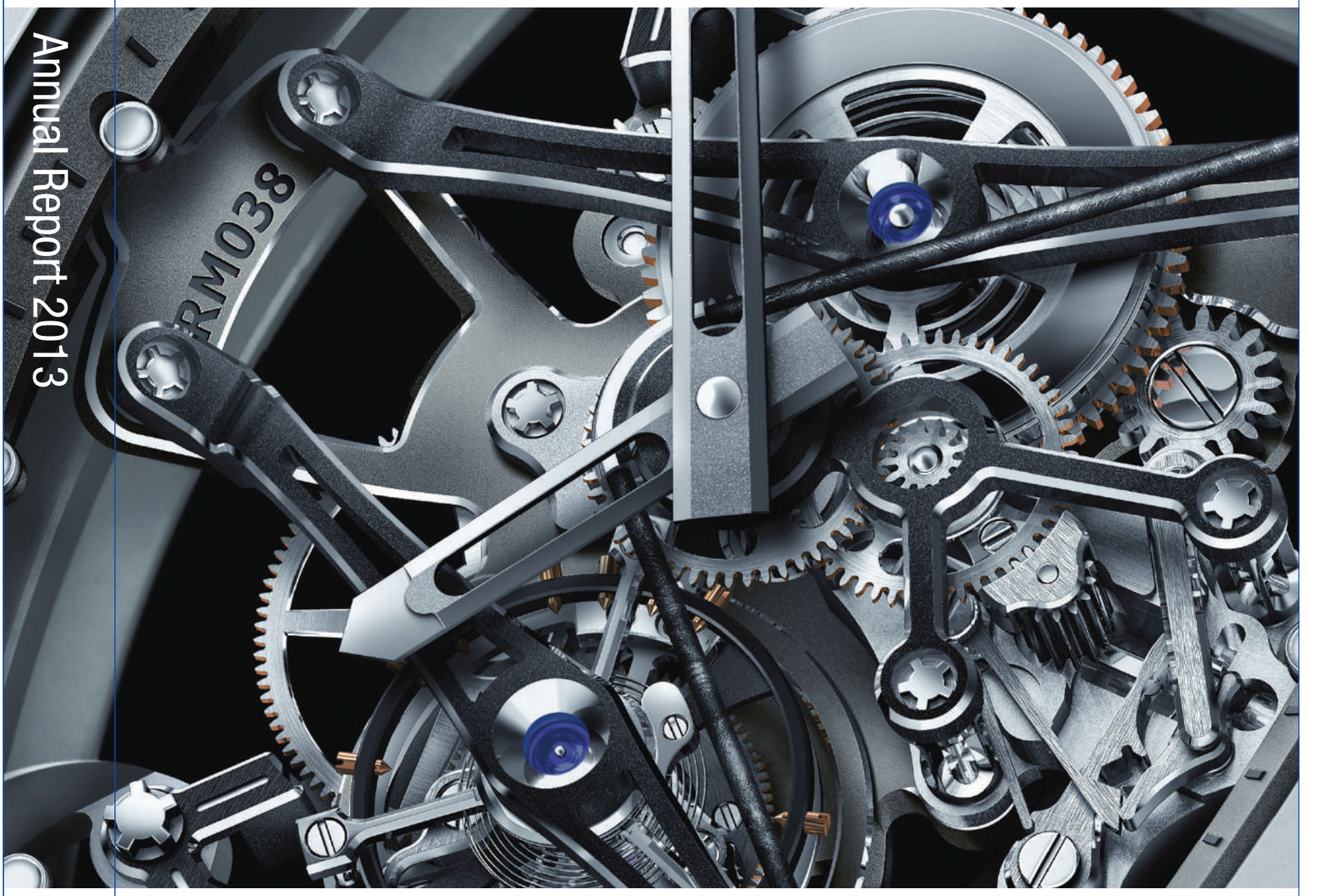
Annual Report 2013

Annual Report 2013



Excellence in Progress

DHAKA BANK LIMITED

DHAKA BANK LIMITED
EXCELLENCE IN BANKING

www.dhakabankltd.com

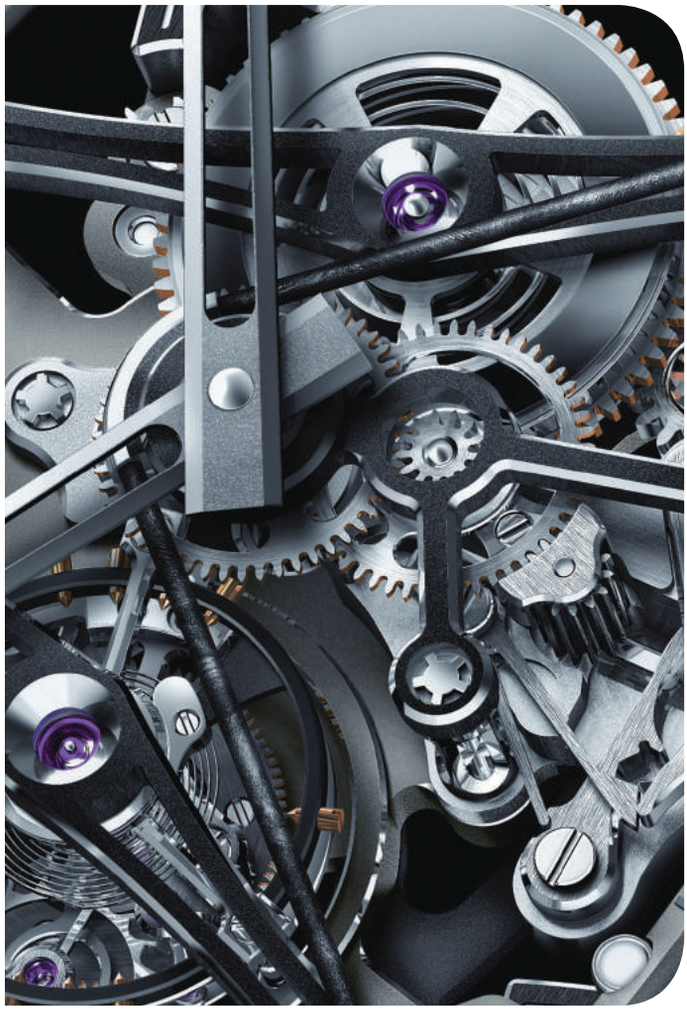
Excellence in Progress

Banking in Bangladesh is making a paradigm shift and the journey is on. From the very year of its landmark journey, Dhaka Bank has envisioned the significance of this shift and started developing strategies and high quality products and services to continuous customers' delights.

In these challenging times, one key advantage in any business is the winning relationship between the inner organization and the external stakeholders. Our Annual Report 2013 theme is deeply rooted in our integrated organizational set-up. A recurring motif in a combination of heritage and precision denotes a sense of craftsmanship with the integrity of our entire gamut of service level.

Our cover story, this time around, unfolds the images of gear wheels, winding wheels, crown wheels and other components closely intertwined inside a mechanical watch; that symbolizes a seamless dynamic linkage and a subtle co-existence between bank's integrated service delivery platform, data mining and technology-driven solution elegantly cased in strong IT background. Like the unfailing manoeuvering of the watch, our perfectly harmonious interaction and predictive insights help us better understand risks, manage operations and deliver intelligent services to customers.

This ever reliable disciplined watch ticks the steady bit of our company soul year after year and guides us to our dreams as we chart our course in the road to Excellence in Progress.



Letter of Transmittal

To

All Shareholders of Dhaka Bank Limited
Bangladesh Bank
Bangladesh Securities & Exchange Commission (BSEC)
Registrar of Joint Stock Companies & Firms
Dhaka Stock Exchange Limited (DSE) &
Chittagong Stock Exchange Limited (CSE)

Dear Sir,

Annual report of Dhaka Bank Limited for the year ended 31st December 2013

We are pleased to enclose a copy of Bank's Annual Report together with the audited financial statements including consolidated and separate balance sheet as on 31st December 2013, profit and loss account, cash flow statement, statement of changes in equity, liquidity statement for the year ended 31st December 2013 along with notes thereto of Dhaka Bank Limited (The Bank) and its subsidiary, DBL Securities Limited for your kind information and record. We have also enclosed separate financial statements of Islamic Banking Branches and Offshore Banking Unit (OBU) of the Bank.

Financial statements of 'The Bank' comprise those of Conventional and Islamic Banking Branches and Offshore Banking Unit while consolidated financial statements comprise financial statements of 'The Bank' and its subsidiary (DBL Securities Limited).

General review of this report, unless explained otherwise, is based on the financials of 'The Bank' rather than consolidated financial statements.

Best regards,

Yours truly,

Arham Masudul Huq
Company Secretary

Disclaimer

Dhaka Bank Annual Report 2013 comprises audited financial statements of the Bank and its subsidiary along with other financial disclosures. Some parts particularly the financial statements of the Bank and its subsidiary are audited which are presented in pages from 211 to 330. Business review and financial analysis presented in the 'Directors' Report' and 'Management Review of Business' sections are mostly based on MIS of the Bank and to be construed as unaudited unless otherwise specified. The Bank while recognizing financial transactions and presenting financial statements, followed relevant 'Bangladesh Financial Reporting Standards (BFRS) except in some cases where the Central Bank of Bangladesh (Bangladesh Bank) instructed banks to follow their prescribed guidelines. However, given the Bank followed instructions of Bangladesh Bank being the prime regulator for banking companies.

Thus, our Annual Report does not constitute an invitation to invest in Dhaka Bank shares. Any decisions you make based on trust in this information are solely yours, our valued investors. Business 'outlook' depicted in different section of this Annual Report cannot be an assurance that actual outcomes will turn up to the tune of these projections. Some of the factors that may cause projected outcomes differ from the actual ones can be put forth, which are not comprehensive:

1. **General business and political uncertainties:** Negative impact of political deadlock, associated risks in business environment, price spiral, downbeat performance of capital market, declining demand for bank finance, environmental erosion, etc may erode the bank's earning substantially. In the absence of political agreement and stability, success in business is hard to achieve.
2. **Changes in macroeconomic outlook:** Lower than expected growth projection of GDP for ongoing FY 2014, negative growth in imports, weak internal and external demand, restrained industrial activities, inflationary pressure, slowing inflow of remittance, devaluation of Taka, the local currency against USD, etc.
3. **Deterioration in borrowers' credit quality:** Risk of deterioration of credit quality of borrowers is inherent in banking business. This could be driven by political unrest, economic slowdown and supply side disruption. Abrupt changes in the import pricing may affect the commodity sectors. Banks are under obligation to maintaining provision against potential credit loss.
4. **Changes in Government and regulatory policy:** Amendment of Bank Company Act 1991 and impact of such changes on banking business, underperformance of tax revenue by NBR, increased borrowing by government from banks, central bank directives for charging lower on banks' fees earnings, discontinuation of guidelines related to provisioning and rescheduling and others.
5. **Energy crisis and weak infrastructure:** Low performance of manufacturing sector, real estate business, disrupted supply of energy and rising cost of doing businesses.
6. **Capital market exposure limit:** As per the Bank Companies Amendment Act, 2013 and related circulars by Bangladesh Bank Capital market exposure limit has been tagged to banks' capital instead of liabilities, having potential impact on banks' earnings from stock market.
7. **Force investment in Government securities:** The Bank has to invest certain portion of govt. treasury securities (force devolvement) as per Bangladesh Bank instruction which was initially invested in by Primary Dealer (PD) only. Return from such investment usually lower than regular lending operations.
8. **Rising capital requirement:** Basel III might cause internationally active banks to maintain more capital and follow more stringent rules. The Bank while doing trade finance with those banks might have to follow more stringent rules. Effective control calls for higher investment in technology and increased operating expenses.
9. **Reduced margin ratio on consumer financing:** The BB limit on consumer finance through increasing margin ratio (now bank can finance up to 30% of the value of consumer items) will further restrict consumer credit to unproductive purposes especially those which require imports.
10. **Consistency of provisioning rules against changing business outlook:** New provisioning and rescheduling rules have been set out mainly to bail some worse hit sectors out of political shocks on the basis of an optimistic outlook of business across mid 2014 after successful holding of national election. If the outlook takes a twisted turn due to ongoing political disagreement, business might fail its loan commitment once again. Under such happenstance, amount of provision will go up significantly and banks' profitability will be badly hit.
11. **Volatility in equity market:** Although the capital market exposure of the Bank so far remains within BB prescribed limit, volatility of share price might cause earnings to decrease.
12. **Directed lending:** Regulators or Government have put emphasis on disbursing more credit to agricultural, renewable energy, eco-friendly projects or some other under-served sectors at defined rates which may not produce reasonable risk-adjusted return.
13. **Risk of fraud & financial crime:** Increasing frauds and financial crimes in the banking industry is denting industry confidence. The incidence is a direct outcome of weak corporate governance, control loopholes and IT inefficiencies. Dhaka Bank is all vigilant to prevent such untoward incident by virtue of strong and effective control system, high ethical practices, good corporate governance and risk management mechanism. However, the Bank cannot rule out any such surprise as the industry is closely intertwined with sophisticated financial relationships.
14. **Operational failure:** Business is run on modern tools and techniques on the platform of state-of-the-art technology carrying inherent risks. We have adopted core banking solution (CBS) branded 'flexcube' in the heart of Bank's operation. Although risk mitigating measures have been ascertained, systematic operating failure cannot be ruled out at any point of time. Some failures arising from error or fraud do exist in other forms. These failures may affect the performance of the Bank.
15. **Climate change and natural calamities:** Bangladesh as one of the vulnerable countries to climate change effects and natural disaster lies on an alarming geographical location and risks considerable loss in agricultural sector accounting for a significant portion of GDP.

Years of Excellence & Achievements

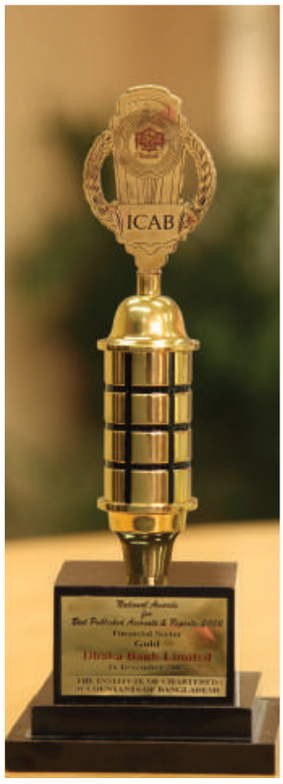


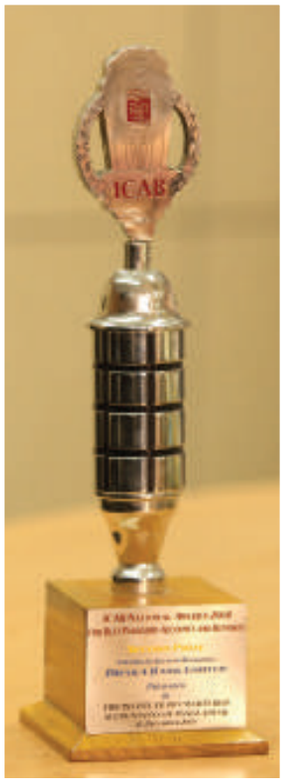












Year	Details
2012	• 13th ICAB National Award for Best Presented Annual Reports 2012
2011	• 12th ICAB National Award for Best Presented Annual Reports 2011 • Best Corporate Award by ICMAB • Best Rated Bank Award by Exclusive Economic Weekly 'Industry'
2010	• 11th ICAB National Award for Best Published Accounts & Reports 2010
2009	• Remittance Award 2009 by Dhaka International Exhibition Company Limited • Bankers' Forum Performance Award 2009 to Mr. Khondker Fazle Rashid, Managing Director
2008	• 9th ICAB National Awards for Best Published Accounts and Reports 2008
2007	• ICAB National Award for Best Published Accounts and Reports 2007 (3rd Prize) • Bangladesh Business Award 2007-2008 by The Financial Mirror Robintex Group • Best Value Creating Bank, ALM Training Programme, Dhaka 2007
2006	• ICAB National Award for Best Published Accounts and Reports 2006 (2nd Prize) • International Star for Quality Award 2006 (Gold) • Beautification Award 2006 by Dhaka City Corporation • Bankers' Forum Corporate Social Responsibility Award 2006 (The Best Bank)
2005	• ICAB National Award for Best Published Accounts and Reports 2005 (Second Prize) • Standard Chartered – Financial Express CSR Award 2005 • Atish Dipankar Gold Award 2004-2005 to Mr. Shahed Noman, Former Managing Director
2003	• ICAB National Award for Best Published Accounts and Reports (Second Prize)
2002	• ICAB National Award for Best Published Accounts and Reports (First Prize)

2013 Performance Highlights – The Bank

Growth Focus on Key Areas

Net Profits 1,927m	175%	Assets 144bn	8%	Loans & Advances 99bn	10%
Deposits 116bn	8%	Shareholders' Equity 12bn	23%	Paid-up Capital 5bn	16%
Inward Remittance 21bn	35%	Export 54bn	11%	SME Financing 8,703m	82%
NPL Ratio down to	4.15%	Capital Adequacy up to	12.18%	Earnings per Share Tk 3.56	173%

2013 Financial Inclusion Growth (direct & indirect)

Total Delivery Channels 131	7%	Total Customers' Accounts 402,879	9%	ADCs 52	13%
SME Customers 5,250	30%	Woman Entrepreneur Finance 76m	95%	No. of Women Entrepreneurs 53	39%
Customers under Agri Finance 45,186	72%	Shared ATMs 3,624	27%	No. of Internet Banking Accounts 9,203	6%
No. of Mbanking/ SMS Banking Accounts 83,993	2%				

2013 Business Achievement

Improvement in asset quality
Adherence to good governance practices
Sound business mix with growing focus on SMEs
Sustainable mix in corporate business
Adding need based market products for more financial inclusion
Dhaka Bank as a power brand in Bangladesh

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Shareholders' Information All of our actions must lead to an ultimate goal – maximization of shareholders value for what we exist and excel. With this in mind, we will concentrate on enhancing profitability to raise Earnings per Share, Dividend as well as confidence of the Shareholders... **58 - 69**	Apportionment of Shareholding	59
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Corporate Governance Statement We experience our everyday excellence through the trio of phenomena -'Transparency', 'Accountability' and 'Ethics'; the first is mirrored in the fact-sheet of our banking operations while the second persists in strong compliance of regulations and laws. The third is inspired from our deep rooted culture of fairness in all spheres of business... **87 - 107**	Practices We Adore	88
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Management Review of Business Despite all that is changing around us, we don't expect big shifts in our strategy. We still want to be the best sustainable bank in Bangladesh leading the way in all core areas of banking. We build deep, longstanding relationships with our customers and clients. We are obsessed with the basics of banking: being strongly capitalized and highly liquid; managing risk proactively; keeping tight control of costs; staying well diversified.... **124 - 171**	Global Economy: An Overview	125
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Risk Management We are aware to avoid hidden surprise. By all means, we should try to avoid surprises in banking transaction through building a strong operational procedure in banks and financial institutions... **172 - 194**	Risk Scenario 2013	174
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Bank's Profile

The Bank

Dhaka Bank Limited is the brainchild of a host of committed entrepreneurs and farsighted dreamers of banking excellence. Established in July 5, 1995, the Bank is now an admired provider of financial services and has positioned itself as a strong brand in the mind of customers. 'Excellence in Banking' is our motto and to become the best performing bank in the country is our mission. As a leading private commercial bank in Bangladesh, our eminence is backed by quality products and services, superior technology and highly motivated personnel to realize your dream. We are adored for our good governance practices, compliance with regulatory guidelines, flexibility to growing needs and adaptability to the changing world. In our everyday voyage, we are moving towards an ultimate goal – A Bank of Your Choice, an entity with sustainable growth and a change-maker for financial integration.

Legal Form

A public limited company incorporated on April 6, 1995 with primary objective to carry our banking businesses in Bangladesh, having complied with all regulatory guidelines of Bangladesh Bank and the Bank Company Act, 1991. Dhaka Bank commenced Banking operations on July 5, 1995.

Group Composition Structure

DHAKA BANK LIMITED	
BANK	SUBSIDIARIES
Dhaka Bank Limited Off-shore Banking Unit Islamic Banking Business	DBL Securities Limited
	Inaugurated on February 13, 2011 (Bank's shareholding position 99.99%)

Ownership Composition

As on December 31, 2013, shareholding position of DBL reflects majority of shares are held by Sponsor Shareholders followed by General Public and FIs. Shareholding pie is given hereunder:

Composition	Status	
	Number of Shares	% of Total Shares
Sponsors	246,246,505	45%
General Public	190,746,987	35%
Financial Institutions	80,901,916	15%
Other Investors	23,545,511	5%
Total	541,440,919	100%

Our Business Focus

Dhaka Bank focuses on a wide range of financial products and services comprising commercial banking through both conventional and Islamic mode, brokerage services, SME, agriculture, consumer banking, credit card and off-shore banking. The Bank has established leadership in Corporate Banking with growing focus on SME and consumer business. It also plays a leading role in syndicated and structured financing. DBL has almost all banking products in its stock, from Student Banking to Business Banking. Bank's product basket includes different types of Savings and Current Accounts, Corporate Banking, SME Banking, Brokerage Services, Treasury and Syndication, Remittance Service, Personal Loans, Debit Cards, Credit Cards and so on.

DBL in the Market Place

At the year-end 2013, DBL ranked 20th in the Dhaka Stock Exchange (DSE) by market capitalization out of 30 listed banking companies. Total Assets of DBL was around Tk 144 billion, equivalent to USD 1.85 billion. With a total of 402,879 customer-base (accounts), Tk 116 billion in Deposits and Tk 99 billion in Advances, DBL has established itself as one of the Market Leaders among the private commercial banks in the country.

Branches and Service Delivery Channels

Dhaka Bank has a large and well-distributed network of Branches and delivery channels at suitable geographical locations in Bangladesh. It is delivering continuous services to customers through 74 Branches including 2 Islamic Banking Branches, 3 SME Service Centres, 1 Off-shore Banking Unit covering strategic business points. DBL has made its presence available in 28 Districts and all Divisions in the country. Apart from branch banking services, the Bank has strengthened alternate delivery channels based on automation establishing 46 ATMs and 6 ADMs. Bank's Head Office is located at Biman Bhaban, 100 Motijheel C/A, Dhaka with some extended wings at Ajamjee Court Building, Sara Tower, Motijheel, Dhaka and BGMEA Bhaban, Karwan Bazar, Dhaka.

Credit Rating

Emerging Credit Rating Limited (ECRL) has assigned AA- Rating for long term and ECRL-2 for short term based on financials as of December 31, 2013. The Credit Rating of Dhaka Bank Limited as mentioned above indicates that the outlook of the Bank in the long and short term is **Stable.**

Capital Adequacy and Asset Quality

DBL has strong capital base and due compliance on capital adequacy. Bank's capital adequacy stands at 12.18 per cent of the risk weighted assets against the regulatory requirement of 10 per cent. The Bank is well placed to maintain capital under Basel-II accord. Classified loans improved to 4.15 per cent of total loan outstanding as on balance sheet date from 6.28 per cent of 2012.

Business and Banking Strategy

As a strategic choice, change management lies deep at the core of Dhaka Bank. The Bank constantly pursues strategies for Sustainable growth and wider financial integration. To help achieve the goal, DBL has institutionalized its banking operations though implementation of various policies, processes and regulatory guidelines. An effective cluster management (Mentorship) programme under the supervision of senior management is in place with the Bank. Qualitative improvement in service and business has been brought about by continuous exchange of mature thoughts and ideas between branch management and mentors.

For effective operations of banking business, organizational and structural changes have come into being. Focusing on revenue

earnings sources, DBL made necessary functional expansion and restructuring across Corporate/ Commercial, Consumer Banking, SME, Cards, Trade Services, etc. To ensure better asset quality, credit approval, management and recovery process have been strengthened through better judgment, mechanism and evaluation tools. Corporate Governance practices and control system have been upgraded in line with regulatory changes and to fight financial crimes. DBL is on continuous hunt to grab untapped opportunities from the selected thrush sectors, non-funded business, more attention on SMEs, new products and services as well as optimization of HR efficiency, productivity and motivation.

Listing in Stock Exchanges

Ordinary share of Dhaka Bank is listed with both Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. DBL shares are categorized as 'A' in the stock exchanges. Market lot is 100 and stock symbols are DHAKABANK (DSE) and DHBNK (CSE). Face value of each share is Tk 10.00.

Company Profile in Brief

Chairman	Managing Director	Company Secretary	Head of Finance & Accounts
Abdul Hai Sarker	Khondker Fazle Rashid*	Arham Masudul Huq	Darashiko Khasru
Auditors			**Head of Internal Control & Compliance**
KAZI ZAHIR KHAN & Co. Charterted Accountants			AKM Ahsan Kabir
Company Registration No.	**Bangladesh Bank License No**	**Accounting Year-end**	**Registered Head Office:**
C-28146 (1992)/95	BCD (D) 200/57-421/95	31st December	Biman Bhaban: 100, Motijheel C/A Dhaka-1000
Authorized Capital	**Total Capital**	**Web**	**Credit Rating Agency**
Tk 10,000 million	Tk 14,817 million	www.dhakabankltd.com	Emerging Credit Rating Limited

(* The term of Mr Khondker Fazle Rashid, Managing Director of the Bank expired on February 23, 2014. Mr Niaz Habib, Additional Managing Director has taken over the charge of the Bank as Managing Director (current charge) with effect from February 24, 2014.)

Brand DBL

DBL relationship with and beyond banking boosted by superior customer service and good governance culture has given the Bank a proud brand image – EXCELLENCE IN BANKING. With the confidence of a Bank by Choice, DBL is going to emerge as a power brand in the industry. The potential power brand is taking shape in our everyday excellence from improved customer service, corporate governance, innovative products and caring for the society.

Milestones

Date of Incorporation	:	April 6, 1995
Commencement of Banking Business	:	July 5, 1995
First Dividend Declared	:	March 16, 1996
Initial Public Offering:		
Publication of Prospectus	:	November 25, 1999
Subscription Opened	:	December 5, 1999
Subscription Closed	:	December 19, 1999
Listing with Dhaka Stock Exchange (DSE) Limited	:	April 10, 2000
Listing with Chittagong Stock Exchange (CSE) Limited	:	June 6, 2000
First Right Issue	:	March 11, 2001
Introduction of Alternate Delivery Channel (First ATM)	:	February 24, 2002
Launching of Retail Banking (Consumer Banking)	:	March 29, 2002
Commencement of Islamic Banking	:	July 2, 2003
Real-time Online Banking	:	April 1, 2004
Transition to Centralized Banking System (Flexcube)	:	April 1, 2004
Launching of Brokerage Business	:	February 5, 2005
Celebrating First Decade of Excellence in Banking	:	July 5, 2005
Commencement of Off-shore Banking Operation	:	May 22, 2006
Launching of Credit Card	:	March 1, 2007
Launching of Internet Banking	:	September 5, 2007
Centralization of Trade Operations & Credit Operations	:	April 1, 2009
AAA Guarantee Accorded by ADB under Trade Finance Facilitation Programme (TFFP)	:	December 17, 2009
Establishment of Islamic Banking Division	:	June 30, 2010
Enhancement of Authorized Capital (from Tk. 600 Crore to Tk. 1,000 Crore)	:	July 4, 2010
Basel-II Compliance: Issuance of Subordinated Bond	:	December 6, 2010
Inauguration of Subsidiary 'DBL Securities Limited'	:	February 13, 2011
Establishment of Research & Development Unit	:	December 28, 2011
Celebration of 18th Year of Banking Excellence	:	July 5, 2013
Introduction of Automated Deposit Machine (ADM)	:	April 29, 2013
The Last New Branch Added to DBL Network (74th Araihazar Branch)	:	December 22, 2013

2013 Results Summary

Taka million (where applicable)

Segmented Results	Dhaka Bank Limited				Subsidiary: DBL Securities	Consolidated
	Onshore	Offshore	Islamic Banking	Total		
Operating Income	17,569	129	535	18,233	264	18,497
Operating Profits	3,682	63	(51)	3,694	200	3,894
Assets	134,442	18	6,464	140,924	4,476	145,400
Liability	134,442	18	6,464	140.924	4,476	145,400

Shareholders' Value - Consolidated	2013	2012	Change
Earnings per Share (EPS)	Tk 3.66	Tk 1.46	151%
Dividend (%)	17% (Cash) 5% (Stocks)	16% (Stocks)	-
Net Asset Value (NAV)	12,045	9,786	23%
NAV per Share	Tk 22.25	Tk 20.97	6%
Net Operating Cash Flow per Share	(Tk 0.75)	Tk 1.17	(149%)

Profitability & Performance Ratio – The Bank	2013	2012	Change
Return on Assets	1.39	0.59	135%
Return on Equity	16.21	7.24	124%
Profits per Employee	2.55	2.22	15%
Assets per Employee	100	91.50	9%

Balance Sheet Focus – The Bank	2013	2012	Change
Balance Sheet Size	144,409	133,142	8%
Shareholders' Equity	11,887	9,683	23%
Total Deposits	115,981	107,427	8%
Total Loans & Advances	99,596	90,140	10%
Classified Loans	4,137	5,656	(27%)

Capital Adequacy – The Bank	2013	2012	Change
Tier-I Capital Ratio	9.28	7.67	21%
Capital Adequacy Ratio	12.18	10.74	13%
Capital in excess over MCR*	2,567	865	196%

*Minimum Capital Requirement



Vision

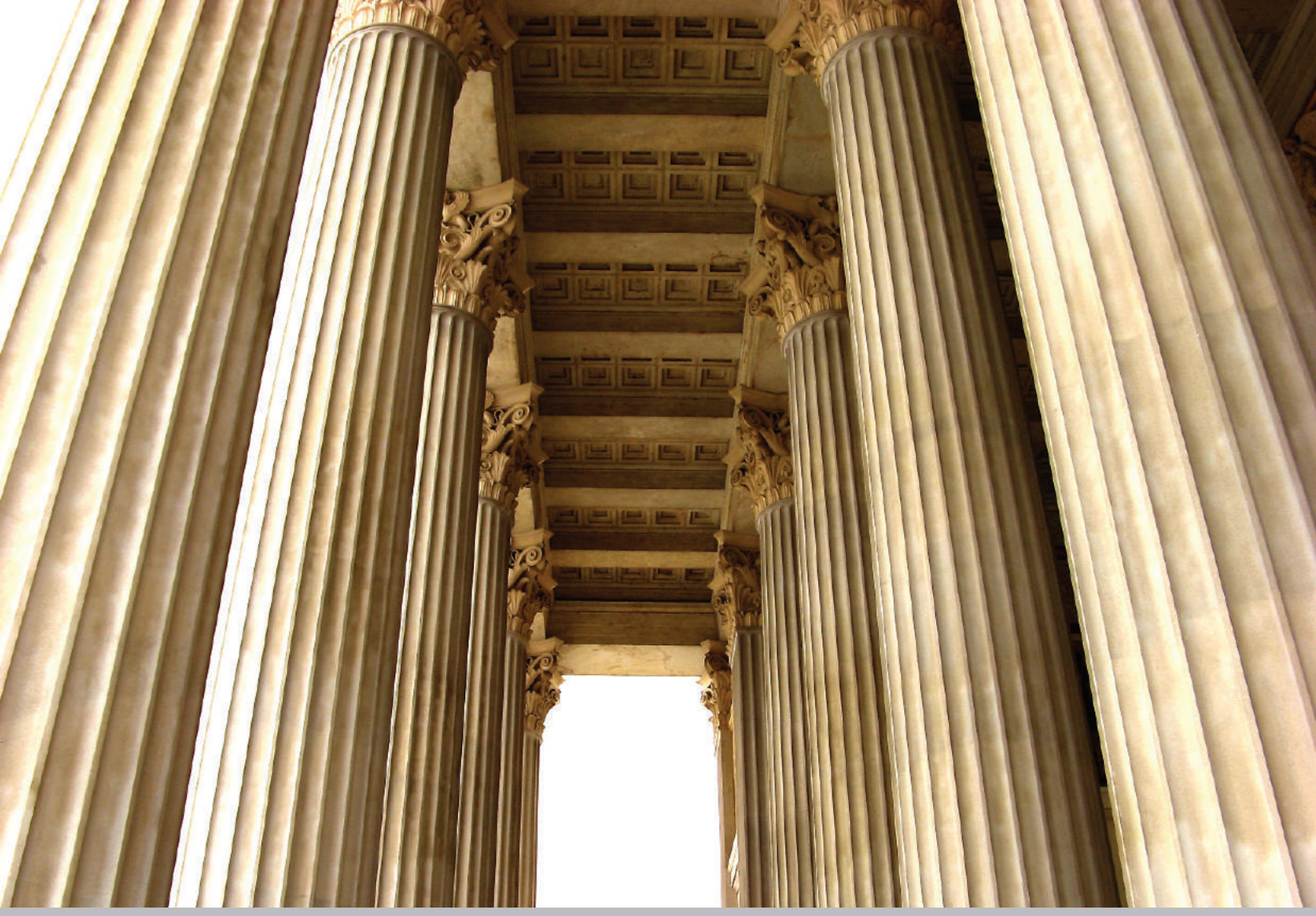
At Dhaka Bank, we draw our inspiration from the distant stars. Our vision is to assure a standard that makes every banking transaction a pleasurable experience. Our endeavor is to offer you supreme service through accuracy, reliability, timely delivery, cutting edge technology and tailored solution for business needs, global reach in trade and commerce and high yield on your investments.

Our people, products and processes are aligned to meet the demand of our discerning customers. Our goal is to achieve a distinct foresight. Our prime objective is to deliver a quality that demonstrates a true reflection of our vision - Excellence in Banking.



Mission

To be the premier financial institution in the country providing high quality products and services backed by latest technology and a team of highly motivated personnel to deliver Excellence in Banking.



Corporate Values

Customer Focus
Integrity
Quality
Teamwork
Respect for the Individual
Responsible Citizenship



Strategic Objectives

Our objectives are to conduct transparent and high quality business operation based on market mechanism within the legal and social framework spelt in our mission and reflected in our vision.

Our greatest concerns are our customers to provide them continually efficient, innovative and high quality products with excellent delivery system.

Our motto is to generate profit with qualitative business as a sustainable ever-growing organization and enhance fair returns to our shareholders.

We are committed to our community as a corporate citizen and contributing towards the progress of the nation as our corporate social responsibility.

Our employees are our backbone. We promote their wellbeing through attractive compensation package, promoting staff morale through training, development and career planning.

We strive for fulfilment of our responsibility to the government through paying entire range of taxes and duties and abiding by the other rules.

We are cautious about environment and climatic change and dutiful to make our homeland a green and clean soil.



Customer Charter

We seek to build long-term, sustainable beneficial relationships with all our customers based on the service - commitments and on our underlying values of mutual respect, the pursuit of excellence and integrity in all our dealings.

Our primary concern is to understand and satisfy customers' needs and expectations. We promise to use all means open to us to establish and understand these needs which are both mutually beneficial and respect the values and principles in all our actions.

We promise to deal quickly, courteously and accurately with all correspondence between us.

Should disagreements arise between us, we undertake to seek a speedy and equitable solution, which takes account of the rights and obligations of both parties and is framed in the context of a long- term and enduring relationship.

We believe in openness, integrity, transparency and accountability and provide high standard of services to our valued customers.

We create customer value, loyalty and equity, which create customer delight over a lifetime of patronage.



Ethical Principles

We are compliant to our country's laws and regulations.

We reject bribery and corruption.

We avoid compromised gifts and entertainment.

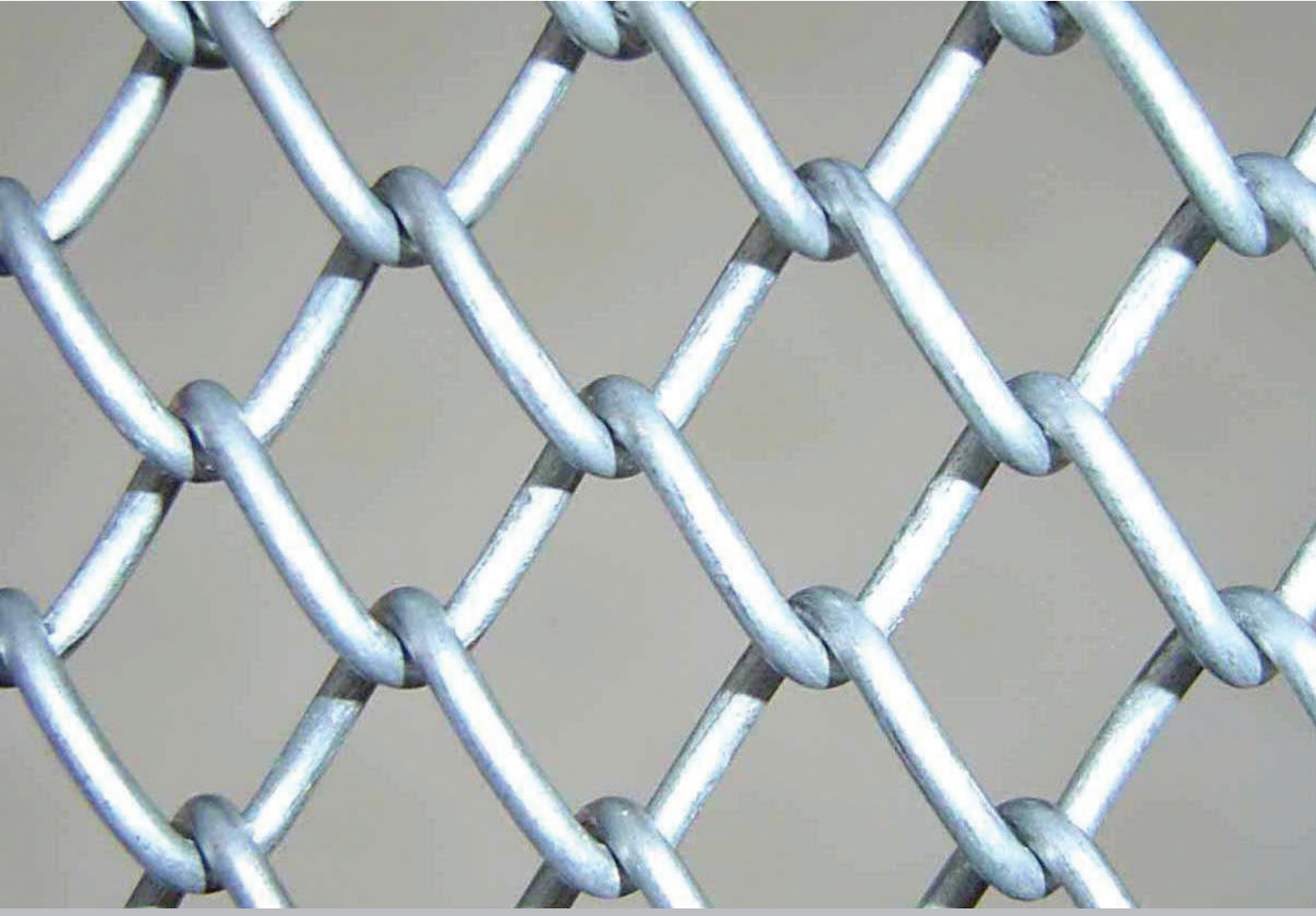
We speak up if we suspect any actual, planned or potential behaviour that may breach any laws and regulations.

We are compliant to Anti Money Laundering guidelines and other prudential regulations provided by our regulators.

We resolve customer complaints quickly and fairly.

We maintain confidentiality and fidelity of our customer.

We treat our colleagues with fairness and respect; work with highly motivated team spirit and fellowship bondage.



Our Strength

A dynamic and vibrant Board of Directors.

A strong and resilient capital base.

Highly qualified team of management professionals.

Forward looking strategies and management policies.

Cutting-edge tools and technologies to support real time on-line banking.

Well-diversified line of business.

A good risk management and compliance culture.

Deep focus on quality control.

And a dedicated line of human resources.



Our Confidence

Ability to lead the competition in a changing business environment.

A solid business growth to create sustainable shareholder value.

Spirit to learn, adopt and adapt to the changes around us.

Right collection of products and services to meet financial needs.

Enhancement of customer responsiveness by leveraging financial advice.

Rigorous teamwork to bring out synergy for optimum benefits.

Strong compliance of the laws and regulations of the state and regulatory bodies.

Trust by the community as a part of their lives.

A rewarding work environment for our dedicated employees.

High ethical standard in all level of operations under a corporate culture par excellence.

Our Story: A Joureny to History, Heritage and Business



DBL Calendar 2014

Our Story: A Joureny to History, Heritage and Business

The nation was just halfway of its age; the passion for history and heritage and an obsession for faster pace exerted a powerful force for change in the business world. Many budding hopes grew as a choice of the new generation in the shadows of banking reformation of the nineties. Dhaka Bank is such a dream that spread in profusion modern banking prospects with deep attachment to our community and culture. A host of visionary entrepreneur friends inspired by a futurist leader set forth the fight of this great corporate voyage that echoed the speed of technology on the inner soul of Bangladesh. Dhaka Bank was incorporated as a Public Limited Company on April 6, 1995 under Companies Act, 1994. The company commenced banking operations on July 5, 1995.

From the very year of its landmark journey, Dhaka Bank has truly cherished and brought into focus the heritage and history of Dhaka and Bangladesh from Mughal outpost to modern metropolis. Most of its presentation, publications, brand initiatives, delivery channels, calendars and financial manifestations bear Bank's commitment to this attachment. The Bank is widely recognized today for its exceptional service, simplicity, proximity and cutting-edge way of delivery.

The Bank has stood out for its financial strength and operational craftsmanship marking its position as the potential market player in all core areas of banking in the country. It got listed in DSE and CSE in 2000. Alongside a lasting bond with the corporate world, DBL has got hold of a countrywide reach through a larger network of Branches, ATMs, SME channels, agricultural outreach and mobile banking. The Bank is now expanding far and wide to higher market share and big surge in assets. A great total of 402,879 customers' accounts now we serve and seek to make them better-off as best as we can. Strong with 131 delivery centres, the Bank is still going strong with more expansion and inclusive banking programmes. Opening many gateways for financial freedom and services, DBL has made its vibrant presence at 74 locations including 2 Islamic Banking Branches, 1 Offshore Banking Unit, 3 SME Service Centers, 1 Business Kiosk, 46 ATMs and 6 ADMs across the country. Catering to the needs of Capital Markets, the Bank has established a subsidiary company named 'DBL Securities Ltd.' having 6 countrywide Branches. This has strengthened its capital base to Tk 15 billion with a capital adequacy ratio of 12.18%. Sailing past all odds and uncertainties in 2013, DBL posted an operating profit of Tk 3,694 million.

In addition to our priority of operating profitably and successfully, even in the tough market environment, we are acutely aware of our responsibilities that go beyond banking and reflect our commitment to our employees, society and environment. Above all, the clients are our fond obsession.

We expect to rise from the heart of Bangladesh as a stronger force in the market we serve. We are committed to our goals to create superior shareholder value in our quest for excellence as we grow and mature into a banking veteran.



Credit Rating Report

Dhaka Bank Limited was rated by Emerging Credit Rating Limited (ECRL) on the basis of audited Financial Statements as on December 31, 2013. The summary of Rating is presented below:

Status	2013	2012
Long Term	AA-	AA-
Short Term	ECRL-2	ECRL-2
Outlook	Stable	Stable

Emerging Credit Rating Limited (ECRL) has assigned "AA-" (Pronounced as Double A minus) rating in the Long Term and "ECRL-2" in the Short Term to Dhaka Bank Limited. The Outlook is "Stable".

In 2012, Emerging Credit Rating Limited (ECRL) awarded "AA-" (Pronounced as Double A minus) rating in the Long Term and "ECRL-2" in the Short Term to Dhaka Bank Limited. The outlook was "Stable".

An Institution rated 'AA-' in the Long Term are adjudged to have a very strong capacity to meet their financial commitments, and is generally in a position to withstand adverse developments in the economy, and in business and other external conditions. These institutions typically possess a good track record and have no readily apparent weaknesses.

An Institution rated 'ECRL-2' in the Short Term are considered to have a strong capacity to meet its financial commitments in a timely manner; however, it is somewhat susceptible to adverse developments in the economy, and in business and other external conditions.

The Outlook "Stable" indicates that a rating is likely to remain unchanged.

Board of Directors
&
Committees of the Board

Board of Directors



Chairman
Mr. Abdul Hai Sarker

Vice Chairperson
Mrs. Rokshana Zaman

Directors
Mr. Mirza Abbas Uddin Ahmed
Mr. Reshadur Rahman
Mr. Altaf Hossain Sarker
Mr. Mohammed Hanif
Mr. Md. Amirullah
Mr. Abdullah Al Ahsan
Mr. Khondoker Monir Uddin
Mr. Tahidul Hossain Chowdhury
Mr. Jashim Uddin
Mr. Khondoker Jamil Uddin
Mr. Amanullah Sarker
Mr. Mirza Yasser Abbas



Independent Directors
Mr. Syed Abu Naser Bukhtear Ahmed
Mr. Suez Islam

On Invitation
Mr. A.T.M. Hayatuzzaman Khan, Former Chairman & Sponsor
Mrs. Afroza Abbas, Former Vice Chairperson & Sponsor

Managing Director
Mr. Khondker Fazle Rashid

Secretary
Mr. Arham Masudul Huq

Executive Committee of the Board



Chairman
Mr. Abdul Hai Sarker

Members
Mrs. Rokshana Zaman
Mr. Mirza Abbas Uddin Ahmed
Mr. Reshadur Rahman
Mr. Altaf Hossain Sarker
Mr. Abdullah Al Ahsan
Mr. Mirza Yasser Abbas

Managing Director
Mr. Khondker Fazle Rashid

Secretary
Mr. Arham Masudul Huq

Audit Committee of the Board



Chairman
Mr. Syed Abu Naser Bukhtear Ahmed

Members
Mr. Khondoker Jamil Uddin
Mr. Tahidul Hossain Chowdhury
Mr. Md. Amirullah

Managing Director
Mr. Khondker Fazle Rashid

Secretary
Mr. Arham Masudul Huq

Risk Management Committee of the Board



Chairman
Mr. Khondoker Monir Uddin

Members
Mrs. Rokshana Zaman
Mr. Abdul Hai Sarker
Mr. Reshadur Rahman
Mr. Altaf Hossain Sarker

Managing Director
Mr. Khondker Fazle Rashid

Secretary
Mr. Arham Masudul Huq

Shari'ah Supervisory Committee



Chairman
Janab Mohammad Azizul Huq

Members
Prof. Moulana Mohammad Salah Uddin
Janab Mohammad Mukhlesur Rahman
Janab Mohammad Ziaul Hasan
Janab Khondker Fazle Rashid, Managing Director
Janab Md. Sirajul Hoque, Member Secretary

(Pictured above is a meeting of Shari'ah Supervisory Committee in progress.
Senior Management is also seen along with the core members of the Committee.)

Sponsor Shareholders

Our gratitude for the architects of Dhaka Bank

Dhaka Bank today is manifestly a splendid outcome of constant care, creative concern, concerted efforts and progressive performance of its skilled architects, i.e. its sponsor shareholders who worked with crusading zeal for building up a sound financial institution which would hasten the pace of economic development of the country. It is indeed a privilege to have such forward looking group of guides.

We owe a debt of gratitude to all of our Sponsor Directors for envisioning a great corporate voyage, now so admired and loved by the community:

Mr. Abdul Hai Sarker
Mr. A.T.M. Hayatuzzaman Khan
Mrs. Afroza Abbas
Mr. Altaf Hossain Sarker
Mr. Khandaker Md. Shahjahan
Mr. Aminul Islam
Mr. Md. Amirullah
Mr. Reshadur Rahman
Mr. Abdullah Al Ahsan
Mr. Khondoker Monir Uddin
Mr. M.N.H. Bulu
Mrs. Rakhi Das Gupta
Mr. Tahidul Hossain Chowdhury
Mr. Jashim Uddin
Mrs. Kamala Khatun
Mr. Abdul Wahed
Mr. Mohammed Hanif
Mr. Khondoker Jamil Uddin
Mr. Mohammad Ali Sarker
Mr. Suez Islam

Mr. Mirza Abbas Uddin Ahmed
Founder & Former Advisor

(Sponsor Shareholder Late Mainul Islam expired in 2008 whereupon Mr. Suez Islam succeeded him. Mrs. Kamala Khatun expired in 2011.)

General Profile of Directors

Chronicle of a rare visionary

Mr. Mirza Abbas Uddin Ahmed

The Founder



It was a dream of corporate grandeur to be a unique financial service provider that draws inspiration from the riches of golden Bangla, its history and heritage, but adopts global standard, tools and techniques in delivering service. The dream was the brainchild of Mr. Mirza Abbas Uddin Ahmed, a visionary rare individual who longed for a journey to the history and way forward to the future on the wheels of financial service and innovation. This vision urged the futurist leader to come up with a bank in Bangladesh. Profusely inspired, a highly committed group of entrepreneur friends dared to shoulder the great corporate voyage for excellence. The long cherished dream came to fruition in the name of Dhaka Bank Limited on the 5th of July in 1995 in great expectation of the people of Bangladesh. Mr. Abbas was officially introduced to the Board of Dhaka Bank as an Alternate Director in November 1995. He was appointed as Director of the Bank on March 29, 2012.

The Founder of Dhaka Bank was born in 1951 in a respectable Muslim family in Kishoreganj. He had his schooling in the local educational institutions and finally obtained B. Com Degree from Dhaka University. Then he associated himself with his family business named Mirza Enterprize, Dhaka that flourished on his long attachment for 31 years.

Mr. Abbas has left behind a shining profile of a successful Mayor, a resolute Member of Parliament and a benevolent Minister of the Government. During his incumbency as the 4th Mayor of Dhaka City Corporation from May 19, 1991 to December 28, 1993, he eased the suffering of thousands developing infrastructure around the metropolis. As a Cabinet Minister, Ministry of Public Works and Housing during 2001 to 2006, Mr. Abbas time and again focused on the strict enforcement of Wetland Protection Act to ensure environmental balance and flooding. The Ministry of Housing and Public Works under his able leadership amended the Building Construction Rules that was finally enacted in December 2006. Under his auspices, the Ministry also formulated Private Housing Land Development Rules, a guideline to streamline real estate developers particularly involved in filling up thousands of acres of wetland and flood flow zones.

Apart from being a politician of repute, he is also a prominent figure in social sphere and much admired for his emphasis on universal values so necessary to reshape a world in new colours. His social commitment and passion for education came through establishing 'Mirza Abbas Mohila College' that grew as a model for quality education for the womenfolk of the society.

His Vision - Dhaka Bank continues its journey to excellence. We stand proud to share this glory and dream at Dhaka Bank, day in day out.

General Profile of Directors
continued



Abdul Hai Sarker
Chairman

Mr. Abdul Hai Sarker is the Founder Chairman and one of the long serving Board Members of Dhaka Bank Limited. He was a key architect to set the pace of this great corporate voyage for excellence. Today's Dhaka Bank manifests his crusading zeal for a sound banking institution that would be a shining example for all and the best choice of the new generation. Most importantly, he is a big name in the domain of business and industry. Mr. Abdul Hai was elected the Chairman of the Board of Directors in the 200th Meeting of the Board of Director of Dhaka Bank held on April 18, 2013.

Born in a respectable Muslim family of Sirajgonj District, Mr. Hai accomplished his Post Graduation Degree (M.Com) from the University of Dhaka in 1970. Soon he involved himself in international trade and business and became a reputed industrialist in the country. His sincere effort and dynamic leadership culminated in a large business conglomerate in the name of Purbani Group comprising Shohagpur Textile Mills Ltd., Karim Textile Ltd., Karim Spinning Mills Ltd., Purbani Yarn Dying Ltd., Purbani Fabrics Ltd., Purbani Food & Beverage Ltd., Purbani Fisheries Ltd., Purbani Traders Ltd., Purbani Rotor Spinning Ltd., and Purbani Synthetic Spinning Ltd.

Mr. Abdul Hai Sarker is the former Vice Chairman of Bangladesh Association of Banks (BAB), the former President of Bangladesh Textile Mills Association (BTMA) and a former Director of Federation of Bangladesh Chamber of Commerce and Industries (FBCCI). Mr. Hai is the Founder Trustee of Independent University, Bangladesh, Founder Member of the Board of Trustees of Bangladesh Enterprise Institute (BEI) and Associate Director of International Cotton Association based in Liverpool, UK. Besides being a leading business personality, he has been playing commendable role in social welfare and community development. Many organizations have awarded him for his outstanding contribution to the society. He has also been accorded Commercially Important Person (CIP) status by the Government.

General Profile of Directors
continued



Rokshana Zaman
Vice Chairperson

Mrs. Rokshana Zaman is an experienced business person and a prominent woman entrepreneur in the country. She has exposure in the line of business for more than 13 years. She is the Proprietor of Dhaka Enterprise, a reputed business firm in Bangladesh.

Mrs. Zaman first involved herself in banking business as an Alternate Director of the Bank back in 1996. Subsequently she was appointed a Director on June 29, 2004. She became the Chairperson of the Board of Directors on June 29, 2004 and continued her tenure till March 28, 2006. She is now a Member of the Executive Committee of the Bank as well as newly introduced Risk Management Committee of the Board. Since long, she has been associated with various CSR initiatives.



Reshadur Rahman
Director

Mr. Reshadur Rahman is a prominent industrialist in Bangladesh. As a successful business entrepreneur, he has many achievements to his credit. His able leadership has become more vibrant in banking where Dhaka Bank is an epitome of his continued success. Mr. Rahman is also the former Chairman of the Board of Directors during the tenure 2010 - 2013.

Having accomplished his graduation, Mr Rahman resolved on making a start in the line of business and succeeded in new ventures one after another over more than three decades of his career. His business grew as an enormous group and diversified into numerous worthy areas. He is now the Chairman and Managing Director of RR Holdings Ltd., the CEO of RR Trading & Co., RR Shipping Lines, RR Ocean Shipping Lines, RR Architecture & Engineering Co. and National Traders. He is also Director of Quality Breeders Ltd., RR Alliance Logistics (Pvt.) Limited and Shareholder of HP Chemicals Ltd., Trade Hub Bangladesh Ltd. and Alliance Deep Sea Fishings Limited.

Mr. Reshadur Rahman has membership in professional organization namely Dhaka Chamber of Commerce & Industry and all elite clubs in Dhaka and Chittagong. He is equally active in many community development and social services programmes. Time and again, he has remained an honourable Donor to BIRDEM Hospital, Cancer Hospital, SEID Trust and a good number of educational institutions.

General Profile of Directors
continued



Altaf Hossain Sarker
Director

A seasoned industrialist Mr. Altaf Hossain Sarker is an admired name in the arena of business in Bangladesh. His brilliance and business foresight has added a new dimension to the industrial revolution in Bangladesh. As his brainchild, many enterprises are there to be named, which in turn have become a change maker not only in the heartland of Sirajgonj where he was born but also around the country as a whole. In his mid twenties, he started off as a businessman with an academic accomplishment of Bachelor of Commerce (B.Com). The following years saw his sparks of business growth in diversified areas of business. Mr. Sarker is the CEO of Rahmat Group, a business conglomerate that includes Rahmat Textiles Ltd., Belkuchi Spinning Mills Ltd., Rahmat Spinning Mills Ltd., Rahmat Sweaters (BD) Ltd., Rahmat Knit-Dyeing & Finishing Ltd., Logos Apparels Ltd., Rahmat Plastic & Accessories Ltd., China Plastic (BD) Ltd. He is Director of Express Insurance as well. Textile and Garment products under Rahmat Group have captured an international market. Most importantly, many of his products have become a part of our everyday life being excellent items for clothing and adornment.

Mr. Altaf Hossain is now Director of Dhaka Bank and also a member of Executive Committee and Risk Management Committee of the Board. He is also a sponsor shareholder of the Bank that began its banking operation in 1995. Earlier, he led the Bank as Chairman being elected in the 134th Board Meeting held in April, 2008.

His interest has an extra focus on education and social organizations. He is a Member Trustee of Independent University, Bangladesh (IUB) and Director of Bangladesh Textile Mills Association (BTMA). Mr. Sarker is founder Member of Board of Trustees of Dhaka Bank Foundation. Besides, he is a regular sponsor to different social activities.



Mohammed Hanif
Director

An experienced businessman Mr. Mohammed Hanif is a renowned industrialist in the country. He has made remarkable contribution towards business and banking in Bangladesh. The seasoned industrialist has a business career that extends over as long as 49 years. He is the Director of Hanif Steels Ltd., Hanif Spinning Mills Ltd., National Foundry & Engineering Works (pvt.) Ltd. and C.H. Overseas Ltd.

Mr. Hanif is a Sponsor Director and one of the long serving Board Members of Dhaka Bank Limited. He was elected the Vice Chairman of the Bank in the 134th Board Meeting held in April, 2008. He was first appointed as a Director of the Board on April 6, 1995. He is also a Founder Member of the Board of Trustees of Dhaka Bank Foundation and an erstwhile member of Audit Committee of the Bank. He is associated with different socio-cultural activities.

General Profile of Directors
continued



Md. Amirullah
Director

Mr. Md. Amirullah is a seasoned businessman in the country. He has considerable experience in business extending over a long 44 years. His long attachment and commitment to business is something worth considering in the pace of economic development of the country. He started young in business and ended up with many achievements to be proud of. He is one of the pioneers in Bangladesh to initiate export of Video Cassettes worldwide. There is high recognition to his credit as a large exporter of chemicals in the international market. He has long been associated with HP Chemicals Ltd. and Orient Craft Ltd.

Mr. Amirullah associated himself with banking entrepreneurship as a Sponsor Director of Dhaka Bank. He still continues with the Bank as Director and has retained his position for several terms after required intervals. He has also widened his contribution to education setting up a university in Dhaka. He has life membership with almost all elite clubs.



Abdullah Al Ahsan
Director

Mr. Abdullah Al Ahsan, Director of Dhaka Bank has a prolific business background. For 30 years, his contribution to industry and commerce has remained vibrant. Academically he is an M.Com. He is also a Sponsor Director of Dhaka Bank. His first appointment as a Director took place in April 6, 1995.

As a business entrepreneur, he has made worthy contribution to Agro Industry, well-recognized as a thrust sector in Bangladesh. He is Director in Aroma Poultry and Aroma Agro Industries. He has widely travelled across the globe on business trips

General Profile of Directors
continued



Khondoker Monir Uddin
Director

A passionate entrepreneur and an insightful businessman Mr. Khondoker Monir Uddin is Director of Dhaka Bank Limited. He is also one of the admired Sponsor Directors who envisioned Dhaka Bank as a house of corporate excellence. Born and educated in Dhaka, he obtained B.Com (Hons) and M.Com degree from the Department of Accounting, University of Dhaka. On achieving academic feat, Mr. Monir set out his venture in business in 1985. The succeeding years saw his scintillating entrepreneurship in diverse fields of business spanning Readymade Garment (RMG), Real Estate, Chemicals, Business Equipment & Machine Supply, Banking, Health Care, Education and Brokerage Services, etc. With his visionary and proven business record, Mr. Monir has acquired a good entrepreneur image in the country. He is the Co-founder and the Managing Director of STS Group, Shanta Group and Shanta Properties Ltd. in Bangladesh.

To fulfil various priority needs of the people, Mr. Monir pioneered in different services of international stature. Among such enterprises, prominent are Apollo Hospitals, Dhaka, the only US-JCI accredited hospital in Bangladesh, International School Dhaka (ISD) and Delhi Public School (DPS) in Dhaka and other important cities in the country.

He is equally compassionate about social responsibility and contribution in philanthropic services for the underprivileged children and women. This apart, he has affiliation with a number of social groups, namely Dhaka Club Ltd., Gulshan Club Ltd., Uttara Club Ltd. and Kurmitola Golf Club. He has visited a good number of countries across the globe on different occasions of business.



Tahidul Hossain Chowdhury
Director

Mr. Tahidul Hossain Chowdhury is a sponsor Director and one of the long serving Members of the Board of Dhaka Bank Limited. He is now holding the position of Director of the Bank. He is also a Member of the Audit Committee of the Board. His first appointment as Director dated April 6, 1995 while his last re-appointment took place on May 11, 2009. Academically, he is a Bachelor of Arts and his professional experience in business extends over more than 35 years.

Mr. Chowdhury has earned a name as a prominent business personality in the country having stakes in diverse fields of business. His major business entrepreneurships include Hi Fashion Ltd., Riotex Ltd., K. B. Knit Fashion Ltd., Jerat Fashion Ltd., Hurdco. Ltd. and Hotel Victory Ltd. He is Director of Central Hospital Limited which is a dominant player in the Healthcare industry in Bangladesh. Besides, he is well- connected to various social initiatives and has a good travel record around the world on business and personal trip.

General Profile of Directors
continued



Jashim Uddin
Director

Mr Jashim Uddin, Director of Dhaka Bank Limited is a prominent businessman of the country. He is also a Sponsor Director of the Bank. Academically, he is a Bachelor of Arts and by profession he is an established businessman having 29 years of experience. He is involved in myriad fields of business comprising Banking Services, Insurance, Stock Brokerage, HR Development, Trading and others. He is now the Chairman of Impel Shares & Securities Ltd. and Director of Federal Insurance Company Ltd. and Human Resources Development Co. Ltd.

Widely travelled, Mr. Jashim is involved with many social and educational initiatives and earned recognitions from a number of organizations. He is Life Member of Bhatiary Golf and Country Club, Red Crescent Society, Kidney Foundation, Chittagong and Diabetic Association, Chittagong. As a Donor Member he has contributed to a number of schools and colleges.



Khondoker Jamil Uddin
Director

Mr. Khonkoker Jamil Uddin is a Director and one of the long serving Board Members of Dhaka Bank Limited. Born in a respectable Muslim family in Dhaka, Mr Jamil accomplished his BSS (Hons), MSS and M. Phil from the Department of Sociology, University of Dhaka. He embarked on business in 1995 and the later years proved most prolific earning him the reputation of a distinctive industrialist in Bangladesh. His sincere effort and dynamic leadership culminated in a large business conglomerate in the name of Shanta Group and other renowned business houses. He is the Chairman of A & A Accessories Ltd. and JAAZ Concerns Ltd. He is Director of Shanta Garments Ltd., Shanta Apparel Ltd., Shanta Washing Plant Ltd., STS Holdings Ltd., GDS Chemical Bangladesh (pvt.) Ltd., Universal Business Machine Ltd and Citizen Securities Ltd. Moreover, he is a Sponsor Director of Apollo Hospital Dhaka, International School Dhaka and Delhi Public School.

Alongside business, he is associated with many social, trade and sports associations. He is a Life Member of BIRDEM and Director of BGMEA. He is the General Secretary to Bangladesh Hokey Federation, Vice President of Bangladesh Olympic Association, President of Bangladesh Rugby Association and Vice President of Dhaka Mohammedan Sporting Club. His excellence in social welfare reached its height when he established a charitable clinic in Ashulia namely CWCH where presently he is the Vice Chairman.

General Profile of Directors
continued



Mirza Yasser Abbas
Director

A young entrepreneur Mr. Mirza Yasser Abbas is Director of Dhaka Bank Limited. He is also a Member of Executive Committee of the Board. Mr. Yasser has an excellent academic record. He has accomplished his International MBA from Arcadia University, PA, USA and earned worthy expertise on business management affairs. He has been associated with Mirza Enterprise and family business over last 11 years.

Mr. Yasser Abbas was appointed to the Board of Directors of Dhaka Bank on May 3, 2012. Since his joining, he has been spearheading many development and restructuring initiatives in the Bank on behalf of the Board. Apart from business, he has considerable social affiliation. He is an Associate Member of Gulshan Club, Dhaka. He has travelled widely across Asia, Europe and North America on business and personal trips. With a compassion for the underprivileged, he is involved in various philanthropic works in the community.



Amanullah Sarker
Director

Mr. Amanullah Sarker is Director of Dhaka Bank Limited. He was appointed as a Member of the Board of the Bank with effect from April 18, 2013. Having an excellent business background for 25 years, he is associated with Rahmat Group, a renowned business group which is one of the leading manufacturers of textiles, spinning, weaving, plastic and accessories in the country.

Mr. Sarker was born on 18th May 1964 and belongs to a respectable Muslim family. He is the son of Alhajj Mohammad Ali Sarker and Mrs. Amina Khatun. Academically he has pursued BA (Hons) and MA degree at the University of Dhaka. Having accomplished his academic feat, he set out as an promising business entrepreneur in the eighties. Over the next two decades, his career grew on his continuous success leading up to the formation of Rahmat Group where he is serving as Director. Business concerns comprising Rahmat Group are Rahmat Textiles Ltd., Rahmat Spinning Mills Ltd., Belkuchi Spinning Mills Ltd., China Plastic & Accessories Ltd., Rahmat Knit Dyeing & Finishing Ltd., Shahi Weaving Factory and Shah Products.

Besides business involvement, Mr. Amanullah Sarker has made worthy contribution to the society and public welfare.

General Profile of Directors
continued



Syed Abu Naser Bukhtear Ahmed
Independent Director

A farsighted banker and a master of banking reforms in Bangladesh, Mr. Syed Abu Naser Bukhtear Ahmed is an Independent Director of Dhaka Bank Limited. With the proven track record in the management of banking operations, he has made significant contribution to banking progress in the country. Having pursued his academic excellence, he obtained his Masters Degree in Business Administration in 1969 from the Institute of Business Administration, University of Dhaka.

Mr. Ahmed started his banking career in Karachi in February 1970 as Class-I Officer in the Banking Control Department of State Bank of Pakistan. After emergence of Bangladesh, he worked with Bangladesh Bank in various capacities till September 1974. Then he joined erstwhile United Arab Emirates Currency Board, presently UAE Central Bank. He spent long 21 years in the U.A.E before he returned to Bangladesh. He served Arab Bangladesh Bank Limited as Executive Vice President from October 1995 to April 1999. Afterwards, he joined Prime Bank as Deputy Managing Director, got promoted to Additional Managing Director in April 2001 and then Managing Director (Current Charge) from November 2001 to May 2002. His next career move to Southeast Bank Ltd. turned up very fruitful resulting in enhanced profitability and future growth of the Bank. In October 2004, he was assigned by Bangladesh Government to become the Managing Director and CEO of Agrani Bank with a daunting task of streamlining the Bank.

Mr. Bakhtear Ahmed participated in many high profile seminars and workshops at home and abroad. This prolific banker with over 40 years of checkered experience excelled in formulating policies and guidelines and promulgating laws relating to banking operations. He is the former president of IBA Alumni Association and life member of professional body of MBA Association. He is also associated with various social and cultural organizations and clubs.



Suez Islam
Independent Director

Mr. Suez Islam is a seasoned professional with practical experience in and solid understanding of diverse business management applications especially in the field of sales and marketing. He is now Independent Director of Dhaka Bank where he was a Sponsor Shareholder.

Having graduated in Marketing/Advertising from Boston University, USA, Mr. Islam joined Beximco Textiles Limited as Marketing Executive in 1997. He worked in various capacities especially in developing the Denims products to bring it to best in class standards comparable to international quality. Later on, he switched his career tracks to telecommunication. He was instrumental in positioning various telecom brands as a significant force in telecommunication in Bangladesh.

With 19 years' experience in business, he is at present the Managing Director of Omni Technologies Ltd. He played a key role as Managing Director at various companies for different tenures namely Brothers Ltd. and Dhaka Telephone Company Ltd. He is a Permanent Member of Gulshan Club and a Member of Bangladesh Mobile Phone Importer Association (BMPIA). He has attended a number of training programs related to marketing and branding in Malaysia, Philippines and Singapore.

General Profile of Directors
continued



Khondker Fazle Rashid
Managing Director & Director (ex officio)

An esteemed banker Mr. Khondker Fazle Rashid was the Managing Director of Dhaka Bank Limited during the calendar year 2013. He was an ex officio Member of the Board of Directors and the Executive Committee of the Board. With vigorous pursuit and compelling vision for high performance standard, he has been serving in the banking industry for 35 years across five leading Banks of the country. His long career path is studded with country operations and branch management, corporate banking, credit risk review, structured finance, strategic planning, business development along with team building and leadership. His banking excellence has added new dimension to productivity, efficiency and quality of the banks he has worked with.

Mr Rashid started off his career as a Probationary Officer with Sonali Bank in 1978. The following years saw the continuous rise of his banking genius. During this period of his transition to success, he worked in various management capacities in Arab Bangladesh Bank Limited (1982-1999), Southeast Bank Limited (1999-2003), The Premier Bank Limited (2007-2009) and Dhaka Bank (2003-2007 & 2009 onwards). He was appointed as the Managing Director of The Premier Bank Limited on October 2007. The next best switch he made to Dhaka Bank as Managing Director on February 24, 2009 where he has steered the Bank to a sustainable market player. In earlier instance, DBL witnessed his growth potentials as Deputy Managing Director during 2003-2007.

He has accomplished his academic feat from the Institute of Business Administration (IBA) of Dhaka University as an MBA. He is privileged to take part in many high profile training courses/ seminars/ symposiums in Bangladesh and overseas regions. He is a regular speaker to electronic and print media on banking and management issues. In addition, he is the former Vice Chairman of Association of Banks, Bangladesh, life member of IBA Alumni Association, DU and a speaker at Bangladesh Institute of Bank Management (BIBM). An admired personality Mr. Rashid has won a number awards and accolades for his outstanding role for banking development in the country.

(The term of Mr Khondker Fazle Rashid, Managing Director of the Bank expired on February 23, 2014. Mr Niaz Habib, Additional Managing Director has taken over the charge of the Bank as Managing Director (current charge) with effect from February 24, 2014.)

Chairman's Statement



In addition to our priority of operating profitably and successfully even in the most challenging market environment, we are also aware of our responsibilities that go beyond banking, particularly our commitment to our employees, society and environment. Corporate governance, stronger control measures and risk management practices, compliance and ethical values have always been core components of our corporate values and foundation of our sustainable banking.

Chairman's Statement
continued

Dear Shareholders,

As one of the most challenging years for financial industry in our nation's history came to an end, Dhaka Bank finished the year 2013 with solid results, remaining steady and stable amid the continued economic tempest stemming from country's political instability. While many in our industry talked about returning to basics and rebuilding trust, we focused on taking good care of our customers and building new relationships. In fact we never strayed from fundamentals, and as a result, we have maintained the trust of our customers and shareholders. We stayed true to our business model and to the value system that has guided us through good times and difficult economic cycles over the past 19 years.

Global Economy: Developed economy retake growth-engine role

The global economy's uneven recovery inched forward in 2013, with fast growing emerging markets losing pace while developed nations gained strength. The 2013 performance reflected something of a role reversal among the players. After years of notching up slower growth than any market counterparts, some leading economies have at last shown strength. The global snapshots also revealed the far-flung effects of monetary policies, as decisions by central bankers in developed nations reverberated through emerging markets.

In 2013, central banks in the US, Japan and Europe showered money on their economies, held interest rates low and promised to continue to do so in a bid to animate a recovery that remains tepid almost five years after the worst recession since the great depression. In emerging markets such as Brazil and India, domestic demand softened and exports sagged as rates were boosted to stem inflation. China's economy expanded at the slowest rate in 20 years, crimping growth across the region. But second half of the year brought reassurance that the world's second largest economy had avoided a hard landing. Despite the contrasting fortunes, the overall global economy appeared to be on a surer footing as the year ended.

Bangladesh Economy: Slogging through political turmoil

Given the strong performances in past years in the face of a global slowdown, 2013 promised great things for the economy, only to be marred by protracted political turmoil. Still the economy made significant progress in key areas: foreign exchange reserves reached a new high, underlying inflation has steadily eased and public debt has declined. Propelled by a steady increase in remittance, foreign currency reserves hit the $18 billion mark in December 2013, making the second highest in South Asia after India. Though the reserves increased, the Central Bank tactfully managed the exchange rate so that the exporters and expatriate Bangladeshis were not adversely affected and price of imported goods did not advance and in turn, affect inflation. Inflation in November 2013 stood at 7.15 per cent, up slightly from 7.14 per cent in December 2012. Private sector credit growth, however marked a historical fall, as political uncertainties curbed the demand for investment, contributing to ample systemic liquidity. Exports, on the other hand, registered a rise in 2013. But of note is the double-digit growth the garment registered despite being hit by several setbacks in the course of year. The capital market managed to buck the downward trend of the past two years, to end in black: DSEX, the key index of Dhaka Stock Exchange closed the year with 4,266 points meaning a gain of 4.3 per cent in 2013. As for GDP growth, the most important indicator of the vigour of the economy, was expected to cover at a satisfactory level in FY 2013. But GDP of the country decelerated in FY13, for the second year in a row, to six per cent given the disrupting political turmoil. The World Bank has projected a slower economic growth of 5.7 per cent in Bangladesh for the current fiscal year (FY 2013-2014), down by 1.5 percentage points from the government's target, due to political uncertainty ahead.

Banking Industry: A bumpy ride

The country's banking sector faced a serious setback in the year 2013 due to political unrest and instability as the country's overall economy has been badly hampered. Banking sector had to bear the brunt of it. Lower repayments from the major borrowers also put the banking sectors on the back foot on the back of sluggish business condition due to political standoff. Credit inflow remained shrunk throughout the year as the banks were very restrained in loan disbursement following several loan scams and forgeries in this sector. Moreover, big borrowers were also reluctant to take loans due to sluggish business environment and political instability. Banks' credit growth slowed to 8.01 per cent in the first eleven months of 2013. The interbank call money rate remained stable between 7.0 and 8.0 per cent throughout the year owing to lack of credit demand and excess liability in the banks. There has been marked increase in classified loans and provision short fall in 2013. Banks faced biggest challenge to maintain the NPL at a tolerable level in their annual balance sheet at the year end. Just before the closing of 2013, the Central Bank had relaxed the loan reschedule rules for the Small & Medium Enterprises (SME) and other big borrowers with an aim to support inclusive economic growth and bring back confidence to business. Operating Profits of the country's private commercial banks witnessed a mixed trend in 2013 as some banks posted healthy operating profit while many others had to embrace downward streak mainly due to business stagnation amid political disputes.

Our financial performance: Slower yet steady growth

Despite facing daunting challenges in maintaining asset quality, the bank continued to deliver consistent financial performance in core banking activities. I am pleased with our performance and the efforts of our staff, given the economic challenges we faced. Asset quality as indicated by NPL ratio of the Bank reached to 4.15 per cent at year end of 2013 against 6.28 per cent one year earlier. Considering the likely disastrous performance of the banking sector, Bangladesh Bank at the fag end of 2013 relaxed the loan rescheduling policy to facilitate financing for the business.

Sustainable Banking: Resorted to realistic business opportunities

During the year, Dhaka Bank continued to deliver well balanced approach across the business segments in line with realistic business opportunities to manage its credit risk well. The bank posted a growth of 7 per cent in corporate finance business and 82 per cent in SME business.

Against the backdrop of a challenging environment, I am happy to announce that performance of Dhaka Bank remained healthier in comparison with our peer banks. For the year ended 31 December 2013, our Bank's Net Profit Stands at Tk 1,927 million, Operating Profit

Chairman's Statement
continued

crossed Tk 3,694 million, rising by 15 per cent from Tk 3,223 million in 2012, indicating that core income remained robust.

During the year, we have achieved a revenue growth of 14 per cent and total asset growth of 8 per cent. Revenue growth was driven both by an increase in interest income and other income. Net Interest Income (NII) grew by 26 per cent. During the year Bank's total balance sheet increased by 11 billion. Deposit saw good progress during every quarter of the year, Increasing by 9 billion, or 8 per cent during 2013.

This trend of deposit growth reflected the confidence that both well-established and new customers placed in Dhaka Bank as they continue to see us as a financially strong institution and a safe heaven. The net asset value increased by Tk 2,204 million which is 23 per cent higher than previous year. During the year 2013, we were successful in building shareholders' value by increasing Earnings per Share (EPS) to Tk 3.56 from Tk 1.30 of 2012 giving a significant rise of 134 per cent.

The Bank's capital adequacy ratio stood at a very high level. Our Tier-1 capital is Tk 10,927 million (9.28% of eligible capital) and Tier II capital is Tk 3,410 million (2.90% of eligible capital). The bank has complied with the standards set out for the standardized approach for credit risk & the basic indicators approach for operational risk under Based-II as directed by Bangladesh Bank.

Dhaka Stock Exchange (DSE) index hovered around 4000 points with less of liquidity available. The capital market regulator was happy with a few long pending reforms including their own capacity building and financial autonomy. Much discussed demutualization was rolled out during 2013. Much needed corporate governance guidelines were out. There were growing interests for energy, pharmaceutical & banking sector. However Government efforts still failed to bring back confidence among small investors and thereby kept the index at less than half of what we have seen in 2010. Despite adverse market conditions, our subsidiary DBL Securities Limited made good performance as you can find in the financial statements in this report.

Commitment to operate ethically

We are committed to observing the highest standards of integrity and regularity compliance in all aspects of our work. In addition to our priority of operating profitably and successfully even in the most challenging market environment, we are also aware of our responsibilities that go beyond banking, particularly our commitment to our employees, society and environment. Corporate governance, stronger control measures and risk management practices, compliance and ethical values have always been core components of our corporate values and foundation of our sustainable banking.

I am very happy to share that our ethical business policy, better risk appraisal and management system and internal control mechanism protected us from any direct loss originated from recent financial scams.

Our Commitment to Society, Humanity and Environment

Dhaka Bank has been engaged in a number of CSR and charitable causes throughout the year focusing on areas of education, sports, art and culture. As a responsible corporate we have always upheld environmental and social responsibilities arising from our business operations as well as activities of customer and suppliers.

For the well-being of people and children with special needs, Dhaka Bank donated a school bus to PROYASH. Our disaster relief fund continued to provide emergency relief to the victims of Rana Plaza, Savar that collapsed on April 24, 2013 killing more than one thousand valuable lives of garments workers. In view of the scale of humanitarian disaster, Dhaka Bank made a contribution of Tk One Crore.

Other major initiatives over the year were in the following areas:

a. Green practices as instilling the practices of paperless office, optimum usage of resources.
b. Green banking finances in Bio-gas plants and ETP.
c. Green banking events such as "Go Green with E-statement" campaign.
d. Workshop on "Green Banking activities" for awareness building.

Post Balance Sheet Events

a. The term of Mr. Khondker Fazle Rashid, Managing Director expired on February 23, 2014. Mr. Niaz Habib has taken over as Managing Director, Current Charge with effect from February 24, 2014.
b. Mr. Sajjad Hussain, DMD, Operations left the Bank on February 3, 2014 and Mr. Khan Shahadat Hossain has been promoted to the position of Deputy Managing Director.

Upholding the interest of Stakeholders, Government & Society at large

Being a responsible corporate citizen, Dhaka Bank regularly pays corporate tax on time deposit excise duty, withheld tax and VAT to government exchequer on time. During the calendar year 2013, we contributed of Tk 1,117 million to national exchequer as tax, which is 51 per cent higher than 2012.

Appreciations: We remain grateful and resolute

Let me conclude by conveying my appreciation and thanks to our customers, shareholders and regulators for their unstinting trust, support and encouragement. I am also thankful to my fellow members of the Board of Directors for their judicious guidance and support. Over the past year the fundamentals of our business have been severely tested. In responding we have adjusted our strategy to focus on the business priorities to meet the challenges and to rebuild a sound business for the future. Critical to this task is the quality of our people. I am pleased to say that our employees have met the challenge with great commitment by supporting our customers through those very difficult times.

Thank you.



Abdul Hai Sarker
Chairman

Review of the Managing Director



Despite all macroeconomic industry specific challenges, we will continue to focus on what we can control, making Dhaka Bank a better bank and ensuring that we are doing the very best for our customers and our shareholders. We understand the importance not only of financial capital but also human capital and in the challenging times, it is our people who have made the difference. Anyone can thrive in boom times, but it takes extraordinary people to take the challenges and succeed in a different and turbulent market condition.

Review of the Managing Director
continued

Respected Shareholders
While 2013 presented its own challenges amidst growing political flux and sluggish investment scenario, I am pleased to report that Dhaka Bank performed relatively well, posted solid result. This performance was the result of a competitive position defined by our quality client base, a mix of core business to which we have demonstrated a longstanding commitment, a healthy and strong balance sheet and the focus and enduring commitment to our client-centric culture.

Our Economy: A test that proved too difficult for many
2013 had been a testing as well as a challenging year for Bangladesh and its financial sector. Political turbulence, shutdowns, intolerance, stubbornness, etc., dented the country's economic potentials or played havoc with its economic sustainability. In the midst of profound economic upheaval punctuated by prolonged political ambiguity, our collective strength achieved through efficient asset liability management and enhancement in banking governance helped our bank ensure sustainable operating performance while some financial services providers were being hurt by the market situation. Dhaka Bank fulfilled its promises - day after day, week after week, year after year.

We remain vigilant to enhance stakeholder's value
An eventful year we have gone through. A combination of factors such as low credit growth, deteriorating asset quality, increased provision requirement on loans and equity investment, significant dip in import trade affected overall profitability of the country's banking industry. In addition to lackluster performance of some economic fronts like real-estate, ship breaking and commodity trading, the banking industry suffered a damaging blow on confidence as a big volume of financial scams exposed weak governance while there was dampened demand for credit as the amount of nonperforming loan (NPL) was soaring at an alarming rate. At one stage in September 2013, NPL reached 12.79 per cent compared to 10.03 per cent in FY 2012. Though this was partly due to a number of large financial scams, it is also due to the inability of many genuine borrowers to service their loans given the dull business scenario stemming from political disturbances. Considering the need of sustainable economic growth, continuation of accommodative monetary policy and ensuring required funds to productive sectors, Bangladesh Bank at the fag end of 2013 relaxed loan rescheduling policy. Thus, the banks were given an additional timeframe to improve the asset quality through rescheduling of classified loans. I am very pleased to share with our shareholders that our ethical business practice, prudent risk management system and strong control measures protected us from any direct or indirect loss originating from scams and thus helped us contain our NPL ratio at 4.15 per cent, which is way below the industry average.

Sustained growth in operating performance
Against a treacherous landscape of business, we made satisfactory progress against our mission to sustain excellence and equitable growth. On the key actions, we continued to deliver strong, stable and sustainable return for shareholders. Dhaka Bank operating profit was up by Tk 471million as of December 31, 2013. Deposit soared up to Tk 116 billion, a 8 per cent rise over 2012. Loans and advances swelled by 10 per cent to a total of Tk 99 billion. Capital adequacy remained strong as per BASEL II at 12.18, which is up above required 10 per cent. Credit, market, foreign exchange and operational risk of our Bank were under control. Export revenues from Textile, RMG and other key sectors were encouraging. The Bank remained continuously focused in all key areas of its operations like capital adequacy, quality asset growth, reduction of non-performing asset and strong liquidity. Foreign trade portfolio grew by more than 2 per cent during the year. Balance sheet of the Bank went up to Tk 144 billion equivalent to US$ 2 billion approximately. DBL offshore Banking performance was remarkable. The OBU unit of the Bank booked an operating profit of Tk 62 million.

We continued our focus on people & culture
The strength of our business has always been defined by the quality of our people and our performance driven culture. Since the days of our founding, we have recognized that the extraordinary quality of our people will serve as the cornerstone of success. Recognizing "Service Excellence" as the prime change-agent in a market of homogenous products and service, we continued to invest in people to enhance and upgrade their skill sets through various training programmes at home and abroad. In 2013, we have recruited a good number of employees through a comprehensive and merit based transparent recruitment process. In addition, Dhaka Bank Training Institute (DBTI) also organized 46 training programmes during the year. During the last five years, we have trained up as many as 6,552 HR forces through total 246 different training initiatives to meet compliance level, the Bank also conducted 26 courses on anti-money laundering and terrorist financing participated by 522 officials of our Bank in 2013.

Caring for the community & protecting the environment
As the Bank continues to move ahead in our business operations and growth, we have equally focused our role as a corporate citizen. Since the days of our founding, we have played a vital role in community development. The principle means by which Dhaka Bank can benefit society and the communities where we operate to build a successful business entity. We have integrated sustainability principles into daily affairs of the Bank. Our aim is to do the best to ensure that credit we extend to our clients is utilized for environmentally sound and sustainable purposes.

The corporate social responsibility of the Bank continued to grow during the year as we donated Tk 37 million in 23 diversified projects for the overall betterment of the nation. We continue to play responsive role in the development of sports, education and culture. Being responsive to the environment, we have already introduced Green banking policies for bank.

We expanded our outreach
In 2013, we expanded our network by opening 3 new branches in strategic locations ensuring banking services to the rural economy to align our Bank towards financial inclusion. Our network of branches stands at 74 at the end of 2013. In 2012-2013 fiscal, we have disbursed a total of Tk 164 crore agri loans against a target of Tk 160 crore as set by Bangladesh Bank. We also increased our SME and Islamic Banking investment and expenses.

Review of the Managing Director
continued

Economic outlook and upcoming challenges

2014 would be more challenging year for the economy as well as the banking sector. Being in the fold of financial system, this sector will have to face the likely impediments. The major challenges of the banking industry in 2014 will be optimum utilization of fund through achieving desired investment growth, preventing the deterioration of asset quality and maintenance of capital adequacy ratio. Disruptive political programmes precipitated fundamental changes in the financial services industry in 2013, which have profoundly afflicted the expectations and goals of clients, the type of financial institution they trust and rely during turbulent times of the country. I believe that Dhaka Bank's capital position and the strength of business as well as our ability to deliver our entire expertise to clients through excellent service offerings are creating compelling opportunities in this new competitive landscape building in the momentum we have established in 2013. From the lessons of 2013, we will strive to focus the following in 2014:

- More on addressing the needs and aspirations of our clients.
- Reduce the NPL. We are developing in-built capacity in the Bank to accelerate recovery process to avoiding lengthy expensive and cumbersome procedure and too much dependence on the court procedure.
- Control cost of fund by healthy deposit mix enhancing share of low cost deposit, refinancing from Bangladesh Bank and rational promotion of banking business.
- Adherence to core banking business to excel in sustainable growth. Since debacle in the stock market in 2010, we have been making cautious exposure in portfolio investment.
- More flourishes in small ticket lending with special thrust on SMEs, cluster-based finance, green projects, woman entrepreneur finance, agriculture etc. On the corporate sides, we will try to shift our focus on growth supportive sectors including large infrastructure and PPP in economy.
- Introduce a bundle of new products and service in tandem with rising demand and need.
- Stay vigilant about financial scams, irregularities and other operational failures. We will ensure stable well-integrated operating process, new equipment to support work volume as well as strong complaint resolution process.
- More concentration on HR productivity in 2014 based on our experience and output in the last five years. We know that a skilled workforce is key to maintaining high levels of client satisfaction, which is why we will systematically continue to attract develop and retain talented people while increase learning curve and maintain through more reward and retribution.
- Ethical standard in every step of the way for a sustainable growth to establish good ethics and culture, we have already formed Ethics Committee comprising the Senior Management. This year we will focus on building loyalty to the organization, training on ethical practices reorganization, ethical precedence in performance appraisal and transparency in all banking operation.
- Concentration on enhancing profitability to raise Earning per Share (EPS), dividend as well as confidence of the shareholders.
- Building Dhaka Bank as a Power Brand in the country and beyond.

Looking forward

Despite all macroeconomic and industry specific challenges, we will continue to focus on what we can control, making Dhaka Bank a better bank and ensuring that we are doing the very best for our customer and our shareholders.

We understand the importance not only of financial capital but also human capital and in the challenging times, it is our people who have made the difference. Anyone can thrive in boom times, but it takes extraordinary people to take the challenges and succeed in a tumultuous economic landscape. Out outstanding staff worked harder than ever to achieve their results and I appreciate their efforts, dedication and loyalty.

Thanks and gratitude

I express my sincere thanks to the Governor of Bangladesh Bank and his able regulators for judicious guidance and support. I convey my gratitude to the Chairman and the Board of Directors of Dhaka Bank for their support, sound advice and guidance throughout the year and I appreciate their input and commitment to our Bank's success.

Thanks also to you, our shareholders, for your support, loyalty and belief in our institution. We will continue to work to earn your trust and to deliver solid result.



Khondker Fazle Rashid
Managing Director

Statement Of Directors' Responsibility To Shareholders

Besides supervising overall banking activities, the Board of Directors of Dhaka Bank Limited are responsible for preparing the Annual Report and financial statements in accordance with Bank Company (Amendment) Act, 2013, International Financial Reporting Standards (IFRS) adopted as Bangladesh Financial Reporting Standards (BFRS), International Accounting Standards (IAS) adopted as Bangladesh Accounting Standards (BAS) and Bangladesh Securities and Exchange Commission (BSEC). In preparing these financial statements, the Directors have also resolved to comply with the Companies Act 1994, Securities and Exchange Ordinance 1969, Securities and Exchange Rules 1987 and other laws and rules applicable thereto. Bank Companies Act 1991 requires the Directors to prepare financial statements for each financial year, which reflect a true and fair view of the state of affairs of the Bank and of the profit or loss of the Bank for that period.

As required by applicable rules and regulations as mentioned above, the Annual Report along with Financial Statements of Dhaka Bank has been prepared for the year 2013 to be presented to Annual General Meeting and accordingly 'Directors' Report' enclosed in the Annual Report contains the review of the following issues:

SL.	Issues in question	Comment and Clarification
01	State of the Bank's affairs	A review of financial performance and position presented in 'Directors' Report 2013' and 'Management Review of Business' and other relevant sections;
02	Any recommended reserve in the balance sheet	Provided in 'Management Review of Business' under the section 'Financial Review of the Bank';
03	Recommended dividend	The Board has recommended 17% cash dividend & 5% stock dividend for the year ended 2013;
04	Any event after balance sheet date which may affect company's financial position	No such event;
05	Any change in bank's activities, subsidiary's activities, etc	No major shift in internal policy, strategy and action plans observed in 2013;

In addition to the above provisions, the Directors have to have declaration on some issues, among others, in their report as prescribed in BSEC Corporate Governance notification dated August 7, 2012, details are listed below:

SL.	Issues in question	Comment and Clarification
01	Industry outlook and possible future developments in the industry	Directors' Report and 'Management Review of Business' 2013 contains brief review of the issues from global and domestic perspectives;
02	Segment-wise or Product-wise performance	Business-wise performance has been presented in 'Management Review of Business';
03	Risks and Concerns	A detailed discussion is provided in Risk Management section of this report;
04	Discussion on Operating Performance	Provided under 'Directors' Report' & 'Management Review of Business';
05	Discussion on Continuity of any Extra-ordinary gain or loss	No such change experienced by the Bank in the last five years. Well depicted in 'Shareholders' Information' Section;
06	Basis for related party transactions and a statement of all related party transactions	Basis for related party transaction stated in 'Corporate Governance Statement' while related party transaction presented in Annexure-G;
07	Utilization of proceeds from public issues, rights issues and or through any others instruments	Explained in Directors Report (History of Raising Capital) and Notes to the Financial Statements (Auditors' Report);
08	Deterioration of financial results after company goes for IPO, Rights Offer, Direct Listing, etc.	No such changes experienced by the Bank since going for IPO and Rights Offer;
09	Explanation of Variance between Quarterly and Annual Financial Performance	Presented at various level of discussions in 'Directors' Report' & 'Management Review of Business';
10	Remuneration of Directors including Independent Directors	Discussed in 'Corporate Governance Statement;
11	The financial statement prepared by the management present fairly its state of affairs, the results of its operations, cash flows and changes in equity	The Audit Committee of the Board has taken necessary measures to ensure fairness in the presentation of financial statements prepared by the Management and certified by External Auditors of the Bank;
12	Maintenance of proper books of accounts	The Audit Committee reviewed the findings of External Auditors in this regard and implemented recommendation if any;
13	Consistent application of appropriate accounting policies and estimates in preparation of financial statements	Discussed in Note 2.1 to 2.34 to the Financial Statements of Auditors' Report;

Statement Of Directors' Responsibility To Shareholders
continued

14	Following IAS, BAS, IFRS, BFRS, as applicable in Bangladesh, in preparation of financial statements and any departure therefrom has been adequately disclosed	Detailed description provided in Note 2.1 & 2.40 to the Financial Statements;
15	The system of internal control is sound in design and has been effectively implemented and monitored:	Related compliance is depicted in Management Analysis of Business (Section Internal Control and Compliance);
16	Significant doubts upon the Bank's ability to continue as a going concern	None as yet;
17	Explanation to significant deviation from the last year's operating results	There was no such deviation; Adequate discussion made in Directors' Report and 'Management Review' of Business;
18	Summation of last five years key operation and financial data	Referred to '5-Year Financial Highlights' under the section 'Shareholders' Information'
19	Declaration of dividend or not	The Board declared 17% cash dividend and 5% stock dividend for the year 2013;
20	No. of Board Meetings and Directors' attendance in 2013	Referred to 'Compliance Report on BSEC Notification (Annexure-II)'
21	The pattern of shareholding	Referred to 'Shareholders' Information' and Note 15.6 to the Financial Statements;
22	Brief resume of the directors and nature of their expertise in specific functional areas	Brief profile of Directors and their representation in other business concerns are provided under the section 'General Profile of Directors';

The Board of Directors are also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are also required to ensure transparency and include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the company. The Directors are responsible for the maintenance and integrity of the corporate and financial information inserted on the Bank's website.

The Directors confirm that, to the best of each Director's knowledge and belief, the above disclosure is true and conforms to all regulatory parameters.

On behalf of the Board of Directors



Chairman

Report of the Audit Committee of the Board

The Audit Committee of the Board was duly reconstituted by the Board of Directors of the Bank in compliance with Bangladesh Bank guidelines and Bangladesh Securities and Exchange Commission (BSEC). Audit Committee efficiently conducts the monitoring activities of the board and also plays an effective role in the supervision of execution of strategies and work plans so devised towards smooth operation of the bank. The Committee supervises whether banking activities are carried out in line with the ongoing laws and rules and regulations imposed by the regulatory bodies as well as the Financial Statements, internal control management and audit system.

Composition

As per regulatory guidelines stipulated vide Bangladesh Bank BRPD Circular No.11 dated October 27, 2013, the composition of the Audit Committee of a bank shall comply with the following:

i. Members of the committee shall be selected from among the directors of the board;
ii. Audit Committee of the board shall comprise maximum 05 (five) members including at least 2 (two) members as independent directors;
iii. Audit Committee shall be constituted with those members of the Board, who are not included in the Executive Committee;
iv. Members shall be elected for a term of 03 (three) years;
v. Company Secretary of the Bank shall be secretary of the Audit Committee.

The Board Audit Committee of Dhaka Bank Limited was lastly reconstituted on June 11, 2013 with the following Members:

Sl No	Name	Status with the Bank	Status with the Committee	Educational Qualification	No of Meetings held	No of Meetings Attended	Remarks
01	Mr. Syed Abu Naser Bukhtear Ahmed	Independent Director	Chairman (w.e.f. 11.06.2013)	MBA	07	07	The directors, who could not attend any meeting were granted leave of absence.
02	Mr. Khondoker Jamil Uddin	Director	Member	BSS (Hons), MSS, MPhil	10	09	
03	Mr. Tahidul Hossain Chowdhury	Director	Member	Bachelor of Arts	10	07	
04	Mr. Md. Amirullah	Director	Member	Intermediate	10	10	

The company secretary of the Bank Mr. Arham Masudul Huq acts as the Secretary of the Audit Committee.

Duties and responsibilities

Internal control

- Evaluate whether the bank management has been able to build a compliance culture with respect to bank's internal control system; whether bank employees/workforce have been clearly advised about their duties and responsibilities in this regard and whether management has established full control on their activities;
- Review all initiatives taken by bank management as regards building a suitable Management Information System (MIS) along with the state of computer application in banking system and uses thereof;
- Consider the oversight of bank's compliance on recommendations made from time to time concerning establishment of an internal control mechanism/framework by internal as well as external auditors;
- Apprise the board of any fraud-forgery, internal control lapses found by internal or external auditors and inspection team of regulatory authority or identification of such other areas and remedial measures therein.

Disclosure of financial report

- Scrutinize whether complete and true information is reflected in annual financial statements and conventional rules and regulations, standards along with BB guidelines are complied in making such statements;
- Exchange views with the external auditors and the managing director/CEO before confirmation of the financial statements.

Internal Audit

- Review if internal control management is able to conduct its operation independent of bank management;
- Review internal audit activities and its organizational structure and ensure that no untoward hurdles or limitations create bottleneck to internal audit activities;
- Verify the skills and effectiveness of internal audit system;
- Examine appropriateness of management consideration about observations/recommendations of the internal auditors regarding banking operation and mitigation of irregularities identified.

External Audit

- Review auditing activities of external auditors and their audit report;
- Examine appropriateness of management consideration about observations/recommendations of the external auditors regarding banking operation and mitigation of irregularities identified;
- Submit recommendations for appointment of external auditors to perform audit activities of the bank.

Adherence to existing laws, rules and regulations

- Review the status of compliance on rules and regulations prescribed by regulatory bodies (Central Bank and other authorities) as well as internal rules and regulations approved by the board of the bank.

Meeting of the committee

According to applicable rules and regulations, 10(Ten) meetings of the

Report of the Audit Committee of the Board
continued

Committee were held in the year 2013. The committee from time to time invited the Managing Director, the Head of Internal Control and other responsible officials entrusted with internal control activities or any other personnel to participate in their meeting, as deemed necessary. All recommendations/ observations of the committee s were recorded in minutes form.

Key Activities in 2013

The major areas of focus by the Audit Committee of the Board during 2013 are outlined below:

- Self Assessment of Anti-Fraud Internal Controls under DOS Circular Letter No. 17 dated November 07, 2012 of Bangladesh Bank.
- Audit Plan for the year 2013.
- Summary of Loan Classification and Provision as on December 31, 2012
- Consideration and Recommendation of Annual Accounts (Audited) along with the report of the Auditors and Directors thereon for the year ended 31st December 2012.
- Consideration and Recommendation of Quarterly Consolidated Financial Statements (Un-audited) including subsidiary Company of the Bank for the period ended 31st March 2013 and 30th September 2013.
- Consideration and Recommendation of Half-yearly Consolidated Financial Statements (Un-audited) including subsidiary Company of the Bank for the period ended 30th June 2013.
- Submission of Quarterly (31.03.2013, 30.06.2013 and 30.09.2013) Statement of Self-Assessment of Anti-Fraud Internal Controls under DOS Circular Letter No.17 dated November 07, 2012 of Bangladesh Bank.
- Status of Consumer Loan Accounts.
- Proposal for approval of the revised CREDIT RISK MANAGEMENT POLICY of the Bank.
- Proposal for approval of different formats for Assessing Credit Applications.
- Review of Stress Testing Report.
- Stress Testing Report of Dhaka Bank Limited for the 2nd quarter ended June 30, 2013.
- Summary of Loan classification and provision as on 31.03.2013, 30.06.2013 and 30.09.2013.
- **Basel-II Implementation:**

a. Approval of statement on "Internal Capital Adequacy Assessment Process (ICAAP)-2012 of the Bank" under Supervisory Review Process (SRP) for the year ended December 31, 2012.

b. Re-formation of SRP Team & Power Delegation to SRP Team.

- Submission of Audit Reports along with its Latest Compliance Status of Different Branches of Dhaka Bank Limited.

Steps taken for implementation on effective internal control procedure of the Bank:

The Committee placed its report regularly to the Board of Directors of the Bank mentioning its review results and recommendations on internal control system, compliance of rules and regulations and establishment of good governance within the organization.

Approval of Financial Statements

The Audit Committee reviewed and examined the Bank's Annual Financial Statements for the year ended December 31, 2013 prepared by the Management and audited by External Auditors M/s. Kazi Zahir Khan & Co. Chartered Accountants with a recommendation to the Board for consideration and approval.

The Audit Committee accords its sincere thanks and gratitude to Members of the Board, Management team and the Auditors for their continuous support to make DBL a compliant Bank in its journey to banking excellence.



Chairman
Audit Committee of the Board

Report of the Shari'ah Supervisory Committee

بِسْمِ اللَّهِ الرَّحْمَٰنِ الرَّحِيمِ

In the name of Almighty Allah, the most Compassionate and the Merciful one.

Dorud and Salam are on Hazrat Muhammad Mostafa (sm), the Greatest Prophet and the last messenger to mankind from the Almighty Allah.

Shari'ah Supervisory Committee of Dhaka Bank Ltd. sat and discussed various issues on Islamic Banking activities of the Bank and provided their kind opinion and necessary directions during the year 2013. During the year under review the Shari'ah Supervisory Committee conducted 03 (Three) formal meetings and reviewed a number of operational issues including those referred to by the Board of Directors and the Bank Management. The Committee set out necessary guidelines and counseling that they deemed relevant for smooth functioning of Islami Banking business. As part of their key responsibilities, the committee arranged to oversee Islamic Banking activities of the Bank through productive discussion session and sharing of free opinion of participant members.Dhaka Bank Ltd. has been providing services to the customers through 8 (eight) deposit products under Islamic Banking Operations. Besides these, in line with growing enthusiasm and customers' inclination towards Islamic products, the bank introduced 3 (three) new Islamic Deposit Products namely Tawfeer Mudaraba Deposit Pension Scheme, Tawfeer Mudaraba Savings Bond Account and Tawfeer Mudaraba Foreign Remittance Account under Mudaraba principles of Islamic Shari'ah. The bank offer to the customers 9 (nine) investment products. Moreover, the Muraquib of the Shari'ah Supervisory Committee conducted audit in 2 (two) Islamic Banking Branches namely IBB, Motijheel and IBB, Muradpur, Chittagong during the year 2013 and submitted report thereon.

Opinion of the Shari'ah Supervisory Committee over the Shari'ah Audit Report:

On deep perusal and thorough review on the aforementioned audit report, the Shari'ah Supervisory Committee opined and observed that -

1. The Bank has duly complied with Shari'ah Principles in conducting Islamic Banking business with respect to Investment, Deposit along with all related transactions during the period under review.
2. Awareness about the compliance of Shari'ah has increased significantly among the officials responsible for investment operations and also among investment clients.
3. Profits have been announced and distributed in the deposit accounts pursuant to Shari'ah Guidelines.
4. Most of the lapses as reflected in the Shari'ah Audit Report were rectified.

Recommendations to upgrade Shari'ah practices in Dhaka Bank:

1. Dissemination of Shari'ah based banking knowledge in all tiers of Bank employees through regular training and development program.
2. Careful implementation of Shari'ah principles in every investment transaction and related business operations.
3. Strict adherence to Islamic banking operation manual in IBB Branches.
4. Holding of meetings, seminars and symposiums for clients and patrons to develop awareness and belongingness about Shari'ah practices in banking.
5. Recruitment, training & placement of personnel having adequate skill in Shari'ah Principle to ensure sustainable work environment, business and banking growth.
6. Proper Implementation of Islamic Banking guidelines as per BRPD Circular No. 15 dated 9th November 2009.

May Allah give us *tawfique* to achieve His satisfaction through implementation of Shari'ah in every sphere of our life including those to Islamic Banking.

Ameen,

Md. Sirajul Hoque
Member Secretary

M. Azizul Huq
Chairman

Management Committee



(From L to R)
Mr. K. M. Faisal Faruqui, SAVP & Head of Treasury
Mr. Abu Sabbir Hassan Chowdhury, SAVP, IT Division
Mr. Azad Shamsi, EVP & Head of CBD
Mr. Asadul Azim, EVP& Head of CRM
Mr. Md. Ziaur Rahman, SVP & Head of SSFU
Mr. Darashiko Khasru, SVP & Head of F&AD
Mr. A K M Ahsan Kabir, FVP & In-charge of ICC
Mr. S A F A Musabbir, EVP & Head of Legal Affairs Division
Mr. Emranul Huq, DMD, Business Banking

Mr. Niaz Habib, Additional Managing Director
Mr. Khondker Fazle Rashid, Managing Director

Mr. Neaz Mohammad Khan, DMD, Risk Management
Mr. Sajjad Hussain, DMD, Operations
Mr. Arham Masudul Huq, SEVP & Company Secretary
Mr. Md. Shakir Amin Chowdhury, SEVP, Foreign Trade
Mr. Sirajul Hoque, EVP & Head of IBD
Mr. Md. Fakhrul Islam, SVP & Head of Operations
Mr. Mujib A Siddiqui, SVP & Head of HR
Mr. Muhammad Sohel Shahriar Akhand, FVP & Head of R&D
Mr. Syed Faisal Omar, VP & Head of GTS


DHAKA BANK
LIMITED
Gulshan
Branch
GULSHAN BRANCH

Strategic Management



(From L to R)
Mr. Neaz Mohammad Khan, DMD-Risk Management
Mr. Niaz Habib, Additional Managing Director
Mr. Khondker Fazle Rashid, Managing Director
Mr. Sajjad Hussain, DMD (Operations)
Mr. Emranul Huq, DMD, Business Banking

Management Credit Committee



(From R to L)
Mr. Emranul Huq, DMD, Business Banking
Mr. Neaz Mohammad Khan, DMD, Risk Management
Mr. Khondker Fazle Rashid, Managing Director
Mr. Niaz Habib, Additional Managing Director
Mr. Asadul Azim, EVP & Head of CRM

Asset Liability Committee (ALCO)



(From Front to Back)
Mr. Khondker Fazle Rashid, Managing Director
Mr. Sajjad Hussain, DMD, Operations
Mr. Darashiko Khasru, SVP & Head of Finance & Accounts
Mr. Emranul Huq, DMD, Business Banking
Mr. Neaz Mohammad Khan, DMD, Risk Management
Mr. Niaz Habib, Additional Managing Director
Mr. K. M. Faisal Faruqui, FVP & Head of Treasury
Mr. Md. Shakir Amin Chowdhury, SEVP, Foreign Trade
Mr. Asadul Azim, EVP & Head of CRM
Mr. Ahmed Arefin ACA, SAVP & Head of Risk Management Unit
Mr. Azad Shamsi, EVP & Head of Consumer Banking
Mr. Abu Sabbir Hassan Chowdhury, SAVP, IT Division

HR Committee



(From L to R)
Mr. Sajjad Hussain, DMD, Operations
Mr. Neaz Mohammad Khan, DMD, Risk Management
Mr. Khondker Fazle Rashid, Managing Director
Mr. Niaz Habib, Additional Managing Director
Mr. Emranul Huq, DMD, Business Banking
Mr. Mujib A Siddiqui, SVP & Head of HR

Shareholders' Information

All of our actions must lead to an ultimate goal – maximization of shareholders' value for what we exist and excel. With this in mind, we will concentrate on enhancing profitability to raise Earnings per Share, Dividend as well as confidence of the Shareholders.

Shareholders' Information

The Preceding Annual General Meeting: Shareholders were invited to attend the 18th Annual General Meeting of holders of common Shares, held on April 18, 2013 at Bashundhara Convention Centre-2, Baridhara, Dhaka at 11.00 a.m.

Upcoming Annual General Meeting: The upcoming 19th Annual General Meeting for the year 2013 is scheduled for Thursday, April 17, 2014 at Bashundhara Convention Center-2, Block-C, Umme Kulsum Road, Bashundhara R/A, Baridhara, Dhaka at 11.00 a.m.

Shareholdings and Dividends: Information regarding your shareholdings and dividends may be obtained by contacting our Share Division, Head Office.

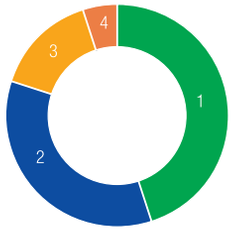
Dividend Dates for 2013: Record and payment dates for common shares are subject to approval by the Board of Directors.

Record Date for 2013: The 'Record Date shall be on Thursday, March 27, 2014.

Apportionment of Shareholding

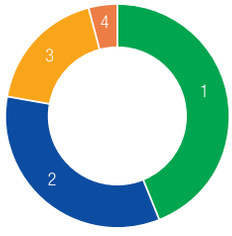
Shareholders' Group	31.12.2013			31.12.2012		
	No of Shares	% of Shareholding	Value of Shares Taka	No of Shares	% of Shareholding	Value of Shares Taka
Sponsors	246,246,505	45	2,462,465,050	203,721,041	44	2,037,210,410
General Public	190,746,987	35	1,907,469,870	161,066,283	34	1,610,662,830
Financial Institutions	80,901,916	15	809,019,160	82,494,834	18	824,948,340
Other Investors	23,545,511	5	235,455,110	19,477,255	4	194,772,550
Total	541,440,919	100	5,414,409,190	466,759,413	100	4,667,594,130

Shareholding Position 2013 %



1	Sponsors	45
2	General Public	35
3	Finacial Institutions	15
4	Other Investors	5

Shareholding Position 2012 %



1	Sponsors	44
2	General Public	34
3	Finacial Institutions	18
4	Other Investors	4

Stock Exchange Listing: The issued ordinary shares of DBL are listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited as a publicly traded company. The audited income Statement for the year ended 31 December 2013 have been submitted to Dhaka Stock Exchange and Chittagong Stock Exchange within four months of the Balance Sheet date.

Share Trading: Market price of shares of DBL in Dhaka Stock Exchange and Chittagong Stock Exchange was Tk 18.80 and Tk 18.10 on close of the business of the year 2013. The Bank's market capitalization at 31 December 2013 was Tk 10,179.09 million which is .39% of total market capitalization of DSE and 0.50% of total market capitalization of listed banking companies under DSE. (Source: *DSE Monthly Review of December, 2013*)

Financial Calendar 2013

Quarterly Results	Announced on
Unaudited result for 1st quarter	May 12, 2013
Unaudited result for 2nd quarter	July 29, 2013
Unaudited result for 3rd quarter	October 29, 2013
Audited result for the year ended 31 December 2013	April 17, 2014 (Date of Holding 19th AGM)

DBL Stock Details

Particulars	Dhaka Stock Exchange (DSE)	Chittagong Stock Exchange (CSE)
Stock Symbol	DHAKABANK	DHAKABANK
Company Code	11118	22014
Year of Listing	2000	2000
Market Lot	100	100
Market Category	A	A
Electronic Share	Yes	Yes
Face Value	Tk 10.00	Tk 10.00
Market Value as on 31.12.2013	Tk 18.80	Tk 18.10

For queries & complaints

Board Secretariat & Share Division
Dhaka Bank Limited
Head Office: Biman Bhaban
100 Motijheel Commercial Area, Dhaka 1000, Bangladesh
Contact 02-9554514
Email info@dhakabank.com.bd
Web www.dhakabankltd.com

Shareholders' Information
continued

Directors' Shareholding Status

Sl. No.	Name of Directors with Designation	2013		2012	
		No. of share	Value of share (Tk.)	No. of share	Value of share (Tk.)
1	Mr. Abdul Hai Sarker, Chairman	11,779,892	117,798,920	10,068,873	100,688,730
2	Mrs. Rokshana Zaman, Vice Chairperson	10,839,665	108,396,650	9,344,539	93,445,390
3	Mr. Mirza Abbas Uddin Ahmed, Director	33,398,010	333,980,100	28,791,388	287,913,880
4	Mr. Reshadur Rahman, Director	18,118,672	181,186,720	15,619,545	156,195,450
5	Mr. Altaf Hossain Sarker, Director	15,099,954	150,999,540	13,017,202	130,172,020
6	Mr. Mohammed Hanif, Director	16,492,625	164,926,250	14,217,781	142,177,810
7	Mr. Md. Amirullah, Director	10,830,105	108,301,050	9,336,298	93,362,980
8	Mr. Abdullah Al Ahsan, Director	10,831,039	108,310,390	9,337,103	93,371,030
9	Mr. Khondoker Monir Uddin, Director	15,549,458	155,494,580	13,404,706	134,047,060
10	Mr. Tahidul Hossain Chowdhury, Director	10,874,221	108,742,210	9,374,329	93,743,290
11	Mr. Jashim Uddin, Director	10,830,205	108,302,050	9,336,384	93,363,840
12	Mr. Khondoker Jamil Uddin, Director	10,830,055	108,300,550	9,336,255	93,362,550
13	Mr. Mirza Yasser Abbas, Director	19,941,535	199,415,350	17,190,979	171,909,790
14	Mr. Amanullah Sarker, Director	10,830,108	108,301,080	-	-
15	Mr. Syed Abu Naser Bukhtear Ahmed, Independent Director	-	-	-	-
16	Mr. Suez Islam, Independent Director	1,595,313	15,953,130	1,375,270	13,752,700
17	Mr. M. N. H. Bulu, Director	-	-	9,584,719	95,847,190
	Total	207,840,857	2,078,408,570	179,335,371	1,793,353,710

Note: Mr. Amanullah Sarker was not Director in 2012 while Mr. M. N. H. Bulu was not Director in 2013

Market Price Information

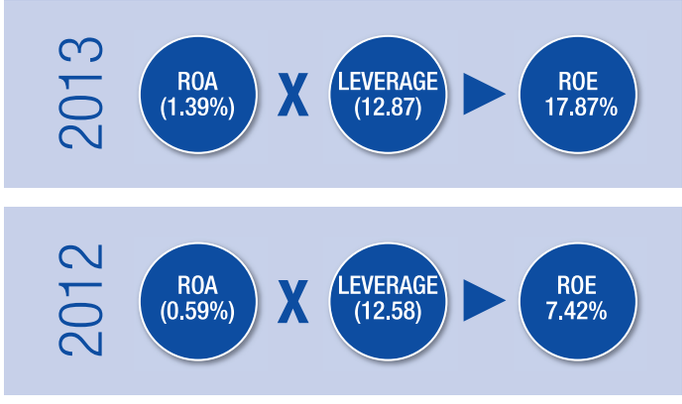
Month	DSE High (Tk)	DSE Low (Tk)	CSE High (Tk)	CSE Low (Tk)	Turnover Volume DSE (no of shares)
Jan 2013	25.60	24.40	25.70	24.40	3,958,200
Feb 2013	26.00	23.60	26.00	23.10	3,605,000
Mar 2013	24.40	18.10	24.30	18.10	3,114,900
Apr 2013	18.20	17.30	18.00	17.10	2,549,500
May 2013	21.50	17.80	21.60	17.50	5,942,800
Jun 2012	24.80	21.50	24.20	21.60	8,475,200
Jul 2013	24.20	19.60	23.90	19.90	5,951,800
Aug 2013	20.80	19.50	20.90	19.10	3,413,800
Sep 2013	19.40	16.90	19.20	16.70	3,534,900
Oct 2013	20.10	17.20	20.20	17.00	3,130,900
Nov 2013	20.80	18.40	20.90	18.70	13,785,100
Dec 2013	19.30	18.20	19.30	18.00	2,532,400

Source: DSE Monthly Reviews

Shareholders' Information
continued

ROE Decomposition

First degree decomposition of Return on Equity (ROE) as presented here suggests that the efficiency of the Bank has increased while solvency has decreased during the year under review. Comparitively, assets performed well (ROA 1.39% in 2013 vs. 0.59% in 2012) whereas Leverage (Assets/ Equity) has got an increase in 2013 giving an indicatio of declining solvency. In a growing concern, increase of leverage generally contributes to higher revenues but it entails risk and degrade solvency. During 2013, the increase of ROA & increase of leverage thereby enhanced the overall ROE to 17.87% in 2013 against 7.42% in 2012.



Shareholders' Information
5-year Financial Highlights

(Taka in million where applicable)

	2009	2010	2011	2012	2013	Growth %
Income Statement						
Interest Income	7,466	7,405	9,945	13,229	15,131	14
Interest Expense	5,556	4,944	7,611	10,598	11,823	12
Net Interest Income	**1,910**	**2,461**	**2,335**	**2,630**	**3,308**	**26**
Non Interest Income	2,175	3,095	3,893	2,713	3,102	14
Non Interest Expense	1,275	1,715	1,907	2,120	2,717	28
Net Non Interest Income	**900**	**1,380**	**1,986**	**593**	**385**	**(35)**
Profit before Tax & Provision	2,810	3,841	4,321	3,223	3,694	15
Provision for Loans & Assets	675	924	667	1,784	650	(64)
Provision for Tax (including Deferred Tax)	1,176	1,239	1,489	738	1,117	51
Profit after Tax	959	1,679	2,165	701	1,927	175
Balance Sheet						
Authorized Capital	6,000	10,000	10,000	10,000	10,000	-
Paid-up Capital	2,128	2,660	3,590	4,668	5,414	16
Reserve Funds & Other Reserve	2,838	3,920	5,627	5,016	6,472	29
Shareholders' Equity (Capital & Reserve)	4,966	6,580	9,217	9,683	11,887	23
Deposits (Base & Bank excluding Call)	60,918	70,420	85,277	107,427	115,981	8
Loans & Advances	52,910	63,591	75,983	90,140	99,596	10
Investments	8,660	8,443	9,576	18,404	18,757	2
Fixed Assets	424	977	1,703	1,879	2,518	34
Total Assets (excluding off-balance sheet items)	77,767	90,139	104,726	133,142	144,409	8
Foreign Exchange Business						
Import Business	46,160	69,606	71,377	76,648	73,360	(4)
Export Business	33,305	36,924	46,247	48,928	54,212	11
Guarantee Business	6,462	7,416	9,917	9,591	9,926	3
Inward Foreign Remittance	9,786	11,097	13,201	15,840	21,461	35
Capital Measures						
Core Capital (Tier-I)	4,634	6,123	8,478	9,000	10,927	21
Supplementary Capital (Tier-II)	1,000	2,839	3,551	3,606	3,410	(5)
Tier-I Capital Ratio	9.30	6.89	7.54	7.67	9.28	21
Tier-II Capital Ratio	2.01	3.20	3.16	3.07	2.90	(6)
Total Capital	5,800	9,475	12,399	12,948	14,817	14
Total Capital Ratio	11.31	10.09	10.70	10.74	12.18	13
Credit Quality						
Volume of Non-performing Loans	2,946	2,909	2,624	5,656	4,137	(27)
% of NPLs to Total Loans & Advances	5.57	4.57	3.45	6.28	4.15	(34)
Provision for Unclassified Loans	625	742	848	899	956	6
Provision for Classified Loans	1,488	1,481	1,063	2,498	2,186	(12)
Share Information						
Number of Shares Outstanding	21.28	265.96	359.05	466.76	541.44	16
Earning per Share (Taka)	36.07	4.68	4.64	1.30	3.56	137
Book Value per Share (Taka)	233	25	26	21	21.95	6
Market Price per Share (Taka)	484	76	45	25	18.80	(24)
Price Earning Ratio (Times)	10.72	12.09	9.70	16.50	5.28	(68)
Price Equity Ratio (Times)	2.07	3.08	1.75	1.20	0.86	(28)
Dividend per Share						
Cash Dividend (%)	-	-	5	-	17	-
Bonus Share	1:4	7:20	3:10	1.6:10	0.50:10	-
Operating Performance Ratio						
Net Interest Margin	4.56	5.24	4.10	4.10	4.32	5
Credit / Deposit Ratio (%)	86.85	90.30	89.10	83.91	84.22	-
Current Ratio (Times)	2.10	1.97	2.09	2.57	3.18	24

Shareholders' Information
5-year Financial Highlights
continued

(Taka in million where applicable)

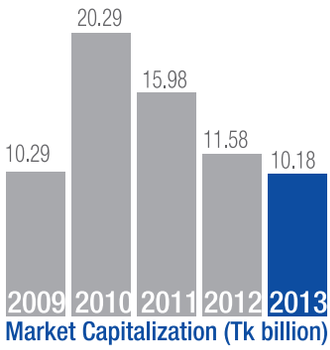
Return on Equity (ROE) %	19.32	25.52	23.49	7.24	16.21	124
Return on Assets (ROA) %	1.29	2.00	2.22	0.59	1.39	135
Cost of Deposit (%)	8.68	7.06	9.33	10.63	10.22	-
Cost to Income Ratio (%)	33.64	30.87	30.62	39.67	42.38	7
Operating Profit per Employee	3.04	3.46	3.48	2.22	2.55	15
Operating Profit per Branch	56.21	68.60	70.84	45.40	49.91	10
Other Information						
Number of Branches	50	56	61	71	74	4
Number of Employees	924	1,109	1,240	1,455	1,450	-
Number of Shareholders	10,530	43,256	45,438	44,445	46,840	5
Number of Foreign Correspondents / Banks	350	411	423	425	550	29

Essential Performance Graphs-Bank

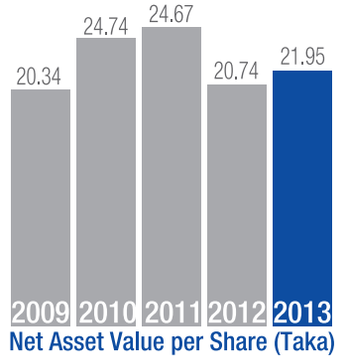
Market Indicators & Ratios



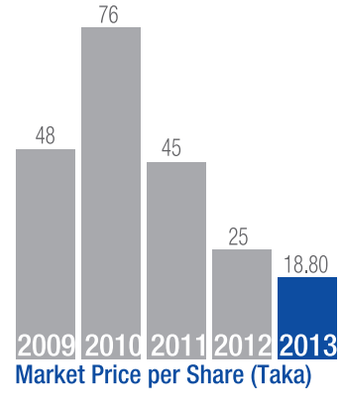
Price Earning Ratio



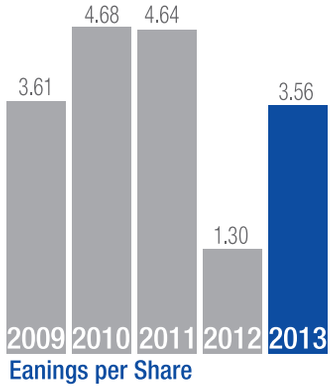
Market Capitalization (Tk billion)



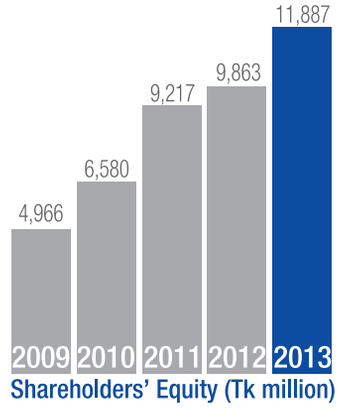
Net Asset Value per Share (Taka)



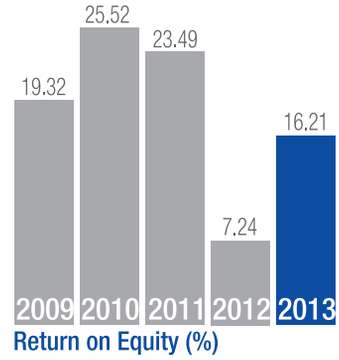
Market Price per Share (Taka)



Eanings per Share

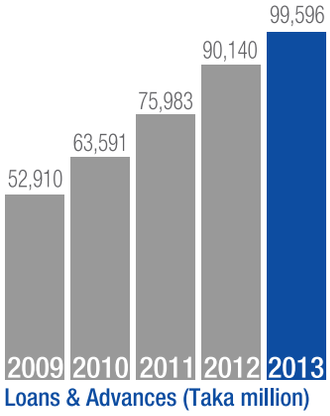


Shareholders' Equity (Tk million)

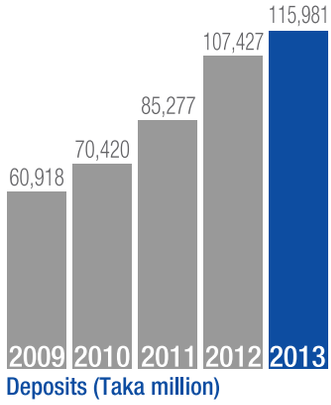


Return on Equity (%)

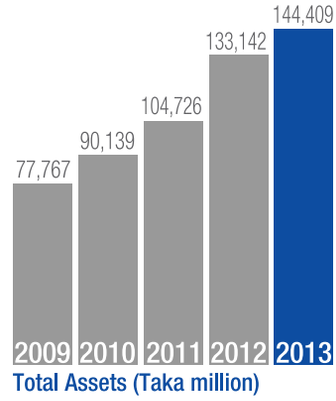
Balance Sheet



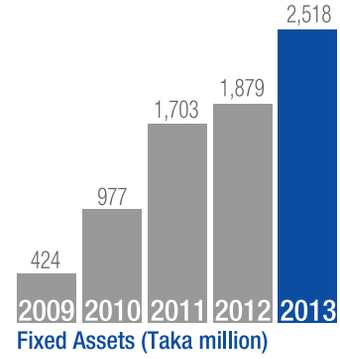
Loans & Advances (Taka million)



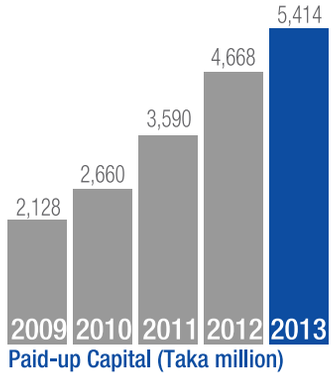
Deposits (Taka million)



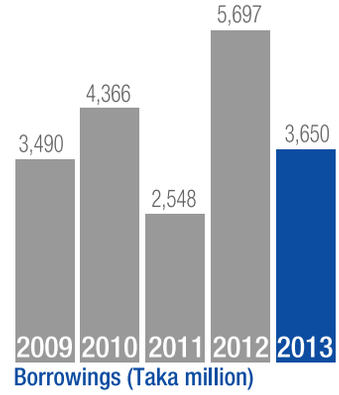
Total Assets (Taka million)



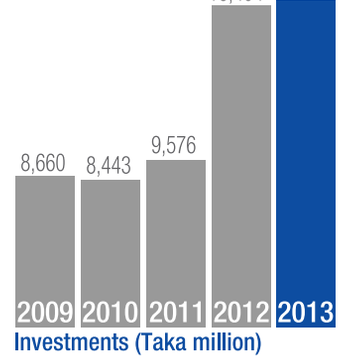
Fixed Assets (Taka million)



Paid-up Capital (Taka million)



Borrowings (Taka million)

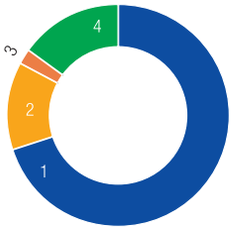


Investments (Taka million)

Essential Performance Graphs-Bank continued

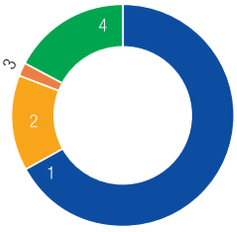
Balance Sheet-The Bank

Asset Mix 2013 %



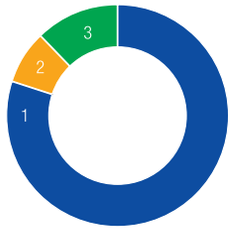
1	Loans & Advances	70
2	Investments	13
3	Fixed Assets	2
4	Other Assets	15

Asset Mix 2012 %



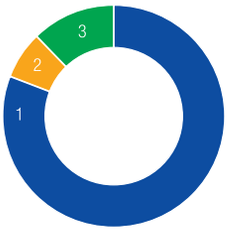
1	Loans & Advances	67
2	Investments	14
3	Fixed Assets	2
4	Other Assets	17

Asset Funding Mix 2013 %



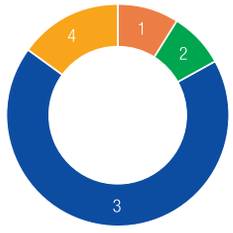
1	Deposits	80
2	Shareholders' Equity	8
3	Other Liabilities	12

Asset Funding Mix 2012 %



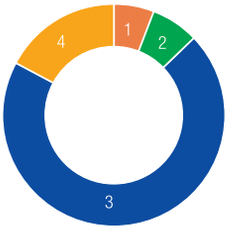
1	Deposits	81
2	Shareholders' Equity	7
3	Other Liabilities	12

Deposit Mix 2013 %



1	Current Deposit	5
2	Savings Deposit	8
3	Fixed Deposit	68
4	Other Deposit	19

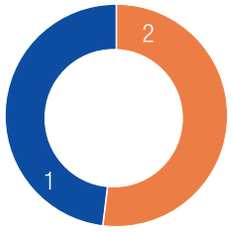
Deposit Mix 2012 %



1	Current Deposit	6
2	Savings Deposit	7
3	Fixed Deposit	70
4	Other Deposit	17

Revenue - The Bank

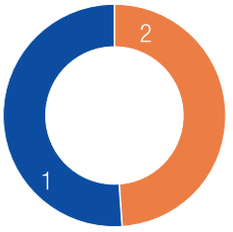
Revenue Mix - The Bank 2013 %



1	Net Interest Income	52
2	Non Interest Income	48

Revenue - The Bank

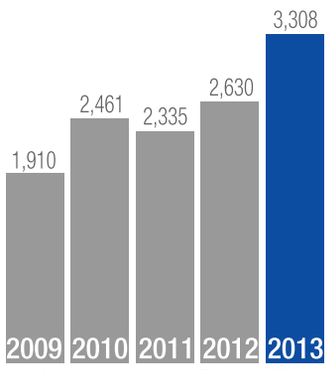
Revenue Mix - The Bank 2012 %



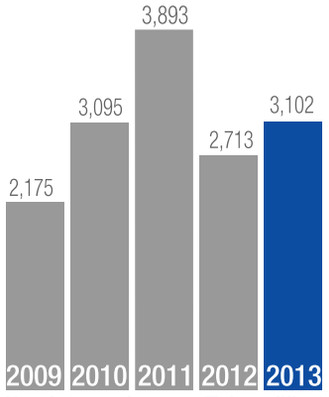
1	Net Interest Income	49
2	Non Interest Income	51

Essential Performance Graphs-Bank continued

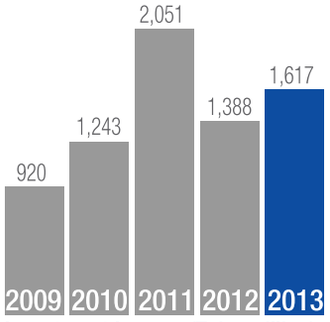
Revenue - Bank



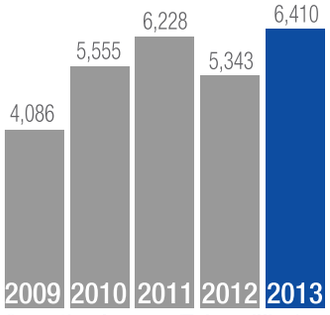
Net Interest Income (Taka million)



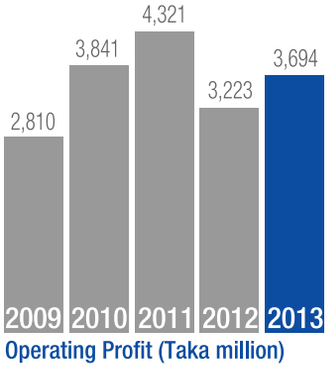
Non-Interest Income (Taka million)



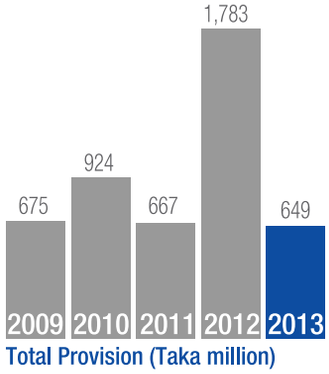
Investment Income (Taka million)



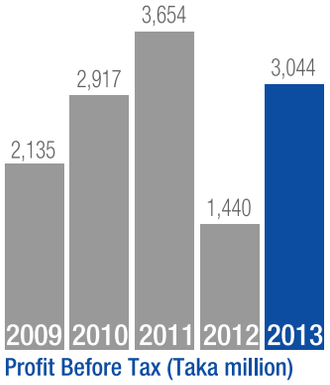
Operating Income (Taka million)



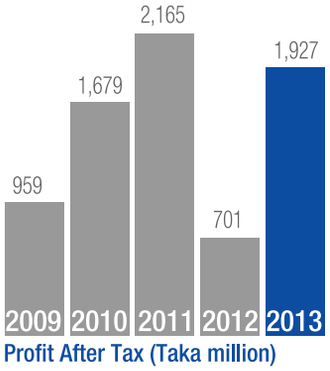
Operating Profit (Taka million)



Total Provision (Taka million)

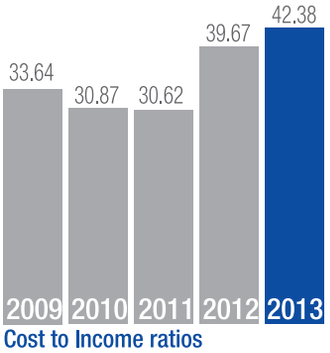


Profit Before Tax (Taka million)

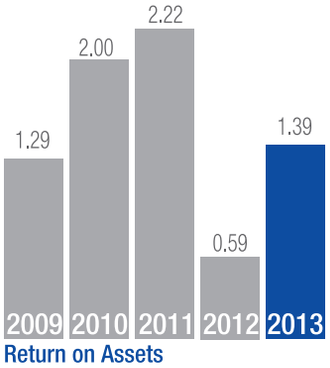


Profit After Tax (Taka million)

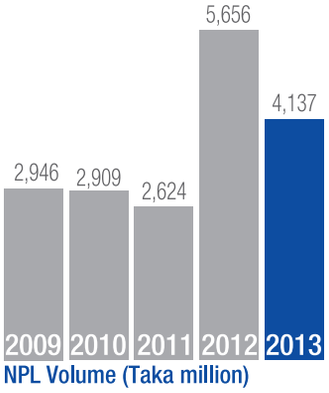
Key Ratios



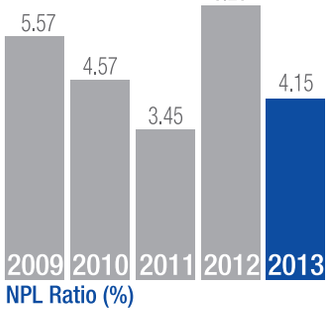
Cost to Income ratios



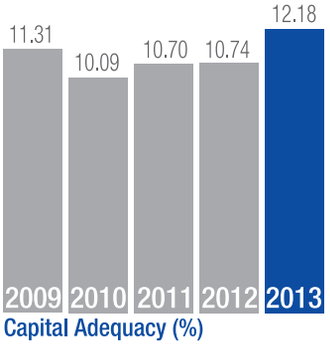
Return on Assets



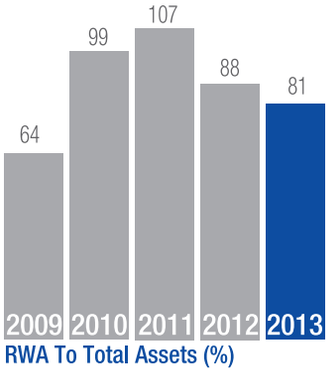
NPL Volume (Taka million)



NPL Ratio (%)



Capital Adequacy (%)



RWA To Total Assets (%)

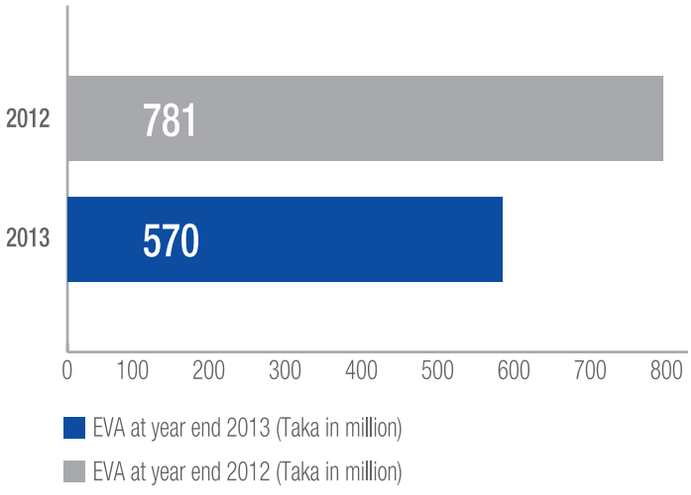
Economic Impact Report

Economic Value Added (EVA) indicates the true economic profit of the company. EVA is an estimate of the amount by which earnings exceed or fall short of required minimum return for shareholders at comparable risks. Shareholders/Equity providers are always conscious about their return on capitall invested. As a commercial banking company we are deeply concerned for delivery of value to all of our Shareholders/Equity providers.

Economic Value Added (EVA) Statement for the year ended 31 December 2013

Amount in Taka

Particulars	2013	2012
Shareholders' Equity	11,886,908,896	9,683,222,474
Add: Provision for Loans and Advances	3,515,665,327	3,762,830,303
	15,402,574,223	13,446,052,777
Average Shareholders' Equity	14,424,313,500	12,456,028,793
Earnings		
Profit after Taxation	1,926,676,931	701,408,393
Add: Provision made during the year	680,318,995	1,798,095,146
	2,606,995,926	2,499,503,539
Average cost of Equity (based on weighted average rate of 10 years Treasury Bond issued by Bangladesh Government) plus 2% risk premium	14.12%	13.80%
	2,036,713,066	1,718,931,973
Economic Value Added	**570,282,860**	**780,571,566**
Economic Value Added (Taka in million)	**570**	**781**



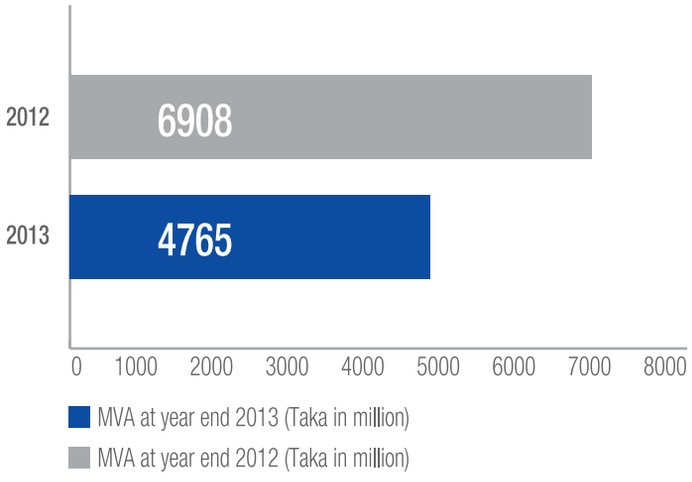
Market Value Added Statement

Market Value Added (MVA) is the difference between the market capitalization and the book value of the shares outstanding. A high MVA indicates the company has created substantial wealth for the shareholders.

Market Value Added (MVA) Statement for the year ended 31 December 2013

Amount in Taka

Particulars	2013	2012
Face Value per share	10.00	10.00
Market Value per share	18.80	24.80
Number of shares outstanding	541,440,919	466,759,413
Total market capitalization	10,179,089,277	11,575,633,442
Book value of paid up capital	5,414,409,190	4,667,594,130
Market Value Added	**4,764,680,087**	**6,908,039,312**
Market Value Added (Taka in million)	**4,765**	**6,908**



Glimpses of 18th AGM





















Directors' Report 2013

Now at the height of success, Dhaka Bank celebrates around two decades of banking excellence in the country. We call it a tale of prosperity and financial triumph with many petals to look around.

Directors' Report 2013

On behalf of the Board of Directors of Dhaka Bank Limited, I joyfully invite you to the majestic event of our 19th Annual General Meeting that is indeed a symbol of our loving bond for years. On the eve of this grand occasion, I am delighted to present Bank's 19th Annual Report to our valued shareholders and other stakeholders. The report mainly comprises Auditors' Report, Directors' Report, Management Review of Business, Audited Financial Statements of the Bank and its subsidiary company. General review of this report, unless explained otherwise, is based on the financials of 'The Bank' rather than consolidated financial statements. Moreover, the Directors would like to explain and disclose certain issues, which they deem relevant and important to ensure transparency and good governance practices. We hope, the report will give you a fascinating insight into the Bank's performance and continuous growth amid stiff competition in the industry.

Global Economic Situation

A Short View

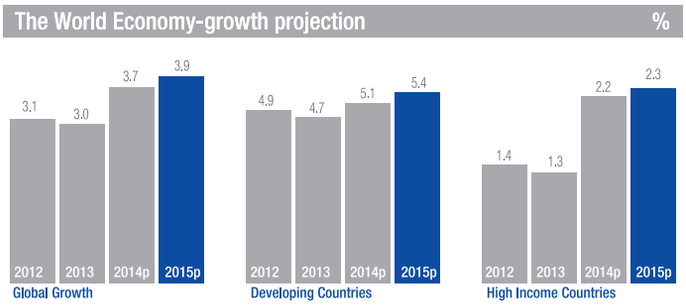
As anticipated in the October 2013 World Economic Outlook (WEO), global activity consolidated during the second half of 2013. Activity is likely to improve further in 2014-15, largely due to recovery in the advanced economic zone. Global growth is now projected to be slightly higher in 2014, at around 3.7 percent, rising to 3.9 percent in 2015, a broadly unchanged outlook from the October 2013 WEO. But downward revisions to growth forecasts in some economies highlight continued volatilities, and downside risks persist. In advanced economies, output gaps generally remain large and, given the risks, the monetary policy stance should stay accommodative while fiscal consolidation continues. In many emerging markets and developing economies, stronger external demand from advanced economies will lift growth, although domestic weaknesses remain a concern. Some economies may have room for monetary policy support. In many others, output is close to potential, suggesting that growth declines partly reflect structural factors or a cyclical cooling and that the main policy approach for raising growth must be to push ahead with structural reform. In some economies, there is a need to manage vulnerabilities associated with weakening credit quality and larger capital outflows.

In sum, global growth is projected to increase from 3.0 percent in 2013 to 3.7 percent in 2014 and 3.9 percent in 2015.

2013 Global Activities

Global activity and world trade picked up in the second half of 2013. Recent data even suggest that global growth during this period was somewhat stronger than anticipated in the October 2013 WEO. Final demand in advanced economies expanded broadly as expected - much of the upward surprise in growth is due to higher inventory demand. In emerging market economies, an export rebound was the main driver behind better activity, while domestic demand generally remained subdued, except in China. Financial conditions in advanced economies have eased since the release of the October 2013 WEO - with little change since the announcement by the U.S. Federal Reserve on December 18 that it will begin tapering its quantitative easing measures this month. This includes further declines in risk premiums on government debt of crisis - hit euro area economies. In emerging market economies, however, financial conditions have remained tighter following the surprise U.S. tapering announcements in May 2013, notwithstanding fairly resilient capital flows. Equity prices have not fully recovered, many sovereign bond yields have edged up, and some currencies have been under pressure.

The world economy to strengthen in 2014



Growth projections across the borders

High Income Countries: Turning to projections, growth in the United States is expected to be 2.8 percent in 2014, up from 1.9 percent in 2013. Following upward surprises to inventories in the second half of 2013, the pickup in 2014 will be carried by final domestic demand, supported in part by a reduction in the fiscal drag as a result of the recent budget agreement. The euro area is turning the corner from recession to recovery. Growth is projected to strengthen to 1 percent in 2014 and 1.4 percent in 2015, but the recovery will be uneven. The pickup will generally be more modest in economies under stress, despite some upward revisions including Spain. High debt, both public and private, and financial fragmentation will hold back domestic demand, while exports should further contribute to growth. Elsewhere in Europe, activity in the United Kingdom has been buoyed by easier credit conditions and increased confidence.

In Japan, growth is now expected to slow more gradually compared with October 2013 WEO projections. Temporary fiscal stimulus should partly offset the drag from the consumption tax increase in early 2014. As a result, annual growth is expected to remain broadly unchanged at 1.7 percent in 2014, given carryover effects, before moderating to 1 percent in 2015.

Emerging Economies: Overall, growth in emerging market and developing economies is expected to increase to 5.1 percent in 2014 and to 5.4 percent in 2015. Growth in China rebounded strongly in the second half of 2013, due largely to an acceleration in investment. This surge is expected to be temporary, in part because of policy measures aimed at slowing credit growth and raising the cost of capital. Growth is thus expected to moderate slightly to around 7½ percent in 2014–15. Growth in India picked up after a favorable monsoon season and higher export growth and is expected to firm further on stronger structural policies supporting investment. Many other emerging market and developing economies have started to benefit from stronger external demand in advanced economies and China. In many, however, domestic demand has remained weaker than expected. As a result, growth in 2013 or 2014 has been revised downward compared to the October

2013 WEO forecasts, including in Brazil and Russia.

Other Economies: Downward revisions to growth in 2014 in the Middle East and North Africa region, and upward revisions in 2015, mainly reflect expectations that the rebound in oil output in Libya after outages in 2013 will proceed at a slower pace.

Risks and Uncertainties

Very low inflation in advanced economies, especially the euro area, has come to the fore. With inflation likely to remain below target for some time, longer-term inflation expectations might drift down. This raises the risks of lower-than-expected inflation, which increases real debt burdens, and of premature real interest rate increases, as monetary policy is constrained in lowering nominal interest rates.

Downside risks to financial stability persist. Corporate leverage has risen, accompanied in many emerging market economies by increased exposures to foreign currency liabilities. In a number of markets, including several emerging markets, asset valuations could come under pressure if interest rates rose more than expected and adversely affected investor sentiment.

Policy accommodation towards ensuring robust growth and managing vulnerabilities remain global priorities despite the expected strengthening of activity. In advanced economies, policy priorities remain broadly those discussed in the October 2013 WEO. With prospects improving, however, it will be critical to avoid a premature withdrawal of monetary policy accommodation, including in the United States, as output gaps are still large while inflation is low and fiscal consolidation continues.

Recapitalizing weak banks and completing the Banking Union by unifying both supervision and crisis resolution will be essential for confidence to improve, for credit to revive, and to sever the link between sovereigns and banks. More structural reforms are needed to lift investment and prospects.

Potential reversals of capital flow in the emerging market and developing economies need to be managed and mitigated by strong policy support. Economies with domestic weaknesses and partly related external current account deficits appear particularly exposed. Exchange rates should be allowed to depreciate in response to deteriorating external funding conditions. Policymakers might need to consider a combination of tightening macroeconomic policies and stronger regulatory and supervisory policy efforts.

State of Bangladesh Economy: A Brief Study

Overall Business Environment

Bangladesh economy bore the brunt of political chaos and instability during the whole of 2013. The business was caught in the web of political skirmishes. The negative aspect of 2013 was the sluggish business in all sectors, including banking, new investments, creation of new employment opportunities and import of capital machinery for industrial growth. Under the rapid decline in revenues with very low return on investment, bank loan became additional burden to business sector. It was a big challenge for the entrepreneurs and the business community to survive alongside keeping up the growth momentum. Eventually, the banks were fraught with piles of non- performing loans and associated loss from declining operating profits. In sum, our economy performed badly in the year 2013.

Economic Activities

Gross Domestic Product (GDP) of the country decelerated in FY13, for the second year in a row, to six per cent. Disruptions caused by political upheavals, deepening political tensions relating to the impending political transition and the inadequate improvements in the provision of power, gas and infrastructure were the key factors in the growth slowdown. Growth came largely from construction and manufacturing while services also made significant contribution. The slower growth resulted from decline in both agricultural and service sector growth. Agricultural output growth decreased to 2.2% in FY13 from 3.1% in FY12, mainly due to stagnant cereal crop production. Growth in service sector declined from 6.3% in FY12 to 6.06% in FY13 under the direct impact of strikes and political confrontations. All these factors together led to 1.2% decline in the real private investment.

External Sector

The performance of the external sector was, however, not upsetting in 2013. Despite the suspension of generalized system of preference (GSP) and major industrial accidents, the export recorded more than 13 per cent growth in the first five months of the current fiscal over that of the corresponding period. The import of raw materials, capital goods and the essentials was also steady and stable in 2013. A sharp improvement in the Balance of Payment (BoP) position was evident from an overall $494 million surplus in FY12 to a surplus of $5.1 billion in FY13 due to large increases in current and financial account surplus that in turn created pressure on the exchange rate to appreciate. The Central Bank intervened frequently to prevent a large appreciation in currency, leading to historic high in building official foreign exchange reserve. But this cannot be termed a good sign for the economy as it was achieved at the cost of imports that were necessary for further progress of the economy. The wheels of the share market were almost stuck despite various initiatives taken to gain confidence. The share market index that was at 4,055 points in January 2013 closed at 4,266 on December 30, 2013. The remittance inflow decreased by 10.16 per cent in the first five months (July-November) of the current fiscal year in comparison to the last financial year's corresponding period.

The ready-made garments industry fell into the critical crossroads in 2013, as high-fatality factory fries and a building collapse have exposed the hazards worker face and also severely tarnished the industry's image.

Banking Industry

The financial system remained under stress and capital market activities were not so upbeat. Several financial scams and resultant loan defaults in the state-owned commercial banks pushed them into a position of insolvency. In the backdrop of decelerating private investment, the classified loans in Bangladesh banking sector rocketed during FY2013. Share of classified loan to total outstanding increased to 11.9 per cent as of June 2013 which was only 7.2 per cent at the end of FY2012. As a result, the state-owned commercial banks (SCBs) faced serious capital deficit which in turn created additional fiscal pressure for the government.

The banks' revenue stream became very low in the dearth of new businesses and entrepreneurs. In some banks the growth in operating profit turned negative while others could manage to continue the growth in 2013 but marginally. The whole banking industry already faced negative impacts including overdue, classification etc in 2013. The BB, in the last stage of 2013, relaxed policies a bit on the provisioning for specific customers (such as time extension, flexibility in down payment). They also added flexibility in some sector including RMG, agriculture and SME in 2013, impact of which will just shift from the worse to bad in 2014.

Economy and Industry Outlook 2014

The World Bank has projected a slower economic growth of 5.7 per cent in Bangladesh for the current fiscal year (FY 2013-2014), down by 1.5 percentage points from the government's target, due to political uncertainty and disruptions in the run-up to the last national election. Although the world economy is projected to gain strength this year with growth picking up in developing countries and high-income economies five years after the global financial crisis, the growth in Bangladesh would slow down, said the Bank's Global Economic Prospects (GEP) report released in recent time. The projected pickup, however, would depend on macroeconomic stability, sustained policy reforms and progress in reducing the supply-side constraints.

The banking industry might face a worse situation in 2014 than the last year if the prevailing political stalemate is not resolved. In the last 2013, the banking business was seriously affected mainly by the political turmoil, plummeting operating profit of almost all the banks. And the impacts will also negatively affect the GDP, the country rating and the sovereign rating, etc. Economy stability is impossible when the political instability exists. An extended post-election crisis could unravel much of the recent economic progress in Bangladesh which is still counting the cost of a series of disasters in its vital garment industry and the suspension of GSP facility to Bangladesh.



DBL Business 2013

At the Height of Success

Our Journey to Excellence is Unending

Dhaka Bank is reminiscent of another 'Dhaka Bank' 'that dated back in the history in the city of Dhaka under the British Empire. A passion for heritage with the velocity of technological excellence set the pace



Celebrating 18 years of relationship

of DBL in 1995 amidst great expectation of the countrymen. Now at the height of success, Dhaka Bank celebrates around two decades of banking excellence in the country. We call it a tale of prosperity and financial triumph with many petals to look around.
DBL formally launched its operation in July 1995 with a Branch at Motijheel, Dhaka. Islamic Banking window was opened in July of 2003. The company got listed with DSE and CSE in April 2000. Subsequently, DBL embarked on capital market services which amounted to the establishment of a subsidiary 'DBL Securities Limited' in 2011. DBL opened up new avenues for foreign investors in the country by setting up Offshore Banking Unit in 2006. DBL network is now strong with 74 Branches including 2 Islamic Banking Branches, 46 ATMs, 6 ADMs, 3 SME service centres, 6 Brokerage Branches (DBL Subsidiary) brightened with cutting edge delivery system, internet banking and mobile banking operation.

We have left behind a track with an illustration of prosperity for 18 long years. With unbound joy and ecstasy we have celebrated our 18th birthday on July 5, 2013 taking the pride of a balance sheet size of Tk 144 billion, deposits of Tk 116 billion and advances of Tk 99 billion along sustainable profit track of approximately Tk 4 billion as on December 31, 2013. It is the perseverance and tenacity of the Board and our fellow colleagues who have made our presence indispensable to the community. In our ultimate goal, we want to be a powerful voice for country's economic development with a melody that we want to be heard even from the distant borders.

Scopes of business

Dhaka Bank Limited is basically a financial intermediary incorporated as a private commercial bank under Bank Companies Act 1991. The Bank acts as a trusted custodian of customers' deposit and a true financier of their wants. Apart from financial intermediation, DBL undertakes a series of financial services in exchange of fees and commissions. The mode of banking operation includes both conventional and Islamic Banking based on Shari'ah principles. DBL runs its business with a country-wise reach through state-of-the-art delivery system supported by real-time online banking. The Bank is also a provider of brokerage services and margin loans in the capital market and has launched its own subsidiary named "DBL Securities Ltd." on February 13, 2011. DBL has offshore banking units to provide banking services in Non Resident foreign currency denominated assets and liabilities.

Core areas of DBL business and banking:

- Care for customers' deposit as a trusted custodian
- Honor cash withdrawal by depositors on demand
- Extend credit to large corporate business
- Finance small and medium enterprise (SME)
- Organize syndicated deals and structured finance
- Conduct retail business
- Finance import and export business (trade finance)
- Take on project financing
- Carry out lease and hire purchase financing
- Issue local and international credit cards
- Deliver Islamic banking services based on Shariah principles
- Channel remittance from abroad
- Provide off-shore banking service

Towards a binding bond with the millions

Today's people look to the bounties of tomorrow. They employ wealth, money and mind for profitable gains. However, hefty returns alone cannot amount to sustainable end. People turn to banks as a safe haven for their investment and a great resort for financial need. They also look for fastest delivery, commitment to obligation, cutting-edge process, good understanding, competitive pricing, lawful relationship and a strong brand that satisfies their mind and motive. Dhaka Bank, after its 18 years plus journey, is now a name to reckon with in the domain of financial services in Bangladesh despite the entry of many global market players. Diverse are our ways to reach our goal. But the gateway is



Ties that bind: honouring insurance claim under EduSavings Deposit Plan

'customer focus' and 'service par excellence'. To do that, DBL has made its presence wider, diversified products and businesses, modernized banking system and strengthened capacity for banking leadership. We are committed to better service to its distinguished customers. Customers are our first priority and driving force. Superior customer service through the integration of the state-of-the-art technology is our motto. Our customers come from all walks of life. They are professionals, businessmen, large companies, small enterprises, public servants, entrepreneurs, homemakers, marginal farmers, residents

and non-residents maintaining local and foreign currency accounts comprising men and women. Introducing new products and upgrading existing ones are the strategies we adopt to serve our customers. We are aware of natural consequences of globalization, liberalization, privatization, reforms, foreign investment, economic policy and infrastructure development. We have a long-term sustainable bond with our customers caring and sharing with their values.

To serve the millions in multiple forms of relationship, we have resolved to guide our way through the flashes of good governance and ethical practices on the top. Forces of globalizations, global challenges and changes all around have cast a shadow of volatility and uncertainties ahead. Mere growth and competition have come into question. The boldest and brightest are not those with extravagant choice for dazzling display. As a trusted custodian of people's hard-earned money, we cannot shake their confidence. It is unwarranted too to put depositor's interests at whims just for windfall gains. So Dhaka Bank activities have turned out to be a promising engagement and a reward of binding relationship. Our corporate responsibilities always look forward to sustainable means.

Highlights of Financial Performance

Profitability and Performance of Dhaka Bank

Dhaka Bank achieved a commendable growth of 15% in operating profit in 2013 against a tough market condition. The positive movement depicts a satisfactory outlook as many competitors in the industry witnessed negative growth. We had to devote a lot of effort to achieve the growth. Bank's performance was accomplished mainly from downsizing of loan loss, sticking to core banking business, consolidation of business mix with expanded pie on SMEs, efficient cost management as well as appropriate strategic choice.

Our overall business performance for the year 2013 suggests that our achievement particularly revenue basket was more commendable than we have expected. We have every reason to explain our position under most difficult circumstances that banking sector got through in 2013. Bank's gross revenues from total interest/profit recorded a significant growth of 14% in line with 33% growth of 2012. Alongside Net Interest Income (NII) grew by 26% during 2013 as against 13% in 2012. On the rise in gross income, total Operating Income rose too by 20% as income from investment, commission/fees, exchange earnings, brokerage and others manifested expected contribution in 2013.

The aftermath of these combined effects had a congenial impact on Bank's operating profit that stood at Tk 3,694 million during 2013, recording a growth of 15% from the preceding year. Furthermore, significant reduction in provision (by 64%) caused the Profit after Tax (PAT) to increase to Tk 1,927 million in 2013 as against 701 million in 2012.

On the balance sheet side, the Bank could shape an amazing balance in assets of Tk 144 billion showing up an increase of Tk 11 billion from Tk 133 billion of 2012. The growth was achieved on the wings of 10% growth in Loans and Advances. Deposits also showed a growth of 8% from higher mobilization of retail and corporate deposits. The Bank continued to have remarkable capital adequacy at 12.18% in accordance with Basel-II requirement. Total Shareholders' Equity increased to Tk 12 billion from Tk 9.7 billion in 2012. Liquidity maintained a comfortable position with liquid assets comprising cash, balance with other banks and financial institutions, money at call, treasury bonds and tradable securities and so forth. The Bank could maintain an effective control on Loan to Deposit ratio at 84% at the year-end that remained almost the same in 2012.

Summarized financial performance of Dhaka Bank in comparison with the consolidated performance during 2013

Taka million

Particulars	Consolidated		Bank		% change (Consolidated)	% change (Bank)
	2013	2012	2013	2012		
Net interest income (NII)	3,356	2,770	3,308	2,630	21%	26%
Total operating income	6,675	5,614	6,410	5.343	19%	20%
Total operating expense	2,781	2,179	2,717	2,119	28%	28%
Operating profit	3,894	3,435	3,694	3,223	13%	15%
Provision for loans and contingent assets	65	1,717	65	1,717	(96%)	(96%)
Total provisions	745	1,841	649	1,783	(59%)	(64%)
Profit before tax (PBT)	**3,148**	**1,594**	**3,044**	**1,440**	**97%**	**111%**
Tax provision	1,167	805	1,117	738	45%	51%
Profit after tax (PAT)	**1,981**	**789**	**1,927**	**701**	**151%**	**175%**
Earnings per share (EPS)	**Tk 3.66**	**Tk 1.46**	**Tk 3.56**	**Tk 1.30**	**151%**	**174%**

Directors' Report 2013
continued

Key financial ratios of the Bank

Particulars	Bank	
	2013	2012
Return on equity (PAT/Equity)	16.21%	7.24%
Return on assets (PAT/Assets)	1.39%	0.59%
Cost to income ratio (Operating expense/Revenue)	42.38%	39.67%
Capital adequacy ratio	12.18%	10.74%
Advance to Deposit ratio	84.22%	83.91%
NPL ratio	4.15%	6.28%
Price earning ratio (Times)	5.28	16.50

Since the profit after tax (PAT) increased by 175 per cent during 2013, all ratios (including ROE & ROA) having PAT on the numerator have increased accordingly.

Appropriation of Profit

Profit after Tax (PAT) stood at Tk 1,927 million during the year 2013. Profit available for distribution among shareholders is Tk 1,191 million after a mandatory transfer of statutory reserve of Tk 609 million (@20% on PBT). Directors have recommended cash dividend @ 17% accompanied by stock dividend @ 5% for the year 2013.

Taka million

Particulars	Year 2013	Year 2012
Profit after tax (PAT)	**1,927**	**701**
Retained earnings brought forward	413	1,435
To be appropriated	**2,340**	**2,136**
Transfer to statutory reserve	609	288
Transfer to general reserve	127	178
Dividend for the year 2013 (recommended):		
Cash dividend	17%	-
Stock dividend	5%	16%
Distributable Profits	1,191	413

Payment of Dividend

Dhaka Bank continued to honour its commitment to optimization of shareholders' value. During the period more than a decade, Bank's dividend rate was most attractive. In almost all occasions, Bank's dividend was paid largely in stocks with a marginal proportion in cash. The initiative enhanced Bank's solvency through capital adequacy.

DBL Share in the Market

According to regulatory compliance, the Bank denominated its face value of share at Tk. 10.00 per share instead of Tk. 100.00 per share of each share by passing a special resolution in the Bank's 4th Extra-ordinary General Meeting held on July 4, 2010. As such total number of shares as on December 31, 2010 stood at 265,959,780 of Tk. 10.00 each. Market lot for trading of shares was rearranged from 50 to 100 with effect from the same date.

Dhaka Bank shares are graded 'A' in the Stock Exchanges. At the end of 2013, there were 46,840 shareholders of DBL against 44,445 shareholders at the year-end of 2012. The year-end closing price of DBL share in DSE was Tk 18.80 against Tk 25 as on December 31, 2012 while year high was Tk 26 and year low was Tk 18.20 in the DSE.

Capital Adequacy

This was the fourth year for banks in Bangladesh under Basel II regime. In line with the Guidelines on Risk Based Capital Adequacy (RBCA) for Banks under Basel-II Accord each banks have to maintain Capital Adequacy Ratio (CAR) on solo basis and consolidated basis as per instructions given by Bangladesh Bank from time to time.

Dhaka Bank Limited strictly follows the guidelines of Bangladesh Bank regarding capital adequacy and its policy is to maintain regulatory capital at a level which is 1% - 2% higher than the minimum required capital. Bank's strength in capital base is also significant in the fact that the ratio of eligible capital to Risk Weighted Assets (RWA) was 12.18% as of Dec 31, 2013.

Eligible Regulatory Capital

Sl.	Particulars	Amount (in crore Taka)	
		2013	2012
A	**Tier-1 (Core) Capital:**		
	Fully Paid-up Capital	541.44	466.76
	Statutory Reserve	418.14	357.26
	General Reserve	13.99	34.65
	Retained Earnings	119.11	41.34
	Minority Interest in Subsidiaries	-	-
	Sub-Total:	**1,092.68**	**900.01**
	Less : Other Deductions from Capital:		
	Capital Charge (50% from Tier-1) for exceeding the approved limit under Sec. 26(2) of Bank Company Act, 1991 (Amended 2013)	-	-
	Tier-1 Capital/ Core Capital (A):	**1,092.68**	**900.01**
B	**Tier-2/ Capital/Supplementary Capital:**		
	General Provision (including provision for Off-Balance Sheet Exposure)	132.99	126.49
	Assets Revaluation Reserves up to 50%	32.43	32.43
	Revaluation Reserve for HTM & HFT Securities (up to 50%)	15.58	1.73
	Non-convertible Subordinated Bond	160.00	200.00
	Sub-Total:	341.00	360.65
	Less : Other deductions from Capital		
	Capital Charge (50% from Tier-1) for exceeding the approved limit Under Section 26(2) of Bank Company Act, 1991(Amended 2013)	-	-
	Total Tier-2 Capital/Supplementary Capital (B):	**341.00**	**360.65**
C	**Total Eligible Regulatory Capital (A+B):**	**1,433.68**	**1,260.66**

Capital Adequacy

Sl.	Particulars	Amount (in crore Taka)	
		2013	2012
1.	**Risk Weighted Assets (RWA):**		
	For Credit Risk:		
	On-balance Sheet	8,735.66	7,879.83
	Off-balance Sheet	1,516.70	2,454.98
	For Market Risk	470.48	468.76
	For Operational Risk	1,046.46	937.67
	Total	**11,769.30**	**11,741.23**
2.	**Minimum Capital Required:**		
	For Credit Risk	1,025.24	1,033.48
	For Market Risk	47.05	46.88
	For Operational Risk	104.64	93.76
	Total	**1,176.93**	**1,174.12**
3.	**Total Eligible Regulatory Capital:**		
	Tier-1 Capital/Core Capital	1,092.68	900.01
	Tier-2 Capital/Supplementary Capital	341.00	360.65
4.	**Total**	**1,433.68**	**1,260.66**
	Capital Adequacy Ratio:		
	Tier-1 Capital to RWA	9.28%	7.67%
	Tier-2 Capital to RWA	2.90%	3.07%
	Total	**12.18%**	**10.74%**

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Credit Rating vis-à-vis Capital Adequacy

Bank kept up efforts to pursue its corporate and SME customers to get credit rated by eligible External Credit Assessment Institutions (ECAI). Credit rating by eligible rating agencies played an important role in decreasing Bank's capital requirement. In accordance with Bangladesh Bank BRPD Circular No. 05 dated April 29, 2009 and BRPD Circular No. 31 dated October 25, 2010, Dhaka Bank has nominated 7 (Seven) recognized External Credit Assessment Institute (ECAI) namely, (i) Credit Rating Information & Services Ltd. (CRISL), (ii) Credit Rating Agency of Bangladesh (CRAB), (iii) National Credit Rating Ltd., (iv) Emerging Credit Rating Ltd, (v) ARGUS Credit Rating Services Ltd., (vi) WASO Credit Rating company (BD) Ltd. & (vii) Alpha Credit Rating Limited. As on December 31, 2013, amount of corporate exposure rated by ECAIs stood at Tk 4,808.87 crore (which is about 48.27% of total funded exposure) compared to Tk 3,523.18 crore as on December 31, 2012. So far a total of 264 customers have been rated by authorized credit agencies.

Bank understands that credit rating has a healing impact on the risky assets of the Bank. Minimum capital requirement decreases significantly with a safer portfolio. Credit rating gives the Bank an economical advantage in holding minimum capital as the measure for risk weighted assets unloads risks from the rated exposure. As per regulatory practice, funded exposure to a customer having external rating of at least double B (BB) with Bangladesh Bank rating grade 4, requires risk weight of 100% whereas exposure to any unrated customers is risk weighted by 125%. Since external rating of most of our rated corporate customers falls in the range of A to AAA (BB rating grade 1 & 2) bearing risk weight of 50% or below, the more our customers do their entity rating, the less will be the capital requirement of Dhaka Bank. We will move forward with this vision to place the Bank on a sound financial footing in 2014 and beyond.

History of Raising Capital

Dhaka Bank Limited started its operation as a private commercial bank in the country on July 5, 1995 with a start-up authorized capital of Tk. 1,000 million and paid-up capital of Tk. 100 million. The Bank strengthened its authorized capital base in 2005 by raising the same from Tk. 1,000 million to Tk. 2,650 million and Tk. 6,000 million in 2007. Authorized capital was further enhanced to Tk. 10,000 million by passing a special resolution in the Bank's 4th Extra Ordinary General Meeting (EGM) held on July 4, 2010. Out of the total issued, subscribed and paid-up capital, 1,320,000 ordinary shares of Tk. 100 each amounting to Tk. 132,000,000 was raised through Initial Public Offering (IPO) of shares held in 24 February 2000. The Bank has increased its paid-up capital twice by issuance of 2:1 right share at par on April 15, 2003 and November 30, 2005 respectively. As at December 31, 2013, equity of the Bank including retained earnings reflected a balance of Tk 11,887 million. Equity as a percentage of total assets was 8.23%. Bank's paid-up capital increased by Tk 746 million at the year-end as a result of stock dividend appropriated for the year 2012. The statutory reserve also increased by Tk 608 million due to transfer of 20% of pre-tax profit under regulatory compliance.

Chronological increase of paid-up capital

Taka at actual

Sl No	No. of AGM	Held on	Dividend Declared	Position at the year end		Remarks
				Total No. of Shares	Paid-up Capital	
Initial Capital				10,00,000	Tk. 10,00,00,000	@ Tk.100 per share
01.	2nd AGM		10% stock	11,00,000	Tk. 11,00,00,000	@ Tk.100 per share
02.	3rd AGM		20% stock	13,20,000	Tk. 13,20,00,000	@ Tk.100 per share
03.	4th AGM	16.09.1999	9% stock & 10% cash	27,58,800 (13,20,000 +1,18,800+13,20,000)	Tk. 27,58,80,000	IPO floated for 13,20,000 shares of Tk. 100 each
04.	5th AGM	21.06.2000	25% cash	27,58,800	Tk. 27,58,80,000	@ Tk.100 per share
05.	6th AGM	26.05.2001	25% cash & 10% stock	30,34,680	Tk. 30,34,68,000	@ Tk.100 per share
06.	7th AGM	22.05.2002	25% cash & 25% stock	37,93,350	Tk. 37,93,35,000	Rights shares declared at par
07.	8th AGM	27.05.2003	20% cash + (15,17,340 nos. rights shares)	53,10,690	Tk. 53,10,69,000	1R:2 right shares totaling 15,17,340 nos. issued on 15.04.2003 as approved by the shareholders in the 1st EGM held on 22.05.2002.
08.	9th AGM	27.05.2004	15% cash & 25% stock	66,38,362	Tk. 66,38,36,200	@ Tk.100 per share
09.	10th AGM	11.04.2005	35% stock & 1R:2	1,22,80,970	Tk. 122,80,97,000	1R:2 right shares totaling 33,19,181 nos. issued at par
10.	11th AGM	28.03.2006	5% stock	1,28,95,019	Tk. 128,95,01,900	@ Tk.100 per share
11.	12th AGM	28.03.2007	10% cash & 20% stock	1,54,74,023	Tk. 154,74,02,300	@ Tk.100 per share
12.	13th AGM	21.04.2008	25% stock	1,93,42,529	Tk. 193,42,52,875	@ Tk.100 per share
13.	14th AGM	31.03.2009	15% cash & 10% stock	2,12,76,782	Tk. 212,76,78,200	@ Tk.100 per share
14.	15th AGM	28.03.2010	25% stock	2,65,95,978	Tk. 265,95,97,800	Changes made in the denomination of the face value of shares through the 4th EGM on 04.07.2010.
15.	16th AGM	29.03.2011	35% stock	35,90,45,703	Tk. 359,04,57,030	@ Tk.10 per share
16.	17th AGM	29.03.2012	5% cash & 30% stock	46,67,59,413	Tk. 466,75,94,130	@ Tk.10 per share
17.	18th AGM	18.04.2013	16% stock	54,14,40,919	Tk. 541,44,09,190	@ Tk.10 per share

Special Assets Management

Filled with alarming growth of classified loans during 2013, the whole of banking industry experienced tremendous pressure from worsening asset quality. Amid tough challenges from downbeat business activities, Dhaka Bank was successful to bring down classified loan amount to Tk 4,137 million from Tk 5,656 million of 2012. In 2013, non-performing loans (NPL) to total loans ratio reached to 4.15% compared to 6.28% of previous year. Continuous political deadlock taking a heavy toll on the economy, financial irregularities by a few corporate groups, lackluster performance of the industry sector as well as stringent regulatory control on classification were mainly responsible for such loss in the banking industry.

However, the NPL scenario changed from worse to somewhat good, though not better, as Bangladesh Bank came forward with a few relaxation on provisioning rules as well as norms of classification and rescheduling. Compared to Industry's NPL ratio of 12.80 per cent as on September 30, 2013, Dhaka Bank's NPL ratio was 4.15% as on the reporting date.

Non-performing assets by segments:

Taka in million

Particulars	As on 31.12.2013	As on 31.1 2.2012	Change
Unclassified loans:	**95,459**	**84,484**	**13%**
Standard (including staff loan)	94,448	83.834	13%
Special Mention Accounts (SMA)	1,011	650	55%
Classified Loans:	**4,137**	**5,656**	**(27%)**
Sub-standard (SS)	1,420	473	200%
Doubtful (DF)	154	904	(83%)
Bad/Loss (BL)	2,563	4,279	(40%)
Total Loans	**99,596**	**90,140**	**10%**
Non Performing Loans (%)	**4.15**	**6.28**	**34%**

Summary of Segmented Performance

The Bank operates under the following business segments along with a fully owned subsidiary of the Bank. The operations of these segments are specifically identified by income, expenses, assets and liabilities.

Based on such allocation, segmented balance sheet as on December 31, 2013 segmented profit and loss account for the year ended December 31, 2013 have been prepared.

PIE OF SEGMENTED ASSETS	PIE OF OPERATING PROFITS
Conventional 92%	Conventional 93%
Islamic Banking 5%	Islamic Banking Nil
OBU 0.1%	OBU 2%
DBL Securities 3%	DBL Securities 5%

Directors' Report 2013
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Conventional Banking (Main Banking Operations)
Conventional Banking Operation is the major growth engine of the Bank with respect to business resources and profitability. As usual, this segment remained vibrant in all areas of banking business. Assets under conventional banking accounted for 92% of total assets in 2013 totalling Tk 134 billion. Profit before Tax & Provision (Operating Profit) was Tk 3,682 million contributing 95% share of total profits. The Bank could appropriate Profit after Tax (Net Profit) of Tk 1,915 million retaining its dominance on all other segments of banking.

Islamic Banking
Total assets under Islamic Banking business grew by 3.36% to Tk. 6,464 million as on December 31, 2013. Deposits grew by 6% while Investment portrayed a dip by 12% over the preceding year.

Offshore Banking
Dhaka Bank is offering offshore banking facilities through 1 (one) Offshore Banking Unit (OBU) located at Dhaka Export Processing Zone (DEPZ). Total loans and advances from the operation of offshore banking amounted to US$ 7.87million equivalent to Tk 611.21 million as on December 31, 2013 compared to US$ 12.8 million equivalent to Tk 1,023 million as on December 31, 2012. During the year 2013, OBU has made an operating profit of Tk 62.56 million .

Subsidiary: DBL Securities Limited
DBL Securities Limited is the only functional subsidiary of the Bank. Having high correlation with the market performance of Dhaka Stock Exchange (DSE), the overall brokerage business was slow and steady in terms of index and turnover in 2013. As per DGEN measure, the average daily turnover of the year 2013 was Tk 4,003 million in contrast to Tk 4,171 million in 2012. DBL Securities Limited as a new entrant in the brokerage business since 2011 grew its market share in trade volume against the backdrop of a low performing DSE. Daily turnover of DBLSL for the year 2013 and 2012 was approximately 3.0% and 2.42% respectively of the daily turnover of DSE.

In 2013, DBL Securities Limited successfully posted profit of Tk 200 million which is 6%, while the company's net profit was 55 million. In the year 2013, DBLSL shared 5% to the consolidated profit of the Bank.

Dhaka Bank Investment Limited
As per decision of the 190th meeting of the Board of Directors of Dhaka Bank Limited, a subsidiary company in the name and style of "Dhaka Bank Investment Limited" formed with Authorized Capital of Tk 2,000,000,000.00 and Paid-up Capital of Tk 250,000,000.00 to conduct Merchant Banking Activities. The company will start its operation in 2014.

Information about Segment Reporting

Tk. in million

Particulars	Conventional	Islamic	OBU	DBL Securities	Total
Total Operating Income	17,569	535	129	264	18,497
Operating Profit (Before Tax & Provision)	3,682	(51)	63	200	3,894
Profit before Tax	3,032	(51)	63	104	3,148
Profit after Tax	1,915	(51)	63	54	1,981
Segment Assets	134,442	6,464	18	4,476	145,400
Segment Liabilities	134,442	6,464	18	4,476	145,400

Green Banking
Steps are taken to introduce green banking products which can in some way or other contribute to the reduction of carbon emissions. We are making every effort for the utilization of 'Green Finance' budget and 'Climate Risk Fund' approved by the Board. Our green finance priorities include ETP, modernization of brick kiln by advanced technology, Bio-gas Plant, Solar Power System and other renewable energy sectors. In our attempt for green finance in 2013, we have disbursed a good sum of Tk 8,412 million to a number of 58 projects across Biogas Plant, ETP, Brick Kiln and so forth.

The Bank has already approved green banking policy and in accordance with the policy guidelines, the Board of Directors approves budget for green finance and climate risk fund. We have made disclosure in green banking activities in our Annual Report 2012 and added more disclosure to Annual Report 2013. At the very onset of 2014, we have uploaded our green initiatives to our remodeled website www.dhakabankltd.com. Independent green banking and sustainability report is under the consideration of bank management. Besides, specific environment risk management plan and guidelines are in place with the Bank

Introducing Green Finance 2013
1. At the year ended 2013, the Bank had 25 projects having ETP and fully disbursed under approved limit. Total finance amounted Tk 7,672 million.
2. Financed Tk 652 million to 19 Hybrid Hoffman Kiln (HHK) on account of eco-friendly brick kilns.
3. Disbursed Tk 87 million to 6 bio-gas plants and Tk 0.06 million to 4 Solar Panels.
4. Managed finance an existing Textile project for BMRE purpose including building up an Effluent Treatment Plants ('ETP').
5. Successfully arranged fund for 1 (one) WTP project and an Inland Container Depot project under Investment Promotion Financing Facility (IPFF).

6. Provided working capital to existing eco-friendly projects under syndication such as WTP, ETP of different textile projects, excavation of river, etc.
7. Encouraged paperless banking by expanding online banking, mobile banking and internet banking, use of e-mail and introduction of IP message system. Added deposit alert to mobile banking solution (MBS).
8. Arranged 02 training courses on the topics of green banking and impact on environment in participation of 100 bank officials in total and conducted by Bangladesh Bank. Also incorporated topics on 'green banking and awareness building' in all foundation training courses.
9. Donated considerable Plastic Waste Bins to Narayangonj City Corporation for a clean livable city life.

Business & Operational Highlights

Enhancement of Network: DBL has made its buzzing presence around the country with a strong web of networks dotted by 131delivery points. In 2013, the Bank has introduced Automated Deposit Machine (ADM) at 6 suitable points in the city adding more values to automated cash transactions. In addition, Bank opened 3 new Branches including 2 rural Branches, added 770 more shared ATMs to the existing alternative arrangement of 2,854 with other banks

Inward Remittance: Dhaka Bank channeled huge inflow of remittance all through 2013 that rose from US$ 155 million in 2012 to US$ 180 million in 2013. DBL has agency arrangements with 19 exchange houses located in USA, UAE, UK, Oman, Italy, Kuwait, Qatar, etc to facilitate remittance of NRBs working abroad. The Bank is upbeat about expanding its footprints in Qatar, KSA, Malaysia, Singapore etc. In 2013, DBL has established its presence for the first time in Kuwait and Qatar. Partnership with Western Union (connecting 201 countries) and Xpress Money (connecting 150 countries) will enable people to get direct inward remittances from every corners of the globe. DBL has bonded with PAGE Development Center (a Comilla based regional NGO having the highest number of branches in Comilla region) for last 4 years for payment of remittance from their 56 branches in and around Comilla. The Bank has introduced specially designed Islamic Banking products focusing on the NRBs namely, Tawfeer Mudaraba Savings Bond Account, Tawfeer Mudaraba DPS and Tawfeer Mudaraba Foreign Currency Account. In parallel, the Bank has renovated its consumer banking product basket with some new and redesigned products with attractive benefits for fruitful investment of remittance in the home country.

Newly Opened Nostro A/C: Our Offshore Banking Unit (OBU) has entered a new line of business of discounting Export Bills under Usance/ Deferred LCs and Import Bills under UPAS LCs. To ensure smooth operation and more efficient Management Information System (MIS), Dhaka Bank has a new Nostro Account with Habib American Bank, New York, USA in the name of 'Dhaka Bank Limited OBU'.

Meeting & Business Review

18th Annual General Meeting: The 18th General Meeting of Dhaka Bank Limited was held on April 18, 2013 at Bashundhara Convention Centre-2, Dhaka. All members of the Board of the Bank as well as a good number of shareholders participated in the meeting and shared their comments and recommendation for the overall progress of the Bank. The AGM approved 16% bonus share as the dividend for the year ended 2012.

Annual Managers' Conference 2013: Annual Managers' conference 2013 of the Bank took place on January 19, 2013 at The Westin, Dhaka. The Directors of Dhaka Bank, Senior Management along with all Branch Managers from around the country participated in the conference. The conference reviewed overall progress of the Bank across 2012 and chalked out various plans and programmes towards achieving yearly target of 2013.

Meeting of Shariah Supervisory Committee: Dhaka Bank held 10 meetings of Shariah Supervisory Committee in 2013. The meetings, among important agenda, discussed and approved final rates of Mudaraba Deposits under Islamic Banking wing for 2012, Report of the Shariah Supervisory Committee published in the Annual Report 2012. The committee also reviewed implementation of the rules of profit distribution system, prospects of Income Sharing Ratio (ISR) among the Mudaraba Depositors and other related issues.

Quarterly Business Review: Dhaka Bank held quarterly Business Review with due participation of Board Members and Bank Management at quarterly intervals to evaluate Bank's position on yearly business target and discussed immediate issues that affected banking business.

Strategic Alliance

Bilateral Interbank Financing: Dhaka Bank has arranged Bilateral Interbank Financing of USD10.00 million from Bank Sohar SAOG, Oman, for its Offshore Banking Unit (OBU). This fund is being used for discounting Local Export Bills and Import Bills received against UPAS import LCs.

ADB Annual Review: Since 2009, Dhaka Bank Ltd has been participating in the Trade Finance Felicitation Programme (TFFP) offered by Asian Development Bank (ADB). This facility provides Dhaka Bank with additional lines to support trade transaction under which ADB issues guarantees in favour of confirming banks for confirming Letters of Credit issued by Dhaka Bank Limited. ADB reviews Dhaka Bank performance under this programme on yearly basis.

Finance to Acme: The Bank extended term finance to the Acme Laboratories Limited. In this connection, a deal was signed between the top brasses of both the companies.

Tie-up with Qubee: As per agreement signed with the leading broadband wireless operator Qubee, Bank's cardholder will enjoy various discounts on prepaid and postpaid connections of Qubee. In reciprocation, the Qubee subscriber will have their annual fee for Dhaka Bank VISA credit card fully waived for the first year. The second agreement will enable Qubee subscribers pay their bills through DBL Branches and alternate delivery channels.

Directors' Report 2013
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Opening Digital Gateways: We have added a new dimension to technological leadership by building partnership in digital payment system in Bangladesh. As a tech-savvy bank, we are opening up more digitalized financial and banking services to the public. To boost our effort for technological excellence, we have inked a contract with Department of Immigration and Passport in collaboration with four other banking partners for online fee collection of machine readable passports (MRP) and VISAs. Under the arrangement, all citizens of Bangladesh can make payment of fees for issuance/ renewal of MRPs through online banking services of DBL and using Debit/Credit Card or through mobile operators under bank tie-up.

Participation in US Trade Show

Dhaka Bank successfully participated in the US Trade Show 2013 as a member of AmCham. The Bank had opportunity to showcase its full range of products and services to the visitors. The fair was jointly organized by the American Chamber of Commerce and the American Embassy in Bangladesh.

Financial Inclusion

Banking with the unbanked has got hold of the global vision as the strongest parameter of sustainable banking. Now banking trajectory covers an infinite space studded with the magic of mobile banking, the promises of school banking, the honour for senior citizens, the recognition of garments worker and women community, the welcome of probashi heros as well as the flourish of rural finance. To reach the unbanked requires a mammoth capacity where we need to add a lot. To cater to the needs of teeming millions, the Bank has grown large in network, capital base, total number of accounts, alternate delivery channels, small scale businesses, women entrepreneur finance, rural banking, agricultural finance and others. In 2013, Bank's customers' accounts base swelled by 34,479 to reach the total of 402, 879 having a good portion of rural clients. Total delivery centres increased to 131from 122 of 2012. 3 new Branches included 2 new rural peers during the year moving up the total number of Branches to 74. Rural Branches have increased to 25 at the year-end 2013.



Manager on visit to a Dairy Farm

The Bank introduced Automated Deposit Machine (ADM) at six suitable locations in the country. 3 SME centres and 1 Kiosk have special focus on SME customers. We have ensured 77 Woman Entrepreneur Financing Desks in total at all Branches and SME centres. Total number of SME clients is now 5,250 with a total SME portfolio of 8,703 million. 53 women entrepreneurs have built a lending portfolio of 76 million with 95% increase from the last year. Our agri finance customers under direct and indirect financing numbered a good total of 45,186 from 26,236 in 2012 depicting a growth of 72%. Our agri lending portfolio stood at 794 million at the end of 2013. Dhaka Bank successfully achieved disbursement target of agricultural/ rural credit of Tk 1,600 million during the fiscal year 2012-13 and is heading towards achieving target for FY2014.

Direct & Indirect Financial Inclusion 2013

Particulars	2013	2012	Change
Total Accounts	402,879	368,400	+9%
Total Delivery Channels	131	122	+7%
Total Branch	74	71	+4%
Rural Branch	25	23	+9%
ADCs	52	46	+13%
SME Customers	5,250	4,050	+30%
SME Portfolio	Tk 8,703m	Tk 4,770m	+82%
Women Entrepreneurs	53	38	+39%
WE Lending Portfolio	Tk 76m	Tk 39m	+95%
Customers under Agri Finance	45,186	26,236	+72%
Online Banking			
Shared ATM Connectivity	3,624		
Percent of branches with online coverage	100%		
Accounts facilitated with Internet Banking	9,203		
Accounts facilitated with Mobile/SMS Banking	83,993		

Directors' Report 2013
continued

Market Research & Developing New Products
Away from banking business and customer service, we have special team of banking experts under the umbrella of Research & Development Unit to carry out extensive research in the industry, hunt new or untapped opportunities and develop new products in accordance with the findings from market place. Our R&D Team in 2013 developed 4 new products with attractive and competitive market offerings, redesigned 3 products and almost finished extensive market study for priority banking and designed a new brand under this banking segment. Striking achievement of R&D was development of student banking (STUDENTS' LEDGER-SCHOOL & STUDENTS' LEDGER-UNIVERSITY), senior citizen banking (HONOURABLE SENIORS) moving on to a new height towards inclusive banking growth. These three products were formally launched at the begining of 2014. Consumer Banking Division, Finance & Accounts, IT as well as Communication & Branding also made notable contribution in total development of these new products. Our next target is woman entrepreneurs, workers and woman community as a whole. 3 need based products for women fold are awaiting approval and inaugural soon.

Insurance backed Products: Protecting Customers' Future
We have tagged insurance facility with some deposit schemes and accounts, ensuring protection against customers' misfortune or eventuality. EduSavings Plan was the first to offer insurance facility. Next came Mudaraba Tawfeer Deposit Pension Scheme, a DPS under Islamic Banking. In 2013 we have designed Students' Ledger Accounts and Honourable Seniors with insurance benefits. The umbrella of insurance is expanding wide to cover more deposit products ahead. We felt honoured and proud in our history of banking excellence when we paid an insurance claim of Tk 32.27 Lac to the bereaved family against accidental death of an accountholder of EduSavings Plan in 2013.

Awards and Accolades

ICAB Certificate of Merit Award



ICAB Certificate of Merit Award

For its excellence in reporting, Dhaka Bank received Certificate of Merit Award from the Institute of Chartered Accountants of Bangladesh (ICAB) for its Annual Report 2012 in the 13th ICAB National Awards for Best Presented Annual Reports 2012. This is a continuous success of the Bank in the high-profile competition of annual reports and accounts at national level. In the history, the Bank has a scintillating record winning 1st and 2nd Prize by ICAB on several occasions. We believe that good reporting system induces a culture of good performance at all levels of the Bank.

Corporate Social Responsibility
As a corporate citizen, Dhaka Bank has endeavoured most to discharge its responsibility towards the community, the environment and the deprived. Health and education dominated in the field of DBL CSR. During 2013, the Bank made a total of Tk 37 million in a number of 23 CSR projects whereas Bank's contribution to CSR projects totaled Tk 14.50 million in 2012, Tk 34.51 million in 2011, Tk 38.91 million in 2010 and Tk 31.77 million in 2009. Over years, the Bank remained a vibrant participant in leading CSR initiatives in Dhaka and elsewhere in Bangladesh.

Green CSR is gathering pace with Dhaka Bank. We call it beautification of nature and environment. Bank believes, this initiative heals the wounds of noisy city life and brings relief to their exhaustion. With this in view, the Bank has continued sponsoring 'Shark Fountain' a sculpture embodying sea life in Cox's Bazar, a green square 'Kadam Foara' in front of high court, 'Rajashik', a famous sculpture before Hotel Ruposhi Bangla and road beautification from Central Edgah to Kakrail Mosque with tree and flower plants.

A Tribute to the Victims of Rana Plaza Tragedy
We would like to pay tribute to those innocent victims of Rana Plaza Collapse in Savar, Gazipur on a fateful day of April 2013. Scores of death without a justified cause has raised the voiced of civic conscience. We pray for salvation of these departed souls and also fortitude for their families to bear the pains. From around the world there is strong call for justice, unified efforts, betterment in work environment, regulatory bindings and buyers' willingness to strive for a change. We as a responsible corporate citizen subscribe to this roaring voice against insanity and keep doing as best as we can to wipe off the welling tears of the helpless victims. In concert with the banking industry and business community, we will endeavor for a better work field, good governance and a tightened control system in Bangladesh.

Dhaka Bank donated a fund of Tk. 1.00 (One) crore to the Prime Minister's Relief and Welfare Fund for the ill-fated families of Savar tragedy for their rehabilitation. The Bank also collected one day's basic salary from all of its employees as donation to the victims of Rana Plaza.

Building Shareholders' value
We are committed to higher and sustainable shareholders' value and keep on doing our best to realize their dreams. We believe, the shareholders will derive the real benefits of investing in the shares of our company if the profitability tracks maintain higher growth consistently and effectively. The Earnings per Share (EPS) increased to Tk 3.56 in 2013 from Tk 1.30 in 2012 while Return on Equity stood at 16.21% against 7.24% of 2012. Market capitalization totalled Tk 10.18 billion during 2013 holding the 20th position among the listed banks in the

Directors' Report 2013
continued

Dhaka Stock Exchange (DSE). Market share of Dhaka Bank in market capitalization was around 0.39 per cent under DSE.

Contribution to National Exchequer
Dhaka Bank is a tax compliant corporate citizen paying corporate tax regularly in time, sometimes in advance of the tax requirement. Besides, the Bank deposits excise duty, withheld tax and VAT to government exchequer deducted from employees' salary as well as payment to customers and vendors.

AGM
The upcoming 19th Annual General Meeting for the year 2013 will be held on April 17, 2014, Thursday at Bashundhara Convention Center-2, Block-C, Umme Kulsum Road, Bashundhara R/A, Baridhara, Dhaka at 11.00 a.m.

Dividend
This is a great pleasure for the Board of Directors of DBL to recommend 17% cash dividend and 5% Stock Dividend for the year that ended on December 31, 2013 subject to approval in the 19th Annual General Meeting.

Election of Directors
As per The Company Act 1994 and the Articles of Association of the Bank, 1/3 (one third) of the Directors of the Bank will retire in the 19th Annual General Meeting and they are eligible for reelection, subject to approval of Bangladesh Bank.

Appointment of Auditors
The Board of Directors of Dhaka Bank Limited in the 18th AGM held on April 18, 2013 appointed Kazi Zahir Khan & Co. Chartered Accountants as the statutory auditors for the year 2013.

Our Outlook for 2014
Considering the prevailing scenario, the way forward to 2014 looks very crucial in stabilizing the banking sector and its growth support. Although it is difficult to envision how 2014 would exactly look like under the changing scenario, there has to be an outlook for a workable strategic stand:

Challenges:
- Uncertainty still prevails in the political frontier. Unless there is any political stability, economic stability is less feasible.
- Banks are expected resort to costs cut following low posting in revenues. Banks' ability to pay out dividend is feared to decrease drastically.
- Addressing NPL issue, as we perceive, will be the top most challenge for banks. The banks would face more hurdles in recovering loans.
- With decreasing industrial production, business can be affected and defaulted. So asset quality may not improve further.
- On the event of Rana Plaza tragedy and subsequent global reaction from the buyers' group, compliance in the industry has been consolidated. Expenses grew higher to realize wage hike, maintenance of work place as well as security and fire management system. Resulting income reduction could have a knock-on effect on repayment of bank loans.
- Under continuous business stagnancy, business community might seek more cut in lending rates from banks.
- A series of scams during 2012-2013 have thrown the banking sector into the loss of trust and confidence. The country's 11 banks held 74.25 per cent of default loans as a significant amount of their credits had been classified due to such scams. The banking system will need to strengthen adequate internal process, facilities and equipments to support work volume, rigorous monitoring of portfolio performance, etc to check fraud, forgery and other operational risks.

Opportunities:
- We are expecting that the policy taken by Bangladesh Bank to strengthen the quality of banks' assets will continue in 2014 and beyond so that the progressive trend in the financial sector can be retained, in accordance with the needs for sustained growth and expansion.
- Buoyant exports have brought optimism over achieving fiscal 2013-2014 export targets. Export achievement proves our resilience against domestic challenges. Demand for the country's garment product is still very good due to its competitive price well liked by international retailers. This uptrend will boost banks' income as banks have the highest exposure in this sector.
- Market diversification of garments products is growing at a rapid pace and the new markets are performing very well. India, Japan, Russia, Mexico, Brazil, South Africa, South Korea, Malaysia, China and Australia are strong new destinations making up for the loss from suspension of GSP finance.
- Every year, inward remittance is perched on a historic high strengthening country's position to meet foreign exchange demand. Banks will have ample scopes ahead to capture earnings from trade finance and channeling remittance from abroad.
- Banks will also try to reap benefits from policy relaxation on SME financing. The trend of portfolio growth under small and medium business is much more above the overall credit growth in the country. SME financing is now an opportunity for commercial banks considering investment demand, lower risk profile and risk weight on SME assets, refinancing facility and provisioning requirement. Same relaxation is likely to take place for agriculture and micro finance before long.
- To sustain higher economic growth, more liberalization in the financial sector can take place to create an atmosphere for more investment. The need for diversification in the financial sector has crystallized. Secondary bond market is increasingly on focus.
- If political stalemate clears off in 2014, more investment will be poured into capital market under growing public confidence and investment climate. Banks' portfolio investment is expected to take an upturn and so is their investment income.

Directors' Report 2013
continued

Our Goals 2014

Betterment of Asset Quality
No doubt, this is the biggest challenge for the banking industry in 2014. Our main focus in the year is to reduce the NPL. We are developing in-built capacity in the Bank to help expedite loan recovery process. We are considering appointment of more loan recovery agents and new mechanism to avoid lengthy, expensive and cumbersome procedures and too much dependence on the court for recovering loans. We have stepped up efforts to help strengthen our negotiation skills in loan recovery what we have found most expedient and economical in tackling bad loans.

Cost Control
This year we are focusing on appropriating Profit after Tax at a higher level than the forgone years. Unless we hold back expenses in phases, we can hardly expedite our earnings towards our goal. In three stages, we will try to do that:

- control cost of fund by healthy deposit mix enhancing share of low cost deposit and refinancing from BB
- control operating expenses by boosting HR productivity, competitive bidding with the suppliers and rational promotion of banking business
- control provisions against bad loans by accelerating recovery mechanism both ongoing and alternative

Focus on Core Banking
Our focus will stick to core banking for 2014 as well. Since the debacle in the stock market in 2010, we have been making cautious exposure to the share market. To excel in sustainable growth, adherence to core business will prove our strategic excellence, we do believe.

Sound Business Mix
We have enhanced our SME portfolio to 9% of total credit in 2013 from 5% in 2012 demonstrating our commitment to extending more businesses to SME. We have also achieved agriculture lending target for the fiscal 2012-2013. Year 2014 will see more flourishes small ticket loans in the focus sectors of SMEs, cluster based finance, green projects, women entrepreneurs finance, agriculture and others. On the corporate sides, we will try to focus on growth supportive sectors including large infrastructure and PPP in the economy. For a sound business mix, we will introduce a bundle of new products and services in tandem with rising demand and need.

Internal Control & Risk Management
2014 and around, we will stay most vigilant about financial scams, irregularities and other operational failures. We will ensure stable well-integrated operating process, new equipment to support work volume as well as strong customer complaint resolution process. To control credit losses, we will ensure appropriate debt rating models, rigorous monitoring of portfolio performance and timely and effective response to changes.

HR Productivity & Efficiency
We will give more concentration on HR productivity this year based on our experience and output in the last five years. We believe, heightened efficiency of HR forces adds more values to banking development than any other factors. For 2014, we have set a target of HR productivity (Profit per Employee) at around Taka 4.0 million assuming a 15% growth in our human resources over the year. We are committed to give every try to achieve the target by a combination of talent management, talented pool of expert bankers from the market, brilliant chunk of business graduates, sharpening job efficiency, increasing learning curve and motivation through more reward and retribution.

Business Ethics to Reign Supreme
Whatever growth we achieve, we have to get back to the root – Ethical Standard in every sphere of business – for a sustainable growth. Business ethics is more oriented with culture than administrative response, as we have experienced for long. To establish a good ethics culture, we have formed Ethics Committee comprising the Senior Management. This year we will focus on building loyalty to the organization, training on ethical practices, recognizing ethical precedence in performance appraisal and transparency in all banking operation.

Shareholders' Value
All of our actions must lead to an ultimate goal – maximization of shareholders value for what we exist and excel. With this in mind, we will concentrate on enhancing profitability to raise Earnings per Share, Dividend as well as confidence of the Shareholders.

DBL as a Power Brand
Together with you and our great team of banking excellence, we dream to build Dhaka Bank as a Power Brand in the country and even beyond across the border. Convincingly, a power brand caries enough strength to weather difficult times. The Board of Directors of Dhaka Bank aspires to honour your dream to make the Bank 'A House of Banking Excellence' in the not too distant future.

On behalf of the Board of Directors



Abdul Hai Sarker
Chairman of the Board of Director



Corporate Governance Statement

We experience our everyday excellence through the trio of phenomena -'Transparency', 'Accountability' and 'Ethics'; the first is mirrored in the fact-sheet of our banking operations while the second persists in strong compliance of regulations and laws. The third is inspired from our deep rooted culture of fairness in all spheres of business.

Corporate Governance Statement

Good corporate governance is about creating the right culture throughout the entire organization. Good corporate governance contributes to the long-term success of a company, creating trust and engagement between the company and its stakeholders. For good governance to exist, there must be robust process underpinned by the right culture, values and behaviours permeating throughout the company. These culture, values and behaviours need to be adopted by the board and actively lived and promoted by the chief executive officer and all levels of management. Dhaka Bank has always attached great importance to corporate governance, in the sense of responsible and transparent management and control aimed at sustainable value creation. The guiding principles of our governance practice are basically derived from myriad regulatory requirements of Bangladesh Bank (Central Bank of Bangladesh) and Bangladesh Securities & Exchange Commission (BSEC). Since its founding, Dhaka Bank has actively been adhering to the principles of sound corporate governance. Dhaka Bank is also committed to complying with the recently issued Bangladesh Bank Circulars (BRPD Circular NO. 11 dated October 27, 2013) in line with Bank Company (Amendment) Act, 2013. Under the Central Bank's latest moves, the banks have been asked to form Risk Management Committees along with the existing Executive and Audit ones with a view to assuring and mitigating various sorts of risks emanating from business transaction. Apart from the regulatory and legal bindings, our best CG choices and practices are inspired by various internal rules, policies, procedures, applications and experience based on preferred governance systems enacted by local and global banking institutions. Dhaka Bank Corporate Governance (CG) has been:

i. To enhance long term interest of our shareholders, provide good management, adopt prudent risk management, techniques and comply with the required standards of capital adequacy, thereby safeguarding the interest of our other stakeholders such as depositors, creditors, clients and employees.
ii. To indentify and recognize the Board of Directors and Management of the Bank as the principal instruments through which good Corporate Governance principles are articulated and implemented. To also identify and recognize accountability, transparency and equality of treatments for all stakeholders, as central tenants of good Corporate Governance.

We experience our everyday excellence through the trio of phenomena -'Transparency', 'Accountability' and Ethics; the first is mirrored in the fact-sheet of our banking operations while the second persists in strong compliance of regulations and laws. The third is inspired from our deep rooted culture of fairness in all spheres of business.

By virtue of a good Corporate Governance structure, we seek to balance the financial success, controls, transparency and accountability. The Bank has a clear documented delegation of authority for administrative and credit approvals. The delegation of authority is judiciously provided on the basis of experience, performance, track record and the rank of individuals. Any misuses of authority or acts of negligence are pinpointed through regular audits and credit reviews which may escalate up to the level of Board depending upon the gravity of the issue. The Bank has well-said and established policies and procedures documented in various manuals. There is a written code of conduct to be followed by all employees. To keep in practice, this code of conduct is signed by employees and its adherence is monitored closely.

The Bank's detailed financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and Bangladesh Financial Reporting Standards (BFRS) are posted on its website which can be referred to for various pertinent disclosures. For accounting policies, please refer to Note Numbers 2.1 to 2.35 published in our consolidated financial statements (Notes to financial statements) which are available on the bank's website (www.dhakabankltd.com). Likewise, a comprehensive qualitative note (Note Number 2.36, Notes to financial statements) on risk management policy is also published along with the annual consolidated financial statements that may be referred for further information on risk management issues.

Practices we adore:

- Chairman leads the Board of Dhaka Bank Limited.
- Representation of women on the Board is encouraging.
- The Bank is being run in line with Corporate Governance Guidelines of the regulators.
- Shareholders vote for individual directors.
- All Board's Committees meet independent guidelines in respect of composition.
- The Board conducts an annual review of its performance and that of its Committees.
- Each meeting of the Board and the Board Committees allows special time for independent discussion in which Management does not participate.
- An orientation program is in place for all new directors. They undergo a systematic learning and development process of best corporate governance practices with related information made available to them.
- All directors, executives/officers and employees of Dhaka Bank are required to acknowledge their adherence annually to Bank's guidelines for business conduct.
- Directors hold Bank's common shares as per Memorandum of Association (MA) and Articles of Association (AA) of the Company and the requirements of BSEC.
- Bank complies with central banks directives while appointing new directors of the bank.
- The Chief Executive Officer of the Bank reports to Bangladesh Bank of issues in defiance with the Bank Company (Amendment) Act, 2013 or of other laws/regulations. Bank is also compliant on the issue of appointing advisor or consultant.

Combination of Executive and Non-Executive Directors



1. Chairman 2. Managing Director (Ex-Officio) 3. Non-Executive Directors

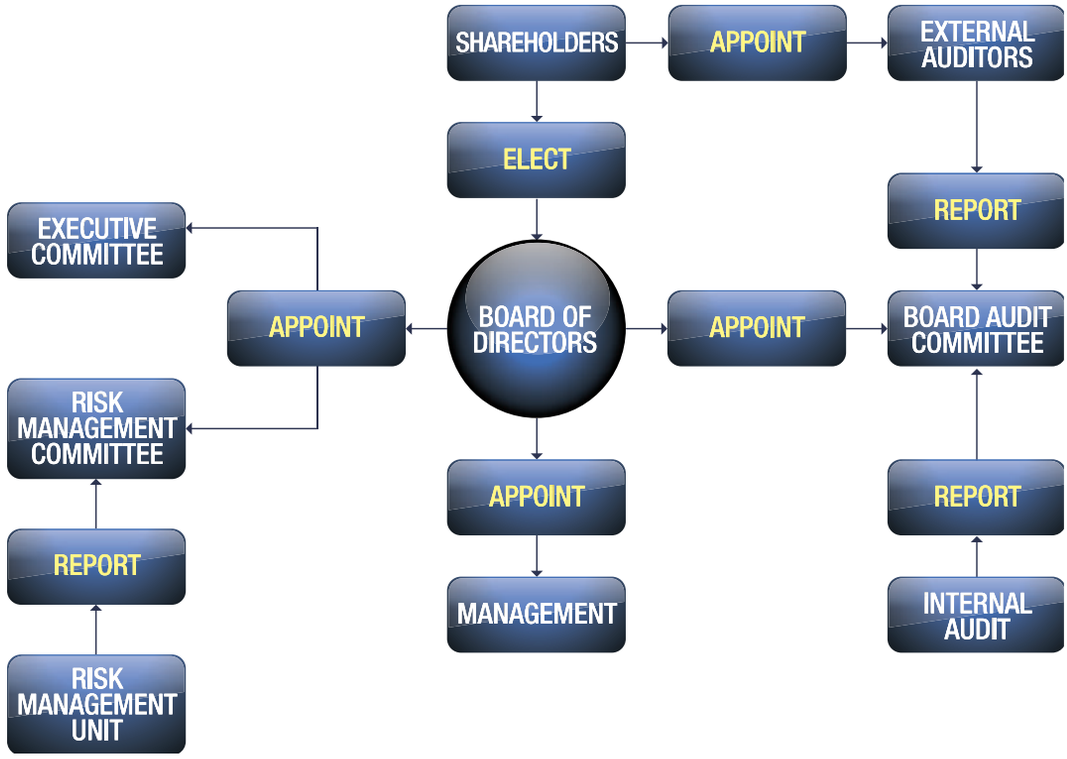
Board Gender Balance



1. Male (94%) 2. Female (6%)

Corporate Governance Statement
continued

In Dhaka Bank, corporate governance means increasing the stakeholders' value by being efficient and professional to the organization, transparent and accountable to the shareholders and responsible to the society and environment. The Board of Directors plays a key role in corporate governance. It is their responsibility to endorse the organization's strategy, develop directional policy, appoint and supervise senior executives and ensure organizational transparency to its owners and regulatory bodies. Dhaka bank's corporate governance structure encompasses the following elements:



Board of Directors Composition

The Bank's Board consists of 17 Directors as of December 31, 2013 including the Managing Director as ex officio member. The Chairman and 15 other Directors are Non-Executive Directors and only the CEO (Managing Director) is an Executive Director. All the Directors were elected by the shareholders of the company and have a 3-year term. All the Directors are well-qualified, experienced professionals and add tremendous value to the overall management capability. These Directors are successful businessmen in their own right and they also hold very responsible positions in public life.

Corporate Governance Framework



All the Directors have declared their interest and directorship at the time of joining the Board and also their dealings in Bank's securities are on full disclosure and arms length basis. The names of the Directors and positions held by them are enclosed as per Annexure-G of Auditors' Report The Board of Directors meet at least once every Month. They have delegated certain powers to the Managing Director for effective day-to-day management. All important management issues are raised at Board level by the Bank's senior management with an exchange of views in details.

Independent Directors

Pursuant to BSEC Notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated August 07 2012 (condition no. 1.2, section 2cc of the Securities and Exchange Ordinance, 1969), Bank appointed 2 (two) Independent Directors namely Mr. Suez Islam on July 3, 2012 and Mr. Syed Abu Naser Bukhtear Ahmed on May 3, 2012. Mr. Ahmed is a banking expert and reformist in banking industry having forty years of checkered career in banking arena while another Independent Director Mr. Suez Islam is seasoned professional with practical experience in diverse business management applications at home and abroad for eighteen years.

Board meetings and attendance

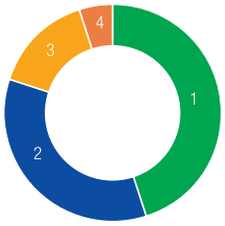
The board of directors holds meeting on a regular basis: usually twice in a month but emergency meetings are called when deemed necessary. At each meeting, management provides information, references and detailed working papers for each agenda to all Directors well ahead of the date scheduled for meeting. At the meeting, Chairman of the Board of Directors allocates sufficient time for the Directors to consider each agenda item in a prudent way and allow them to freely discuss, inquire, and express opinions on the items of interest so that they can fulfill their duties to the best of their abilities. During the year 2013, a total 17 (seventeen) Board Meetings were held; the attendance records of those meetings are as follows:

Corporate Governance Statement
continued

Sl.	Name	Position	Total No of Meetings held	No of Meetings attended	Remarks
01	Mr. Abdul Hai Sarker	Chairman	17	14	The Directors who could not attend the meeting (s) were granted leave of absence by the Board.
02	Mrs. Rokshana Zaman	Vice-Chairperson	17	13	
03	Mr. Mirza Abbas Uddin Ahmed	Director	17	08	
04	Mr. Altaf Hossain Sarker	Director	17	16	
05	Mr. Reshadur Rahman	Director	17	14	
06	Mr. Md. Amirullah	Director	17	15	
07	Mr. Abdullah Al Ahsan	Director	17	17	
08	Mr. Khondoker Monir Uddin	Director	17	03	
09	Mr. Tahidul Hossain Chowdhury	Director	17	11	
10	Mr. Jashim Uddin	Director	17	07	
11	Mr. Mohammed Hanif	Director	17	10	
12	Mr. Khondoker Jamil Uddin	Director	17	11	
13	Mr. Mirza Yasser Abbas	Director	17	14	
14	Mr. Amanullah Sarker	Director	17	07	
15	Mr. Syed Abu Naser Bukhtear Ahmed	Independent Director	17	15	
16	Mr. Suez Islam	Independent Director	17	13	
17	Mr. Khondker Fazle Rashid	Managing Director	17	17	

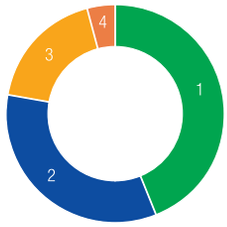
Apportionment Ownership of Dhaka Bank Shares

Shareholding Position 2013 %



1	Sponsors	45
2	General Public	35
3	Finacial Institutions	15
4	Other Investors	5

Shareholding Position 2012 %



1	Sponsors	44
2	General Public	34
3	Finacial Institutions	18
4	Other Investors	4

Directors Shareholding Status

As per BSEC Notifications dated November 22, 2011 and Dated December 07, 2011, each Director other than Independent Director (s) of any listed company shall hold minimum 2% (two percent) shares of the paid up capital by May 21, 2012, else there shall be a casual vacancy of Director (s). And all sponsors/ promoters and directors of a company listed with any stock exchange shall, at all time, jointly hold minimum 30% (thirty percent) shares of the paid up capital of the company. All the eligible directors of Dhaka Bank have taken required number of shares to comply with the above notifications.

Corporate Governance Statement
continued

Shareholding Structure of Directors as on 31.12.2013:

Sl. No.	Name of Directors with Designation	2013		2012	
		No. of share	Value of share (Tk.)	No. of share	Value of share (Tk.)
1	Mr. Abdul Hai Sarker, Chairman	11,779,892	117,798,920	10,068,873	100,688,730
2	Mrs. Rokshana Zaman, Vice Chairperson	10,839,665	108,396,650	9,344,539	93,445,390
3	Mr. Mirza Abbas Uddin Ahmed, Director	33,398,010	333,980,100	28,791,388	287,913,880
4	Mr. Reshadur Rahman, Director	18,118,672	181,186,720	15,619,545	156,195,450
5	Mr. Altaf Hossain Sarker, Director	15,099,954	150,999,540	13,017,202	130,172,020
6	Mr. Mohammed Hanif, Director	16,492,625	164,926,250	14,217,781	142,177,810
7	Mr. Md. Amirullah, Director	10,830,105	108,301,050	9,336,298	93,362,980
8	Mr. Abdullah Al Ahsan, Director	10,831,039	108,310,390	9,337,103	93,371,030
9	Mr. Khondoker Monir Uddin, Director	15,549,458	155,494,580	13,404,706	134,047,060
10	Mr. Tahidul Hossain Chowdhury, Director	10,874,221	108,742,210	9,374,329	93,743,290
11	Mr. Jashim Uddin, Director	10,830,205	108,302,050	9,336,384	93,363,840
12	Mr. Khondoker Jamil Uddin, Director	10,830,055	108,300,550	9,336,255	93,362,550
13	Mr. Mirza Yasser Abbas, Director	19,941,535	199,415,350	17,190,979	171,909,790
14	Mr. Amanullah Sarker, Director	10,830,108	108,301,080	-	-
15	"Mr.Syed Abu Naser Bukhtear Ahmed, Independent Director	-	-	-	-
16	Mr. Suez Islam, Independent Director	1,595,313	15,953,130	1,375,270	13,752,700
17	Mr. M. N. H. Bulu, Director	-	-	9,584,719	95,847,190
	Total	207,840,857	2,078,408,570	179,335,371	1,793,353,710

Shareholding of Chief Executive Officer, Head of Finance, Company Secretary, Head of ICC and top 5 Salaried Executives

Please refer to note Annexure-G of Financial Statements 2013.

Separation of Chairman and Chief Executive Officer Roles

Pursuant to Bangladesh Bank BRPD Circular No. 11 dated October 27, 2013 and Clause 1.4 of BSEC CG Guidelines dated August 07, 2012, we report that the Chairman of the Board, Mr. Abdul Hai Sarker has been elected from among the directors and there are clear and defined roles and responsibilities of the Chairman and the Chief Executive Officer of the Bank.

The respective roles of the Chairman of Board of Directors and the Managing Director of the Bank (termed in general Chief Executive Officer) are specified in writing and have been agreed by the Board. The Chairman oversees the operation and effectiveness of the Board of Directors. He approves the agenda for the Board meetings with the assistance of the Managing Director and the Company Secretary. He also ensures that there is effective communication with stockholders and promotes compliance with the highest standards of corporate governance.

Dhaka Bank has always attached great importance to corporate governance, in the sense of responsible and transparent management and control aimed at sustainable value creation and Bank's goal together.

The Managing Director is responsible for execution of agreed strategy and holds delegated authority from the Board for the day-to-day management of Bank business. As the Head of Management Team, he is accountable to the Board and its Committees to run and manage the Bank in line with prescribed policies, principles and strategies adopted by the Board and rules and regulations from the Central Bank, BSEC and other regulatory bodies. It is evident from the corresponding roles of the Chairman and the Managing Director that DBL Management handles daily affairs of the Bank as a separate entity from the Board of Directors and both work in the common interests of the Bank and its stakeholders. Divergence of opinion, which is not beyond the bounds of possibilities in today's corporate world are settled in a harmonious way towards achieving more of Bank's goal together.

Responsibilities of the Chairman of the Board

To set out the following responsibilities, BRPD circular No. 11 dated October 27, 2013 issued by Bangladesh Bank and Corporate Governance Notification issued by BSEC on August 07 2012 has been taken into consideration.

The overall responsibility of the Chairman is to:

- Ensure that the Board sets and implements the Bank's direction and strategy effectively.
- Act as the Bank's lead representative, explaining aims and policies to the Shareholders.

Corporate Governance Statement
continued

- Ensure no participation in or interference into the administrative or operational and routine affairs of the Bank.
- Refrain from exercising power over policy making or executive authority.
- Visit any branch or financing activities of the bank on spot and can issue instruction to investigate any matter or have access to any information regarding bank's operation; present information or investigate report so obtained, to the meeting of the Board/EC of the Board and take necessary action through the CEO and as and when required under the resolution of the board. But if any complaint is lodged against the CEO, such event should be brought to the notice of Bangladesh Bank through the board with CEO's comment on the matter.

The specific responsibilities of the Chairman, among others, are to:

- Impart overall leadership to the Board, focusing on vision and imagination, working closely with the CEO.
- Lead the way in determining the composition and structure of the board which involves regular assessment of the:
  - size of the Board
  - interaction, harmony and involvement of the directors
- Set the Board's Agenda and plan Board Meetings.
- Chair all Board Meetings, directing debate towards consensus.
- Ensure the Board receives appropriate, accurate, timely and clear information.
- Chair the AGM and other Shareholder's Meetings to foster effective dialogue with Shareholders.
- Ensure that the views of Shareholders are communicated to the Board as a whole.
- Work with Chairman of Board Committees i.e. executive, audit and risk management committee of the Board
- Carry out (if required) on-site inspection of any bank-branch or financing activities under the purview of the oversight responsibilities of the Board.

Benefits provided to the Directors and the Managing Director

In accordance with Bangladesh Bank BRPD Circular No. 11 dated October 27, 2013, banks in Bangladesh can only provide the following facilities to the Directors:

- The Chairman of the Board of Directors may be provided car, telephone, office chamber and private secretary.
- Directors are entitled to fees and other benefits for attending the Board/Executive Committee meetings (Notes to the Financial Statements No 34)
- Managing Director is paid salaries and allowances as per approval of the Board and Bangladesh Bank (Notes to the Financial Statements No 33)

Dhaka Bank is compliant with the Bangladesh Bank Circulars and Guidelines in respect of the above.

Remuneration and Compensation of the Management

To discuss issues related to remuneration and compensation of employees, the Board meets as and when required but at least once in every two years.

Appointment of External Auditors

As recommended by the Board of Directors, the shareholders of the Bank in the 18th AGM held on April 18, 2013 approved appointment of Kazi Zahir Khan & Co., Chartered Accountants as the statutory auditors of the Bank for the year 2013.

Services not Provided by External Auditors

Complying with provision 4 of BSEC guidelines, Kazi Zahir Khan & Co., Chartered Accountants, was not engaged in any of the following services during 2013:

- Appraisal or valuation services or fairness opinions.
- Financial information system design and implementation.
- Bookkeeping or other services related to accounting records or financial statements.
- Broker-Dealer services.
- Actuarial services.
- Internal audit services.
- Any other service that the Audit Committee determines.

Highlights on Central Bank Inspections

Bangladesh Bank carried out a comprehensive inspection of Dhaka Bank Head Office and 41 Branches (among total 74 Branches) based on core risks, SME and consumer finance financials and information along with Foreign Exchange and Trade Services. They submitted their detailed inspection report during 2013 which was placed to the Audit Committee of the Board first and then to the Board. Major findings of the inspection were discussed in a meeting participated by Board, Bangladesh Bank representatives and related management personnel of the Bank. The Board took the observations with utmost importance and instructed management to comply with Bangladesh Bank suggestions for improvement. Bangladesh Bank also conducted several other audits on different units/Divisions/departments of the Bank all across the year which include Treasury Department, Trade Service Department, Credit Administration Department and Off-Shore Banking Unit etc.

Routine Functions of the Board

The Board of Directors is accountable to the shareholders for the overall direction and control of the Bank. Main responsibilities of the Board are to approve all policies and strategies made by the Bank Management as well as ratify all decisions/ approvals made by the Executive Committee (EC) of the Board. The Board, in discharging its responsibilities, is committed to high standards of governance designed to protect the interests of shareholders along with all other stakeholders with highest level of integrity, transparency and accountability. While the Directors did all in their power to respond to the financial market competition and global economic challenges where we compete, they are confident that they did their best in protecting stakeholders from the impacts of the difficult circumstances encountered during the year, as set out in the Directors' Report. To meet the challenges, the Board has initiated a fundamental review of risk governance with a view to being better equipped to anticipate financial market and economic discontinuities and trends in the future. This is being overseen by a Committee of Directors and is being supported by independent Risk Management Unit (RMU) of the Bank. The Board is determined to implement without delay the recommendations, which emerge from the review of the Committees concerned.

Corporate Governance Statement
continued

Board Meetings
The Board of Directors meet at least once in every month. The Board held 17 (Seventeen) scheduled meetings during the calendar year 2013. On the top of the meeting agenda were certain upheavals sweeping the economy and subsequent attempts to develop responses to the market conditions that emerged during the year and, in particular, liquidity issue, rising inflation, foreign exchange crisis, weakening local currency and falling confidence of investors in capital market. Agenda and papers are circulated prior to each meeting to provide the Directors with relevant information to enable them to discharge fully their duties. The Board has the following schedule of matters specifically reserved for its decision:

- devise and determine strategy and company values;
- oversee the management of the business, including control systems and risk management;
- approve material acquisitions, disposals and investment decisions;
- supervise corporate governance and succession planning;

The Bank Management Team is responsible for the execution of agreed strategy and for all operational matters. Details of the number of scheduled meetings of the Board and its Committees and attendance by individual Directors are set out below. The terms of reference of the Committees of the Board are fixed by Bangladesh Bank.

Board Committees
A bank company can form as many as three committees or sub-committees of the Board but not beyond the limit as set by the Central Bank vide BRPD Circular No.11, dated October 27, 2013. Accordingly, DBL has three Board committees namely Board Audit Committee, Executive Committee and Risk Management Committee with an objective to monitor and manage Bank's operations, performance and strategy.

Board Audit Committee
In the normal course of business during the year, the Board Audit Committee meets the external auditor and provides them the recommendations on the overall audit plan. They also discuss the auditor's communication with the Management and the Management's response, as well as, corrective actions taken. They review the quarterly financials and approve Quarterly, Half Yearly and Annual financial reports of the Bank. The Audit Committee also meets the Bank's Head of Audit Compliance to review their charter, scope of work and the organization structure. The inspection reports from regulators are also presented to the Audit Committee for their review and action.

The Board Audit Committee of DBL consists of the following 4 Directors and it includes 1(one) member as Independent Director and are constituted with members not included in the Executive Committee. Members in this committee are elected for 3 (three) years. Company Secretary is the member secretary to the committee.

The Board has determined that the Audit Committee members' collective skills and recent and relevant financial experience enable it to discharge its responsibilities. The Board Audit Committee assists the Board in fulfilling its responsibilities relating to:

- integrity of the financial statements and any related formal announcements;
- overseeing the relationship between the Board and its external auditors;
- review of the Bank's internal controls, including financial controls;
- assessment of the effectiveness of the internal audit, compliance and risk management functions;
- review of the internal and external audit plans and subsequent findings;
- selection of accounting policies namely Bangladesh Accounting Standards (BAS) and International Accounting Standards (IAC);
- review of the auditors' report;
- obligations under applicable laws and regulations including Securities and Exchange Commission Guidelines; and
- review of the effectiveness of the services provided by the external auditors and other related matters.

Aptitude of a member in the committee
- Honesty, integrity and ability of the particular Director are considered to be included in the Audit Committee. They are to invest adequate time in affairs of the committee and should be able to make fruitful and effective contribution to the committee.
- Members of Dhaka Bank Board Audit Committee are well versed in banking business, bank operation, various risks along with knowledge about his own duties and responsibilities,

Bangladesh Securities and Exchange Commission (BSEC) has brought in a compliance of Corporate Governance Guidelines vide Notification dated 07 August 2012 for the companies listed with Stock Exchanges. Bank's status of compliance is appended at Annexure I, II & A (page 99-107) of this report.

DBL Board Audit Committee held 10(Ten) meetings in 2013 and took on thorough discussions and review session with the Head of Internal Control & Compliance, External Auditors, Kazi Zahir Khan & Co., Chartered Accountants, etc.

Highlights of the Audit Committee activity during the year 2013:
- Review and approval of 'Annual Audit Plan 2013' by Internal Control & Compliance Division.
- Appraisal of findings on compliance and associated risk level of Branches/SME Service Centres/Kiosks/ OBUs and various Head Office Divisions/Units.
- Review of the standing of Auditor's outcome on the issues concerning management of loan documentations, etc.
- Review of the status of delinquency in Bank's credit portfolio including SME and Retail loans.
- Review of the process of upgrading internal control systems and procedures as well as operational methodology of Internal Audit Team of the Bank.
- Review of the Auditor's Management Report and subsequent compliance.
- Evaluation of the depth of disclosure in Bank's Annual Report 2012 and progress on overall financial standing around the year 2013.

- Assessment of the status of compliance on Bangladesh Bank Comprehensive Inspection Reports unveiled up to the balance sheet date of 2013.
- Review of Audit & Inspection Report of Branches conducted by ICC during the year 2013.

Board Audit Committee submits to the Board the minutes of its meetings carrying various suggestions and recommendations for ratification and necessary action.

Executive Committee (EC)

Pursuant to Bangladesh Bank directives, the Board of Directors of DBL has formed Executive Committee that has been reconstituted on April 18, 2013 incorporating 07(Seven) non-Executive Directors and the Managing Director in the 200th Board Meeting (held on 18.04.2013) . The Executive Committee is responsible for the review of the policies and guidelines issued by the Central Bank in respect of credit and other operations of the banking industry. The Committee oversees the degree of execution of the policies and guidelines entrusted with the management. In the normal course of business, the EC of the Board approves the credit proposals in line with approved policy of the Board. Management is advised to exercise due diligence of the credit policy and risk management at the time of assessing credit proposals. The EC in its continuous efforts guides the Management to develop uniform and minimum acceptable credit standards for the Bank.

Number of Executive Committee Meetings and the attendance of the Directors, As on 31.12.2013)

Name of Directors	Position	Number of Meeting Held	Attended
Mr. Abdul Hai Sarker	Chairman	37	30
Mrs. Rokshana Zaman	Vice-Chairperson	37	29
Mr. Mirza Abbas Uddin Ahmed	Director	37	25
Mr. Reshadur Rahman	Director	37	30
Mr. Altaf Hossain Sarker	Director	37	32
Mr. Mohammed Hanif*	Director	37	10
Mr. Abdullah Al Ahsan	Director	37	25
Mr. Mirza Yasser Abbas	Director	37	31
Mr. Khondker Fazle Rashid	Managing Director	37	36

*Mr. Mohammed Hanif was a member of Executive Committee of the Board up to April 16, 2013.

Risk Management Committee (RMC)

Pursuant to Bank Company (Amendment) Act, 2013 and BRPD Circular No. 11 dated October 27, 2013, The Bank has constituted Risk Management Committee (RMC). RMC has been formed by the board essentially to play an effective role in reducing ensued and potential risks in the process of implementation of bank's strategy and work-plan as devised by the board of directors as well as efficient execution of related responsibilities of the board. Risk Management Committee oversees whether proper risk mitigation processes/methods are being applied and required capital and provisions are maintained by management after it has duly identified and measured credit risk, foreign exchange risk, internal control & compliance risk, money laundering risk, ICT risk, operating risk, interest risk, liquidity risk and other risks. RMC has been is constituted with 5 (five) members chosen from the Board for a tenure of 3 (three) years. Company Secretary of the Bank to act as the secretary to the committee. All the committee members possess honesty, integrity and ability to invest adequate time in affairs of the committee. All of the members of RMC are well versed in banking business, bank operation, various risks along with knowledge about his own duties and responsibilities,

Duties and responsibilities of the committee

Risk Management Committee is entrusted with the responsibility of:

- Devising Mechanism to determine and control risks
- Preparing organizational structure
- Reviewing and approving risk management policy
- Data preservation and reporting system
- Supervision on implementation of all risk management principles
- Stay compliant on directives issued from regulatory bodies from time to time.

Internal Controls & Compliance

The Directors acknowledge their overall responsibility for the Bank's systems of internal control and for reviewing their effectiveness. Such systems are designed to control, rather than eliminate the risk of failure to achieve business objectives and can provide reasonable, but not absolute, assurance against material misstatement or loss. Such losses could stem from the nature of the Bank's business in undertaking a wide range of financial services that inherently involve varying degrees of risk. The Bank has put in place a comprehensive framework to document and test its internal control structures and procedures in line with the requirements of regulatory bodies, which requires, among other things, certification by management regarding the effectiveness of internal controls over financial reporting. The Bank's overall control systems include:

- a clearly defined organisation structure with defined authority limits and reporting mechanisms to higher levels of management and to the Board, which support the maintenance of a strong control environment;
- establishment of Committees with responsibility for core policy areas;
- a comprehensive set of policies and procedures relating to financial controls, asset and liability management (including major risks in financial managements);
- a Code of Conduct setting out the standards of behaviour expected of all directors, officers and employees; and
- regular reporting by business units which enables progress against business objectives to be monitored, trends to be evaluated and variances to be acted upon.

The above controls, which are embedded within the operations of the Board are reviewed by Bank Internal Audit. In these reviews, emphasis is focused on areas of greater risk as identified by risk analysis. The Directors confirm that the Board, through its Committees, has reviewed the effectiveness of the Bank's systems of internal control for the year

ended 31 December 2013. This process involved a confirmation that a system of internal control in accordance with best financial reporting practice was in place throughout the financial year and up to the date of the signing of these financial statements. It also involved an assessment of the ongoing process for the identification, evaluation and management of individual risks and of the role of the various Committees and Bank's risk management functions and the extent to which various significant challenges are understood and are being addressed.

Bank's Executive Management Committees

There are various management teams which have been established by the Board and have delegated authority to manage the Bank's affairs on day-to-day basis. Evidently, a model Corporate Governance structure endows the Management with a collective mandate under the leadership of CEO/Managing Director to run day-to-day operation in the best interests of the stakeholders. Necessitated by compliance or in pursuance of making headway, DBL has constituted designated committees with specific objectives, apart from various functional departments. The composition of all these Committees are presented in the in the early part of annual report.

Management Committee (MANCOM)

In an effective Corporate Governance structure, corporate/bank management has a collective mandate under the leadership of Managing Director to carry out day-to-day operations to the best interest of the stakeholders. Besides conventional segregation of functional departments, Dhaka Bank has some designated committees entrusted with specific objectives.

Bank's Management Committee is considered the highest decision and policy making authority of the Bank which consists of Managing Director/CEO and different business and support unit heads. This Committee meets twice in every month and discusses issues concerning the Bank and takes necessary decisions. MANCOM wields the topmost authority in Bank Management to make policies and take decisions. In its major scopes of work, the Committee sets vision, mission and strategic planning of the Bank so that business units have best guide towards effective discharging of responsibilities. They shape strategies in respect of business, banking operations, administration, HR management, internal control and compliance and so on. They take record of financial performance of the Bank and holds brainstorming session with in-depth business analysis to resolve the burning questions. The Committee at regular interval reviews and discusses policies and procedures of the Bank and makes necessary modification before placing to Board for approval (if required). Besides, initiatives are taken to streamline Bank services through continuous improvement of internal service quality. MANCOM draws a roadmap to reach Bank's goal by mapping out a pragmatic budget for Branches/ Divisions/ Units with the precision and craftsmanship of strategic management experts. MANCOM has the discretion to co-opt any other member into the Committee if deemed and decided appropriate by the members. Acting Managing Director is empowered to preside over the Management Committee meetings in absence of the Managing Director. DBL MANCOM sat at a specific frequency in every month and held as many as 19 meetings to settle prevailing issues round the year 2013.

Asset Liability Committee (ALCO)

DBL Asset Liability Committee (ALCO) delivers some distinct responsibilities to manage liquidity and related risks by setting out strategies in the following key areas:

- Measure the risk appetite in Banking & Trading Book. Anticipate and respond to changes in the extent of risks the Bank can afford.
- Measure and monitor liquidity position in Banking and Trading Book and mitigate the effects of associated risks by setting appropriate strategies.
- Screen interest rate gap, yield curve shift and basis risk. Plan for interest rate risk management on short, mid and long term basis.
- Sketch desired balance sheet mix for different banking segments.
- Evaluate and manage concentration risk, diversification of business and product profitability.

All through the year 2013, ALCO has gone through a hectic schedule of activities in comparison with the preceding year. Dearth of liquidity loomed large in the market-place. Lower inward remittance, increasing domestic borrowings, volatility in the capital market and accelerated prices of commodities and fuel in the international market on the other hand pulled the strings of events towards a liquidity crunch. Rising rate of interest together with low liquidity kept the money market more challenging from the beginning to the end of the year. Under such backdrops, DBL ALCO had to confront hard competition in balancing asset liability portfolio. ALCO exerted rigorous efforts to manage the challenges spending many hot sessions to hammer out a plan that paid off eventually at the year end. ALCO activities have also been highlighted in the Report of the Directors with added dimension.

All Risk Committee (ARC)

The core objective of the All Risk Committee is to sense, gauge and mitigate risks exposed in Bank's regular challenges as a going concern. A well-approved Terms of Reference (TOR) is in place duly reviewed by the Board. This Committee also acts as a 'Supervisory Review Process Team' as per latest BB directives (BRPD Circular no. 11, dated October 27, 2013) to build up Bank's capacity for sufficient capital to contain risk exposures to the greatest possible extent. Core functions of ARC are as follows:

- Carry out independent oversight to ensure that certain risks spotted, evaluated, monitored and reported within the established framework.
- Supervise the capital management functions of the Bank in harmony with risk based capital adequacy (Basel II).
- Examine market conditions and take preemptive measures against volatility in the market-place and vulnerability of the Bank investments.
- Execute periodic stress test with a view to eliminating lapses gradually in the course of business every day.

The Management of Dhaka Bank Limited had formed Risk Management Unit (RMU) on March 09, 2010 as per stipulated instruction of Bangladesh Bank. At present the RMU is headed by Mr. Niaz Habib, AMD and Chief Risk Officer (CRO) of the Bank. RMU is working as secretary of All Risk Committee (which comprised of heads of all core risk owners and previously known as RMU Committee) of the bank. Members of All Risk Committee are as given below:

Corporate Governance Statement
continued

Sl.	Name of the Employee	Designation	Position in the Committee
1.	Mr. Khondker Fazle Rashid	Managing Director	Chairman
2.	Mr. Niaz Habib	Additional Managing Director & Chief Risk Officer (CRO)	Member
3.	Mr. Md. Asadul Azim	EVP & Head, CRM Division	Member
4.	Mr. Md. Fakhrul Islam	SVP & Head, Business Operations Division	Member
5.	Mr. A. K. M. Ahsan Kabir	FVP & Head, Internal Control & Compliance Division	Member
6.	Mr. K. M. Faisal Faruqui	SAVP & Head, Treasury Division	Member
7.	Mr. Abu Md. Sabbir Hassan Chowdhury	SAVP, Information Technology Division	Member
8.	Mr. Ahmed Arefin, ACA	SAVP & In-Charge, Risk Management Division	Member Secretary

RMU is responsible to manage and measure risk on the basis of the bank's approved risk parameters, independently of regulatory requirements and category. It is responsible for designing risk management strategy, establishing risk management policies & procedure, communicating views of Board & Senior Management regarding risk issues throughout the bank, informing Board & All Risk Committee about appetite for risk, measuring & monitoring risk, identifying & quantifying bank's exposure to material loss, independently monitor limits, developing & implementing loss prevention/retention programs, securing & maintaining adequate loss coverage, periodic stress testing, preparation of monthly risk management paper & holding meeting of All Risk Committee etc.

Meeting & Reporting by RMU:

In compliance with BB directives, RMU holds at least one meeting in each month where monthly risk management paper is submitted for discussion and necessary actions to manage and mitigate risks areas identified and analyzed addressed. Monthly risk management paper along with meeting minutes are sent to DOS on quarterly basis. RMU also conduct quarterly Stress Testing to assess impact of adverse changes in certain parameters, such as increase in NPL, fall in collateral value, fall in market price of share, interest rate, exchange rate etc. on Capital Adequacy of the Bank.

Human Resource Committee (HRC)

The Human Resource Committee is focused to ensure that the Bank adopts best practices in the area of staff management. It works in coordination with Human Resource Division of the Bank to upgrade attraction, retention and development of the talent. HR Committee reviews HR performance for a specific reporting period and recommends promotion/ reward to the Board for approval. The Committee in collaboration with HR Division hammers out a yearlong planning to galvanize workforce into quality leadership in banking and excite the thirst for learning as a continuous process. The HRC also delivers key responsibility in remodeling compensation and remuneration package for the staff of the Bank based on extensive review and market research. Appropriate staffing and manning across the Bank is also a matter of focus that is reviewed by HR Committee at regular interval.

Basel-II Implementation Unit (BIU)

In compliance with Bangladesh Bank instruction, DBL formed Basel-II Implementation Unit in 2007 to forge a pathway towards meeting the requirements of Basel-II accord under the supervision of Bangladesh Bank. A standardized approach has been advised by the Central Bank to estimate risk-weighted assets and capital charge against credit and market risks as well as operational risks.
A detailed discussion on the preparedness and implementation of Basel-II recommendation is inserted in the Directors' Report part of this report.

Investment Committee (IC)

Investment decisions of the Bank are made or recommended by DBL investment Committee. The Committee oversees investment in capital market and sits for discussion as and when required. The IC ensures that all investment decisions are in complete harmony with approved strategy and investment policy. This Committee regularly casts an eye on Bank's Holding of Shares and Capital Market Exposures.

The Auditors and Status of their Independence

The shareholders of DBL appointed Kazi Zahir Khan & Co., Chartered Accountants in the 18th Annual General Meeting held on April 18, 2013 as the statutory auditors of the Bank for the year 2013.

The Bank makes it known for the common knowledge of all stakeholders as necessitated by provision 4 of Securities and Exchange Commission (SEC) guidelines that Kazi Zahir Khan & Co., Chartered Accountants entrusted with statutory audit was not involved in any of the following responsibilities during 2013:

- Designing financial information system and implementation thereof.
- Appraisal or valuation services or fairness opinions.
- Bookkeeping or related services such as accounting records and financial statements.
- Brokerage Service.
- Internal audit services.
- Actuarial services.

Information and Professional Development

On appointment, all Directors receive comprehensive information designed to familiarise them with the Bank's operations, management and governance structures; these include the functioning of the Board and the role of the key Committees. On an ongoing basis, briefings appropriate to the business of the Bank are provided to all Directors. The Directors have access to the advice and services of the Company Secretary, who is responsible for advising the Board on all governance issues and for ensuring that the Directors are provided with relevant information on a timely basis to enable them to consider issues for decision. Committees of the Board have similar access and are provided with sufficient resources to undertake their duties.

Corporate Governance Statement
continued

Election / Re-election of Directors
At the forthcoming Annual General Meeting, the following directors, one third of the Directors shall retire as per Company Act, 1994 and Articles of Association of the Bank. The retiring Directors will be eligible for re-election subject to approval of Bangladesh Bank.

Relations and Communications with the Shareholders
In our sincere efforts to share information with whom we are concerned, DBL disseminates integrated operational and financial output and initiatives to shareholders to enable them to accurately assess future potentials of the Bank. Communication with stockholders is given high priority. The Bank seeks to provide through its Annual Report a balanced, clear assessment of its performance and prospects. It also uses its internet website www.dhakabankltd.com to provide investors with the full text of the Annual and Interim reports and with copies of presentation to regulatory bodies, analysts and investors as they are made so that information is available to all relevant targets. The Annual Report comprising audited financial statements for the respective year are also despatched to the shareholders well ahead of AGM and audited financial statements for any particular year are published in two leading circulated Bangla and English dailies. As per new directive of SEC, quarterly statements for the quarter January – March and July – September respectively are published in two leading dailies and posted to the website of the Bank. The half yearly (January – June) financial statements are sent to the shareholders and the bourses i.e. the DSE & the CSE following rule 13 of the SEC Rules 1987.



The Chairman speaking to media

The Bank's policy is to make constructive use of the Annual General Meeting and all shareholders are encouraged to participate. Shareholders are given the opportunity to ask questions at the AGM. The notice of the Annual General Meeting is issued at least 16 working days before the meeting. It is usual for all Directors to attend the Annual General Meeting and to be available to meet shareholders and to answer relevant questions. In addition, facility is available at the meeting to assist stockholders to resolve any specific queries they may have.

Other Stakeholders
DBL always recognizes and safeguards the rights/ interests of other groups of stakeholders giving a fair shake. Apart from our respected shareholders, we have our valued customers, our kindred spirit in steering our banking business. Then come our internal customers, our employees who are craftsmen of our everyday success. Others include suppliers, Government, regulatory bodies, society, community, media people and any other group having interest in the Bank.

Customers
To us, customers are the heart of our everyday experience, the source of our inspiration and the root to our continuity. In the rush hour bustles, we at times press our clients to join the queue in the service counters but we put our mind to realizing their dream and expectation with the fervour of an earnest host. Committed to customer service, we offer innovative and useful array of banking products and services maintaining better relationship in parallel. In our way to winning customers' confidence, we have exercised great effort to build a viable working system, apply modern technology and employ expert and skilled pool of talent. The Bank is on continuous expansion of its network of Branches, ATMs, SME Service Centres and Business Centres to establish a countrywide presence. The Bank acts as a trusted custodian by not only protecting customers' interest and the confidentiality but also responding to their grievances through corrective measures. DBL is also aware of its contractual commitments and obligations with its customers. Accordingly, the Bank meets the terms of loan and agreements made with creditors and depositors.

To us, customers are the heart of our everyday experience, the source of our inspiration and the root to our continuity. In the rush hour bustles, we at times press our clients to join the queue in the service counters but we put our mind to realizing their dream and expectation with the fervour of an earnest host.

Employees
Employees have to perform the best to meet the challenge and sophistication of the day. To this end, the Bank has established a competitive and enabling working environment. Financial and qualitative benefits top the agenda of HR compensation to attract and retain the leading talented team in the market. Apart from the handsome remuneration package, the Bank bestows a number of welfare schemes such as healthcare, contributory provident funds, house building loan and car loan as well as gratuity and superannuation benefits to eligible employees. DBL also arranges 'DBL Family Night' and 'Annual Picnic' every year to celebrate delights away-from-office and the great get-together session with all family members of the employees. This provides ample scopes to employees to add vitality and motivation towards work and organisation. Employees are provided with orientation, local and foreign training and various learning and development programs. Ethical practice and Code of Conduct play a dominant role in DBL corporate culture. Under such practices, employees can make a right choice out of their ethical dilemma and are properly guided towards a safe career path.

Supplier
Supply and logistic support are pivotal to smooth running of a company and meeting organizational goals. The Bank is well aware that least deviation from major supply contracts between the parties concerned may lead to an undesirable consequence. So the Bank never falters to honor the terms of contracts/agreements with the suppliers. The Bank

duly deducts AIT and VAT from all suppliers' bills eligible for payment at prescribed rate and deposits to government exchequer on time.

The Society and the Community

Upgrading life around us in addition to our continuous progress is also our prime concern. In our sustainability planning, we recognise the importance of contributing to the society and the community as fervently as possible. The Bank ensures that Bank's financed projects pose no adverse impacts on environment and environmentally susceptible projects have clearance certificate from concerned ministry/authority. Clients are made aware of environmental compliance along with other regulatory compliance such as credit rating. Specific allocation is made for Dhaka Bank Foundation from Bank's net profit every year to optimize values for the community and the habitat.

The Government

We are always tax compliant as a responsible corporate citizen. Our Bank makes payment of corporate tax on time and sometimes even before the time it takes effect. The Bank deposits excise duty, withheld tax and VAT to government on time deducted from employee's salary as well as customers and vendors.

Conflicts of interests

In good corporate government practice, the Board and the Management effectively refrain from pursuing other interests at the cost of the organisation. Given the context, DBL remains watchful about the extent of agency cost and moral hazard both with relation to the Board and the Management along with real or potential conflicts of interests. In this connection, connected transactions or related party transactions are brought to focus. It has to be ensured that the Directors who are related people keep away from the scrutiny and approval of such transactions

As per regulatory obligation, Directors should report changes in their holdings of Bank's shares through buy or sell to the Securities and Exchange Commission before one month of such transactions. Besides, DBL stays vigilant on insider trading. To prevent any illegal access to inside information and subsequent undue advantage from price sensitive information in advance, the Bank circulates awareness guidelines on the issue to its staff, executives and the Directors for their knowledge and observance. The SEC guidelines prohibit the directors, employees, auditors and any people engaged in the auditing activities, beneficiary owners from buying or selling, offering to buy/sell, or motivating others to buy/sell the Bank's shares during the period of two months immediately before the closing date of income year till the date of approval of audited Financial Statements by the Board. Thus, regulatory compliance is made effective in mitigating the conflicts of interest among the stakeholders of the Bank.

Related Party Transactions

The Bank in its ordinary course of business accomplished financial transactions with some entities or persons that fall within the purview of 'Related Party' as contained in BAS 24 (Related Party Disclosures) and as defined in Bangladesh Bank BRPD circular 14, 2003. As on the reporting date, the Bank had a funded line to its subsidiary (DBL Securities Ltd,). That apart, the Bank had procured some goods and services from the entities of related party during 2013. Please refer to Annexure-G of financial statements for details of related party transactions.

BSEC Guidelines for Corporate Governance: Our Compliance Status

Annexure-I

The Bangladesh Securities and Exchange Commission (BSEC) issued a corporate governance (CG) guidelines in 2012 which is being followed by banks on 'Comply' basis. **Status of compliance with the conditions imposed by the Commission's Notification No. SEC/ CMRRCD/2006-158/134/Admin/44 dated August 07, 2012 issued under section 2CC of the Bangladesh Securities and Exchanged Ordinance, 1969** as follows:

As per BSEC notification above, the Directors report that:

- The financial statements prepared by the management of the company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS)/ International Financial reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the issuer company's ability to continue as a going concern.
- There is no significant deviation in the operating results from the result of the last year.
- Key operating and financial data of at least preceding 5 (five) years have been presented in summarized form at page no. 62.
- The number of Board Meetings and Executive Committee Meetings and the attendance of Directors during the year 2013 showed in Annexure -II

The pattern of share holding along with name-wise details of interests in the Bank:

1. **Parent/Subsidiary/Associated companies and other parties:** The Bank had formed a subsidiary company named "DBL Securities Limited during the year 2010 to conduct stockbroker & stock dealer activities." Another subsidiary in the name 'Dhaka Bank Investment Ltd.' is set to start merchant banking operations in 2014.

2. **Directors:** Shareholding presented in Related Party Disclosure at Annexure-G of Auditors Report 2013 and interests of Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor Children and Senior Executives are provided in Annexure-G also appended in Auditors Report.

3. **Shareholders holding ten percent (10%) or more voting interest in the company as at 31 December 2013:** Nil.

BSEC Guidelines for Corporate Governance: Our Compliance Status

continued

Annexure-II

Number of Board Meetings and attendance of Directors as on 31.12.2013			
Name of Directors	**Position**	**Number of Meeting Held**	**Attended**
Mr. Abdul Hai Sarker	Chairman	17	14
Mrs. Rokshana Zaman	Vice-Chairperson	17	13
Mr. Mirza Abbas Uddin Ahmed	Director	17	08
Mr. Altaf Hossain Sarker	Director	17	16
Mr. Reshadur Rahman	Director	17	14
Mr. Md. Amirullah	Director	17	15
Mr. Abdullah Al Ahsan	Director	17	17
Mr. Khondoker Monir Uddin	Director	17	03
Mr. Tahidul Hossain Chowdhury	Director	17	11
Mr. Jashim Uddin	Director	17	07
Mr. Mohammed Hanif	Director	17	10
Mr. Khondoker Jamil Uddin	Director	17	11
Mr. Mirza Yasser Abbas	Director	17	14
Mr. Amanullah Sarker	Director	17	07
Mr. Syed Abu Naser Bukhtear Ahmed	Independent Director	17	15
Mr. Suez Islam	Independent Director	17	13
Mr. Khondker Fazle Rashid	Managing Director	17	17

Number of Executive Committee Meetings and the attendance of the Directors, As on 31.12.2013)			
Name of Directors	**Position**	**Number of Meeting Held**	**Attended**
Mr. Abdul Hai Sarker	Chairman	37	30
Mrs. Rokshana Zaman	Vice-Chairperson	37	29
Mr. Mirza Abbas Uddin Ahmed	Director	37	25
Mr. Reshadur Rahman	Director	37	30
Mr. Altaf Hossain Sarker	Director	37	32
Mr. Mohammed Hanif*	Director	37	10
Mr. Abdullah Al Ahsan	Director	37	25
Mr. Mirza Yasser Abbas	Director	37	31
Mr. Khondker Fazle Rashid	Managing Director	37	36

*Mr. Mohammed Hanif was a member of Executive Committee of the Board up to April 16, 2013.

ACNABIN
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BDBL Bhaban (Level-13)
12 Kawran Bazar Commercial Area
Dhaka-1215, Bangladesh.

Certificate on Compliance of Corporate Governance Guidelines

[Issued under condition #7(i) of Corporate Governance Guidelines of BSEC vide Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012]

I have reviewed the compliance of conditions of the Corporate Governance Guidelines by Dhaka Bank Limited ("the Bank") for the year ended 31 December 2013. These conditions of Corporate Governance were issued by Bangladesh Securities & Exchange Commission (BSEC) vide their notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012. The compliance with the said conditions of Corporate Governance and reporting the status thereof is the responsibility of the management of the Bank. My responsibility is to provide a certificate about whether the Bank is in compliance with the said conditions of Corporate Governance based on my examination.

My examination for the purpose of issuing this certificate was limited to the procedures including implementation thereof as adopted by the Bank for ensuring the compliance of the conditions of Corporate Governance and correct reporting of the status of the compliance on the attached statement on the basis of evidence gathered and representation received. It is neither an audit nor an expression of opinion on the financial statements of the Bank.

To the best of my information and according to the explanations given to me by the Bank, I hereby certify that Dhaka Bank Limited has, except conditions # 2.1 and 5 (ii) as reported on the attached Status of Compliance Statement (Annexure– A), complied with the conditions of Corporate Governance stipulated in the above mentioned BSEC's notification dated 07 August 2012.

Dhaka,
19 March 2014

M. Moniruzzaman, FCA
Partner
ACNABIN, Chartered Accountants
ICAB Enrollment # 787

Compliance of Corporate Governance Guidelines

Annexure-A

Status of Compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No. SEC/CMRRCD/2006-158/Admin/44 dated 7th August 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969 is presented below:

SEC Checklist: (Report under Condition No.7)

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1	**Board of Directors (BoD)**			
1.1	Board Size (Number of Board members - minimum 5 and Maximum 20)	✓		
1.2	**Independent Directors**			
1.2 (i)	At least one fifth (1/5) of the total number of Directors shall be Independent Directors	✓		The Board of Directors consists of 16 (sixteen) members including 2 (two) independent directors which is in compliance as per Bank Company (Amendment) Act 2013 [Section 15(9)]
1.2 (ii)	**Independent Director means a Director**			
1.2 (ii) (a)	who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company	✓		
1.2 (ii) (b)	who is not a sponsor of the company and is not connected with the company's any sponsor or director or shareholder who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship. His/her family members also should not hold above mentioned shares in the company	✓		
1.2 (ii) (c)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies	✓		
1.2 (ii) (d)	who is not a member, director or officer of any stock exchange	✓		
1.2 (ii) (e)	who is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market	✓		
1.2 (ii) (f)	who is not a partner or executive or was not a partner or an executive during the preceding 3 (three) years of the company's statutory audit firm	✓		
1.2 (ii) (g)	who shall not be an independent director in more than 3 (three) listed companies	✓		
1.2 (ii) (h)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI)	N/A		
1.2 (ii) (i)	who has not been convicted for a criminal offence involving moral turpitude	N/A		
1.2 (iii)	Independent Director(s) shall be appointed by BoD and approved by the shareholders in the Annual General Meeting (AGM)	✓		
1.2 (iv)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days	✓		
1.2 (v)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded	✓		

Compliance of Corporate Governance Guidelines

continued

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.2 (vi)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only	✓		
1.3	**Qualification of Independent Director (ID)**			
1.3 (i)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business	✓		
1.3 (ii)	Independent Director should be a Business Leader/ Corporate leader/Bureaucrat/University Teacher with Economics or Business Studies or Law background/Professionals like Chartered Accountants, Cost & Management Accountants, Chartered Secretaries. The independent director must have at least 12 (twelve) years of corporate management/professional experiences	✓		
1.3 (iii)	In special cases the above qualifications may be relaxed subject to prior approval of Commission	N/A		
1.4	The Chairman of the Board and the Chief Executive Officer (CEO) shall be different individuals. The Chairman shall be elected from among the directors. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the CEO	✓		
1.5	**The Director's Report shall include the following additional statements**			
1.5 (i)	Industry outlook and possible future developments in the industry	✓		
1.5 (ii)	Segment-wise or product-wise performance	✓		
1.5 (iii)	Risks and concerns	✓		
1.5 (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin	✓		As per law(s), details are discussed in the financial statements
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss	N/A		
1.5 (vi)	Basis for related party transactions - a statement of all related party transactions should be disclosed in the annual report	✓		
1.5 (vii)	Utilization of proceeds from public issues, rights issues and/ or through any other instrument	N/A		
1.5 (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO)	N/A		
1.5 (ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements, the management shall explain about the variance	N/A		
1.5 (x)	Remuneration to directors including independent directors	✓		
1.5 (xi)	The financial statements present fairly its state of affairs, the result of its operations, cash flows and changes in equity	✓		
1.5 (xii)	Proper books of account have been maintained	✓		
1.5 (xiii)	Adaptation of appropriate accounting policies & estimates	✓		

Compliance of Corporate Governance Guidelines

continued

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.5 (xiv)	IAS/BAS/IFRS/BFRS, as applicable in Bangladesh, have been followed and adequate disclosure for any departure	✓		
1.5 (xv)	The system of Internal control is sound in design and has been effectively implemented and monitored	✓		
1.5 (xvi)	Going Concern (ability to continue as going concern)	✓		
1.5 (xvii)	Highlight and explain significant deviations from the last year's operating results	✓		
1.5 (xviii)	Key operating and financial data of at least preceding 5(five) years shall be summarized	✓		
1.5 (xix)	Reason for non-declaration of Dividend	N/A		
1.5 (xx)	The number of Board meetings held during the year and attendance by each director	✓		
1.5 (xxi)	**Pattern of shareholding and name wise details (disclosing aggregate number of shares)**			
1.5 (xxi) (a)	Parent/Subsidiary/Associated Companies and other related parties	✓		
1.5 (xxi) (b)	Directors, Chief Executive Officer (CEO). Company Secretary (CS), Chief Financial Officer (CFO), Head of Internal Audit (HIA) and their spouses and minor children	✓		
1.5 (xxi) (c)	Executives	✓		
1.5 (xxi) (d)	Shareholders holding ten percent (10%) or more voting interest in the company	✓		
1.5 (xxii)	**In case of the appointment/re-appointment of a director, disclose:**			
1.5 (xxii) (a)	a brief resume of the director	✓		
1.5 (xxii) (b)	nature of his/her expertise in specific functional areas	✓		
1.5 (xxii) (c)	names of companies in which the person also held the directorship and the membership of committees of the board	✓		
2.0	**Chief Financial Officer, Head of Internal Audit & Company Secretary**			
2.1	Appointment of CFO, HIA and CS and defining their respective roles. responsibilities & duties		✓	Partially complied. The CFO is still to be appointed. The condition of this appointment is under review of the management
2.2	The CFO and the CS shall attend the meeting of the Board of Directors	✓		
3.0	**Audit Committee**			
3 (i)	The Audit Committee shall be the sub-committee of the BoD	✓		
3 (ii)	The Audit Committee shall assist the BoD in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	✓		
3 (iii)	The Audit Committee shall be responsible to the BoD. The duties of the Audit Committee shall be clearly set forth in writing	✓		
3.1	**Constitution of the Audit Committee**			
3.1 (i)	The Audit Committee shall be composed of at least 3 members	✓		
3.1 (ii)	The BoD shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) Independent Director	✓		

Compliance of Corporate Governance Guidelines

continued

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
3.1 (iii)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience	✓		
3.1 (iv)	Expiration of the term of service of Audit Committee members making the number lower than 3 (three) and fill up the vacancy (ies) by the Board not later than 1 (one) month from the date of vacancy(ies)	N/A		
3.1 (v)	The Company Secretary shall act as the secretary of the Audit Committee	✓		
3.1 (vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1(one) independent director	✓		
3.2	**Chairman of the Audit Committee**			
3.2 (i)	The BoD shall select the Chairman of the Audit Committee, who shall be an Independent Director	✓		
3.2 (ii)	Chairman of the audit committee shall remain present in the AGM	✓		
3.3	**Role of Audit Committee**			
3.3(i)	Oversee the financial reporting process	✓		
3.3(ii)	Monitor choice of accounting policies and principles	✓		
3.3(iii)	Monitor Internal Control Risk Management process	✓		
3.3(iv)	Oversee hiring and performance of external auditors	✓		
3.3(v)	Review the annual financial statements before submission to the board for approval	✓		
3.3(vi)	Review the quarterly and half yearly financial statements before submission to the board for approval	✓		
3.3(vii)	Review the adequacy of internal audit function	✓		
3.3(viii)	Review statement of significant related party transactions submitted by the management	✓		
3.3(ix)	Review Management Letters/Letter of Internal Control weakness issued by statutory auditors	✓		
3.3(x)	Disclosure to the Audit Committee about the uses/ applications of IPO funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, shall prepare a statement of funds utilized for the purposes other than those stated in the prospectus	N/A		
3.4	**Reporting of the Audit Committee**			
3.4.1	**Reporting to the Board of Directors**			
3.4.1(i)	Reporting to BoD on the activities of the Audit Committee	✓		
3.4.1(ii)(a)	Reporting to BoD on conflicts of interests	N/A		
3.4.1(ii)(b)	Reporting to BoD on any fraud or irregularity or material defect in the internal control system	N/A		
3.4.1(ii)(c)	Reporting to BoD on suspected infringement of laws	N/A		
3.4.1(ii)(d)	Reporting to BoD on any other matter	N/A		
3.4.2	Reporting to BSEC (if any material impact on the financial condition & results of operation, unreasonably ignored by the management)	N/A		
3.5	Reporting to the Shareholders of Audit Committee activities, which shall be signed by the Chairman and disclosed in the Annual Report	N/A		

Compliance of Corporate Governance Guidelines

continued

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
4.00	**External / Statutory Auditors**			
4.0 (i)	Non-engagement in appraisal or valuation services or fairness opinions	✓		
4.0 (ii)	Non-engagement in designing and implementation of Financial Information System	✓		
4.0 (iii)	Non-engagement in Book Keeping or other services related to the accounting records or financial statements	✓		
4.0 (iv)	Non-engagement in Broker-dealer services	✓		
4.0 (v)	Non-engagement in actuarial services	✓		
4.0 (vi)	Non-engagement in internal audit services	✓		
4.0 (vii)	Non-engagement in any other services that the Audit Committee determines	✓		
4.0 (viii)	No partner or employees of the external audit firms shall possess any share of the company during the tenure of their assignment	✓		
4.0 (ix)	Audit/ certification services on compliance of corporate governance as required under clause (i) of condition No. 7	✓		
5	**Subsidiary Company**			
5(i)	Provisions relating to the composition of the BoD of the holding company shall be made applicable to the composition of the BoD of the subsidiary company	✓		
5(ii)	At least 1(one) Independent Director on the BoD of the holding company shall be a director on the BoD of the subsidiary company.		✓	Inclusion of independent director from holding company in the Board of Subsidiary company is under process
5(iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company	✓		
5(iv)	The minutes of the respective Board Meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also	✓		
5(v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company	✓		
6	**Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO)**			
6(i)	The CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:	✓		Here certification to the BoD is given by Head of Finance & Accounts instead of CFO
6 (i)(a)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading	✓		
6 (i)(b)	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws	✓		
6 (ii)	there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent. illegal or violation of the company's code of conduct	✓		

Compliance of Corporate Governance Guidelines

continued

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
7	**Reporting and Compliance of Corporate Governance**			
7 (i)	Obtaining certificate from a practicing Professional Accountant/Secretary regarding compliance of conditions of Corporate Governance Guidelines of the BSEC and include in the Annual Report	✓		
7 (ii)	Directors statement in the directors' report whether the company has complied with these conditions	✓		



Sustainability

Dhaka Bank is firmly committed to being good corporate citizen and to helping clients and other key stakeholders achieve sustainable success. Bank's central sustainability theme, Generation next and beyond, reflects the essence of its ambition: Dhaka Bank is here for the long term and takes into account the legitimate interest of its stakeholders – not only for today's world, but for future generations too.

Sustainability

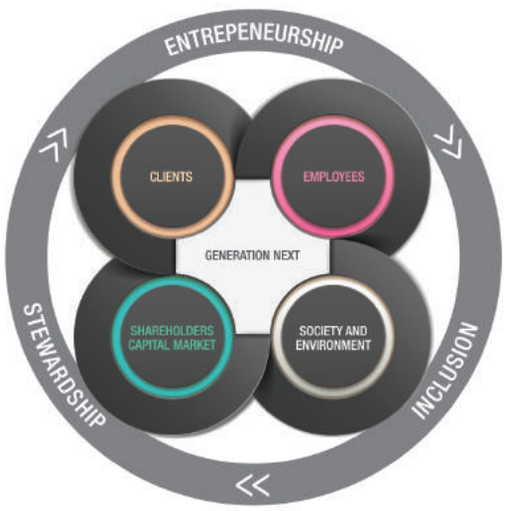
Sustainability

We are rebuilding a stronger and safer Dhaka Bank. The work we are doing on sustainability is an integral part of this, contributing to the long-term performance of the Bank and the return to ongoing profitability, steering the Bank towards its corporate targets with a direction of growth that meets expectations of shareholders, customers, employees, investors, international financial institutions, regulators, business partners, above all the community we operate in. Our stakeholder engagement approach allows us to understand the issues that matter most to those who have an interest in our business. Treating customers fairly, being good employer, keeping customers' money and data safe. In addition, managing our wider ethical, social and environmental impacts remain among the key concerns of our stakeholders.

Our Approach

Dhaka Bank is firmly committed to being good corporate citizen and to helping clients and other key stakeholders achieve sustainable success. Bank's central sustainability theme, Generation next and beyond, reflects the essence of its ambition: Dhaka Bank is here for the long term and takes into account the legitimate interest of its stakeholders – not only for today's world, but for future generations too. Three key elements shape this theme:

- **Entrepreneurship:** A sustainable business model is based on the pursuit of a socially responsible and environmentally friendly market opportunities and supporting clients in becoming more sustainable themselves.
- **Stewardship:** Taking responsibility for clients, suppliers, employees and reducing the environmental impact
- **Inclusion:** Dhaka Bank encourages community involvement throughout its 19 years of operation, Dhaka Bank has pledged its commitment to build long-term sustainability through business transparency, eco-friendly innovations, and community development for a better quality of life and sustainable well-being for the next generation. We believe that responsible banking addressing social, environmental and financial conditions are key to long term success and beneficial for immediate community that includes our clients, employees and place where we operate.



Fair Banking

We are working to provide a simple, accessible and innovative service for our customers in response to their requirements. Banking is central to the daily lives of almost everyone, and it's important that we understand their needs. In 2013 we have taken steps to proactively identify people who may get into financial difficulty so we can work with customers to improve their situation. We have reviewed our rates structure (both corporate and retail) as we aim to place customers at the heart of our business decision.

Supporting Enterprise

Giving support to the enterprise in the economies in which we operate is a cornerstone of our customer offering. The health of Dhaka Bank is directly influenced by the health and success of the business it supports. Whether it's continuing to serve our existing clients in the best way possible or working to give start ups the help they need to become successful- we are here to support the growth of viable businesses. We provide advice and guidance to businesses through our Branch Managers and online courses. We know it is a difficult time for some organizations and that's why we created specialist team under 'Mentorship Programme" to provide that support.

Employee Engagement

Being good employer is fundamental to our success as a business Our employees are a diverse and talented group which we support and encourage through internal networks and training. We highly value our employees and seek to support them through this process with a range of tools and services to help them find other roles, either inside or outside the Bank. We also offer emotional and practical challenges that they may experience.

Safety and Security

Managing safety and security of our employees and customers is one of our fundamental responsibilities. We have adopted continues vigilance approach to keep up with challenging and changeable environment that we operate in, and continually review and innovate the way we face. In 2013, we invested a reasonable sum in ensuring Branch security concerns.

Citizenship and Environmental Sustainability

As a large organization we have a responsibility to manage our internal and external impacts. A core part of this is the way we govern our environmental, social and ethical risks, not only within our own operations, but also in relation to companies we lend to. In 2013, we implemented sector policies which clearly define our lending criteria in certain sensitive industries. 2014 will also see the launch of revised and more stretching targets to reduce our environmental footprint across our travel and energy waste, water and paper use. These targets will drive forward the management of our own footprint, and allow our stakeholders to track our progress.

Financial Inclusion

Multitudes of people across the country still remain unbanked or have limited access to banking services. We remain committed to

agricultural and rural credit (micro finance) as a means of increasing financial inclusion in the country. Our approach is to support this sector by providing a range of financial services as well as through our own branch network and Microfinance Institution (MFIs). Small and Medium Enterprises played crucial role in generating jobs and economic growth in Bangladesh. In 2013, we continued to demonstrate our support for SMEs, increasing our lending to the sector by more than 82 per cent to TK 8,703 million and enriching our SME products and services.

Tackling Financial Crime

To guard against the risk of financial crime within our business, we focus in training our employees, strengthening our screening system and ensuring that our policies and procedures are effective and up to date. We devote our efforts to minimize the damaging effects of financial crimes on our business, our customers, and community. We focus on the following key areas:

- Compliance with all applicable laws, regulations, and sanctions.
- Actions to prevent Money laundering and terrorism financing.
- Prevention of fraud.

Employee awareness about fraud trends and combating technique is the key to successful financial crime prevention. During 2013, a total of 00000 staffs completed anti-money laundering training to reinforce our capacity to protect money laundering activities. We have prioritized fraud prevention in coming years; hence planned to launch comprehensive fraud prevention strategy and training for our employees.
Suspicious Transaction Reporting (STR) and KYC procedure are tools Bank is presently executing to prevent financial crimes and money laundering. Our core fraud combating units are security, compliance and internal audit, IT security, human resource, and risk management unit. These units are working together to strengthen fraud prevention management system in the bank.

Promoting Sustainable Finance

Our main impact on people and the environment stems from the business activities we finance. Our approach is to manage the environment, social and governance risks that come with our financing decisions, working with our client to encourage compliance with international standards. In 2013, Dhaka Bank financed Tk 87.34 million for generations of electricity from bio-gas and Tk 0.65 million for assembling PV solar panel. We also signed participation agreement with Bangladesh Bank for using Asian Development Bank (ADB) fund to finance cleaner brick kiln technology.

In addition to social and environmental policies outlined above, Dhaka Bank makes every effort to ensure that its own operations and activities are minimal in their environmental impact. Board of Directors of the bank also approved Green Banking Policy for overall governance of green banking initiatives. In line with the said policy, Dhaka Bank and its subsidiary will comply with all laws and regulations related to environmental protection, green banking and other regulatory requirements.

Corporate Social Responsibility



Standing by the disabled children

Every business has three major goals: sustaining profit, sustaining the brand and sustaining the staff. And a business has to strive for earning profit as it is essential for its survival and growth as an enterprise. The survival of any business will be a day-dream without profit. But the profit has other dimensions, too. Socially responsible business practices reduce a company's financial profit but could potentially enhance its value. Sustainable Corporate Social Responsibility (CSR) initiatives are embedded in the viable business strategy of organization. The role of CSR, especially from the viewpoint of company, is important in bridging the economic divide that exists in the country. The business themselves alone cannot largely carry out the CSR initiatives. They need to create their own patrons for this. The more there is a linkage between business and the patron organization, the more likely is that CSR initiatives will be sustainable for a longer period. The contemporary CSR agenda is founded in recognition that businesses are part of the society, and they have the potential to make positive contribution to social goals and aspirations.

Despite the fact that CSR does not have a universal definition, it does certainly reflect the recognition by business that they have a responsibility to the society, to third parties, and the national environment, and it encompasses the social, political and economic development. CSR is most effective when it drives off core competencies of a company's values and resources, and is not an add-on. It is meant to set the course of for the business to be in the business of doing social good. It goes beyond the 'old philanthropy' of the past, individual charity and one-off activity or donating money to some "good" causes at the end of a financial year. It is meant to incorporate environmental, social and welfare-based themes into business plans and products.

With increased globalization, local businesses are being more integrated with the global economy than ever before. Hence the pressure is mounting on local businesses to converge on international standards of socially responsible business. As a member global economy, Bangladesh is also aware of the need to take positive initiative to establish an image of environmentally and socially responsible business. In the process, some of the banks and financial institutions have set up foundations for the purpose of spending their funds as part of CSR initiatives, in areas of priority social needs. The foundation need people having a forward-looking approach to addressing the social issues of wider concern. The benefits here should not be considered in terms of immediate rate of return on funds so deployed, but these should rather be viewed in the context of meeting an objective.

CSR in DBL

DBL actively embraces its role as a corporate citizen. It regards Corporate Social Responsibility (CSR) not a charity, but an investment in society and in its own future. DBL's goal as a responsibility corporate citizen is to build social capital. The Bank leverages its core competencies in five areas of activity: through social investments it aims to create opportunities; with its involvements in art & music it fosters creativity; via its educational grant programme it enables talent; through its commitment to sustainability it ensures long term viability and the Bank's employees regularly participate in activities that provide social support.

Dhaka Bank Foundation

The endowment of Dhaka Bank Foundation, which was founded in 2004, has grown to a significant size since its inception. The funding policy has focused on some major areas: education and research, healthcare, art and culture and social projects. The Bank made provision for Dhaka Bank Foundation at 2.00% on pretax profit in 2008, whereupon provision was maintained since 2003. In 2013, DBL has made a provision for Taka 12 million for DB Foundation at 1% on pretax profit.

Dhaka Bank wants to eliminate the impropriety in the society, to create fellow feeling among the citizens of the country, motivate people to do good works and conserve nature. Thus education, health care , human resource development, conservation of nature, creation of social awareness, rehabilitation of destitute, communication and address human sufferings arising out of man-made natural causes are some of the important areas where Dhaka Bank has been carrying out its social and philanthropic responsibilities. In the reporting year Tk 37 million was contributed for social and philanthropic causes.

Area of our corporate philanthropy & social obligation is not limited at all. Since our take-off in 1995, we have been taking part in diversified social activities. In recognition of active participation in social development activities, DBL won the Standard Chartered – Financial Express Corporate Social Responsibility (CSR) Award 2005 followed by many more accolades till date. The sector wise report is narrated in the following pages:

Our contribution to different sectors in 2013

Education

Banani Bidyaniketan

With each passing year the global economy is getting more and more knowledge-intensive and human capital will be the future point of differentiation between nations in tandem with such transformation. We promote talented young people and give them a fair chance because we are convinced that education is the most important resources for ensuring the future of societies and most important tool for making any headway. Our goal is to give children and young people from underprivileged families the opportunity to successfully complete high school or vocational training through targeted programs. At the same

Sustainability
continued



time, we would like to help them build their own social networks. Our commitment to cultural education helps young people discover their own creative potential, develop skills and build confidence. And in the area of academic development, we contribute to the lively dialogue between research and practice. Recognizing 'education' as a focus area of the bank's CSR activities, Dhaka Bank has donated Tk 50 lac to Banani Bidyaniketan School & College, Banani, Dhaka for the construction of an auditorium complex in the school premises.

Anowara- Nasimuddin Memorial Foundation



With a view to promoting computer literacy of students and as a part of financial grant programme, Dhaka Bank Donated Tk 4.45 lac to Anowara-Nasimuddin memorial Foundation, Bogra.

Bishwo Shahitto Kendro, Dhaka



In our mission to instill reading habit as well as to develop readership among the student segments of the city, Dhaka Bank donated Tk 10 lac to Bishwo Shahitto Kendro, Dhaka.

Proyash, Dhaka Cantonment



Like many other countries of the world, Bangladesh is also affected by the burden of autism, an extensive neurological disorder that restricts child's power to communicate and react normally, but the total number of autistic individuals is not known. Conservative statistics, however, suggests Bangladesh has an estimated 150,000 autistic children, who needs special care, fund allocation and management to turn them into productive human resources. Proyash, an institution runs by Bangladesh Army, is dedicated to the wellbeing of children with special needs through education and training. The institute is also working to generate awareness about disability in Bangladesh; develop quality teachers, therapists and caregivers; and empower persons with disability to ensure equal opportunities and promote disability friendly right based society. Dhaka has been working with Proyash for quite a long time and has donated a school bus for the welfare of autistic and disable children of the institution.

Dhaka Bank support people who live in challenging social and economic conditions to become independent of foreign assistance and to shape their own lives and future as individually and independently as possible. With our projects to fight poverty, we focus on strengthening local social structures in a sustainable way. Our acknowledged expertise as a financial institution enables us to create opportunity for many people.

Community

We Serve the Humanity



Hope is a sine qua non in human life but all hopes cannot be materialized. One dream falls apart while the other rises. Life goes

though a tosy-turvy. Amid such a notion, respect, love and responsibility emerges to support the human values. That's why men/women come forward for the wellbeing of the society and country as well. Dhaka Bank has taken a move on the theme to promote moral values and patriotism.

Rana Plaza Victims, Savar

Dhaka Bank decided to stand beside the victims and family of Savar Rana Plaza that collapsed on April 24, 2013 witnessing the tragic death of 1,127 garment workers. In this regard the Bank donated Tk 1 crore to Prime Minister's Relief and Welfare Fund. The donation is part of the Bank's CSR activities

SEID Trust

In our noble venture to support community Dhaka Bank donated Tk. 12. Lac SIED Trust on July 5 2013. SEID Trust, a non-governmental voluntary development organization, is committed to promote the rights of children with different abilities. Dhaka Bank partnered with vision for rehabilitating the children with different abilities, especially intellectually impaired children, in the mainstream of society.

For a Clean City Life in Narayangonj



Managing Director of Dhaka Ltd. Mr. Khondker Fazle Rashid handed over a good number of Plastic Weste Bins to the Mayor of Narayangonj City Corporation in our mission to keep the metropolis clean and tidy.

Games & Sports



Dhaka Bank was the proud Title Sponsor of Test, ODI & T20 Bangladesh-Sri Lanka Cricket Series titled as Dhaka Bank Test Series 2013 - 'Dhaka Bank ODI Cup'; 'Dhaka Bank T20' held in Sri Lanka during 8th-31st March 2013. This endeavor incarnates our passion for excellence of cricket in Bangladesh and across the world. We stood out as a title sponsor and extended all possible support to ICC and Bangladesh Cricket Board for an exciting Bangladesh-Sri Lanka Test Series. Brand Dhaka Bank got enormous focus as the series was telecast live on world's famous sports channel. Our Honourable Chairman accompanied by Board Members and Bank Management graced the occasion in Colombo, watching sports, sharing views and delivering awards to the winners.

Sustainability
continued

Our passion for cricket at the world stage











Green Banking

In line with global development and response to the environmental degradation, financial sector in Bangladesh should play an important role as one of the key stakeholders. Dhaka Bank Limited, as part of financial sector of Bangladesh, is also responsible for safeguard of the environment.

Green Banking

Context



Bio-gas plant under DBL finance

Decades of careless handling of environment lured by unchecked industrial competition have let loose a Pandora's Box, known as "Global Warming". Global warming also called as "Green House Effect" is a global issue that calls for a global response. The warming is the effect of certain man-made gas emissions such as carbon-di-oxide, methane, nitrous oxide and hydro-fluro carbon is found responsible for distortion of balance in the environment and climate changes. Green Banking is a component of the global initiative by a group of stakeholders to save environment. Bangladesh is one of the most vulnerable countries to climate change. In line with global development and response to the environmental degradation, financial sector in Bangladesh should play an important role as one of the key stakeholders. Dhaka Bank Limited, as part of financial sector of Bangladesh, is also responsible for safeguard of the environment.

From Banker's Point of view

Green Banking calls for banking business in such areas and in such a manner that helps the overall reduction of external carbon emission and internal carbon footprint. To aid the reduction of external carbon emission, bank should finance green technology and pollution reducing projects. Internally the banking operations have considerably increased the carbon footprint of banks due to their massive use of energy e.g. lighting, air conditioning, electronic / electrical equipments, IT, high paper wastage, lack of green buildings etc. Therefore, to adopt green banking, bank should adopt technology, process, and products which result in substantial reduction of their carbon footprint as well as develop sustainable business.

Green Vision of the Central Bank

Recent development in green banking initiatives conveys much significance. Bangladesh Bank has introduced annual report on green banking featuring a remarkable disbursement of Tk 27,092 crore under green finance in 2012. Our Central Bank has a clear vision on promoting green banking and safeguarding the environment from unusual weather pattern, rising greenhouse gases and declining air quality. A fund of Tk 200 crore has been put in place to refinance lending from renewable energy generation as well as effluent treatment plants and energy efficient kilns for manufacturing bricks. A revolving refinancing fund is also in place in the areas of solar irrigation pumps, solar home systems, biogas plants, effluent treatment plants, brick kiln and solar photo voltaic module assembling plants.

Green Banking as a Safeguard against Risk

Green banking is potential to shield against certain risks. Green baking can act as a tool to mitigate some form of credit risk, legal risk, reputation risk, security risk etc.

Dhaka Bank on the Road to Green Banking

Realizing the importance of green banking and policy guidelines from Bangladesh Bank, the Central Bank, Dhaka Bank Limited has already formulated its Green Banking Policy and gets it approved from its Board of Directors. Dhaka Bank Ltd. has developed innovative green banking financial products which can directly or indirectly contribute to the reduction of carbon emissions. The Board of Directors of Dhaka Bank Limited has approved budget for "Green Finance" and "Climate Risk Fund" and working closely for its utilization. The bank is actively looking to finance green projects such as ETP, Hybrid Hoffman Kiln (HHK), Zigzag or equivalent Technology in Brick Field, Bio-Gas Plant, Solar Power System etc. The Bank has signed participation agreement with Bangladesh Bank for "Refinancing in Hybrid Hoffman Kiln (HHK) or equivalent Technology of Brick Field" Under this agreement, Dhaka Bank Limited will finance brick field using environment friendly technology and will obtain refinancing facility from Bangladesh Bank in this respect.

Green Finance by DBL

During 2013, the Bank had 25 projects having ETP and fully disbursed under approved limit with total finance reaching Tk 7,672 million. The Bank financed Tk 652 million to 19 Hybrid Hoffman Kiln (HHK). Received refinance amount of Tk 281million from Bangladesh Bank against SME finance, green finance including solar panel and biogas plant. Across the year, the Bank disbursed Tk 87 million to 6 bio-gas plants and Tk 0.06 million to 4 Solar Panels.

We encouraged paperless banking by expanding online banking, mobile banking and internet banking, use of e-mail and introduction of IP message system. Added deposit alert to mobile banking solution (MBS). Besides, we arranged 02 training courses on the topics of green banking and impact on environment in participation of 100 bank officials in total and conducted by Bangladesh Bank. Also incorporated topics on 'green banking and awareness building' in all foundation training courses.

DBL Green Report 2013

Tk in million

A.	Introducing Green Finance	Total		Remarks
		No of Projects	Amount	
01	Effluent Treatment Plant (ETP)*	25	7,672.26	Amount outstanding as on 31.12.2013
02	Bio-gas Plant	6	87.34	
03	Solar Panel/Renewal Energy Plant	4	0.65	
04	Hybrid Hoffman Kiln (HHK)	19	651.70	
05	Green Finance at reduced rate of interest	4	0.6	
	Total	**58**	**8,412.55**	
B.	**Online Banking**			
01	No of ADCs (own ATM & ADM)		52	
02	Shared ADCs		3,624	
03	No of Branches with online coverage		74	
04	No of total accounts		184,173	
05	No of accounts facilitated with internet banking		9,203	
06	No of accounts facilitated with Mobile/SMS Banking		83,993	
C.	**Awareness Building**			
01	Training Programmes on Green Banking (In-house)		02	
02	Participants in the Training		100	
D.	**Disclosure**			
01	Website	Uploaded on the website on the onset of 2014		
02	Annual Report	Green Banking Focus provided in Annual Report 2011 & 2012		
03	Preparation of Green Banking & Sustainability Report			Bank Management is considering the issue
E.	**Sector Specific Environment Policy**			
01	Formulation of Sector Specific Environment Policy (Under phase)			Policy formulation is under process
F.	**Green Strategic Planning**			
01	Formulation of Green Strategic Planning	Yes		
02	Formulation of Bank's Specific Environment Risk Management Plan & Guideline	Yes		

*Projects financed having ETP (full amount disbursed)

In-house Green Banking Awareness Programme

In light of Green Banking Policy of Dhaka Bank Limited, a general instruction has been issued on the followings green activities/practices as part of in-house environment management and to promote Green Banking within the bank:

Electricity Consumption:

- Ensure economic use of electricity;
- Use energy saving lights in bank premises;
- Shutdown the computer properly and switch off the computer monitor before leaving office each day;
- Ensure that light, fans, air conditioner have been switched off before leaving office each day; and
- Use energy efficient electronic equipments;

Fuel Consumption:

- Ensure economic use of fuel;
- Buy energy efficient cars to reduce gas and petroleum consumption.

Paper Consumption:

- Where possible use online communication (e-mail, IP message etc.) instead of printed communication;
- Think twice before taking a print;
- Take print on the both side of paper to save paper consumption;
- Use scrap paper for taking draft print and as note pads;

Water Consumption:

- Do not misuse drinking water; and
- Ensure economic use of water in all other cases.
- Avoid use of disposable cups/glasses to become more eco-friendly;

Sustainability
continued

Towards a Safe Habitat

Green Mortgages: Dhaka Bank Ltd. will offer special discount to the borrower who will provide mortgage of land and buildings which are greener. This initiative will induce use of more energy-efficient materials and building plans. Dhaka Bank will not allow the land as mortgage that is prone to environmental impacts by virtue of its geographical location and polluted by the operation business activities. As a mortgage preference will be given to the buildings those are designed and constructed with energy efficient items such as solar panels and improved insulation.

Carbon Footprint Reduction: Dhaka bank has taken the following measures to reduce the carbon footprint: (a) paperless banking (b) energy consciousness, (c) establishment of green building for its own use etc.

Environmental Risk Rating: Environmental Risk Rating of projects are being carried out to assess its impact on environment at large.

Social Responsibility Services: As part of the green banking strategies, Dhaka Bank has initiated a number of social responsibility services like tree plantation campaign, park development, etc. As a token of the initiatives Dhaka Bank Ltd. has already developed a green square in front of the High Court named “Kadam Fountain” and another small park in front of the Dhaka Bank head office. Dhaka Bank also decorated the road island from Central Idgah to Kakrail Mosque with plantation of tree and flower plant as part of the Government beautification programme.

Few other pictures of green projects by DBL





SME Banking

Strategic Choice

To build SME portfolio as the right tool for financial inclusion, sustainability, diversification and earning potentials of the Bank.

2013 Priorities	2013 Performance
• Enhance and accelerate lending portfolio • Restructure SME portfolio and credit operations • Focus on Woman Entrepreneur Finance and cluster finance • Expand share of refinance from local and foreign funds • Improve asset quality • Step up campaign for awareness and marketing • Build awareness for SME customers through training & workshop • Develop new products for both asset and liability customers	• Threshold (limit) of SME finance enhanced up to Tk 150 million from 10.00 million (in manufacturing) • Established dedicated marketing wing in Head Office. • SME Lending Portfolio went up by 84% • Total Outstanding Tk 8,703 million • Total SME Customers increased by 30% • No of Customers 5,250 • WE Lending Portfolio went up by 95% • Total Outstanding Tk 76 million • Refinance obtained from Bangladesh Bank Tk 105 million • Asset Quality (NPL) improved to 3.67% from 8.68% in 2012

Objectives 2013

- Enhance finance to various strategic segments towards obtaining more refinance from BBK, JICA and ABD
- Develop new products for Woman Entrepreneurs as well as SME enterprises
- Restructure SME into 4 key segments i.e. SME(Medium), SME(Small), SME(Liability) & Monitoring
- Pursue target for ME, SE, WE and cluster finance with geographical concentration
- Arrange meeting, seminar, training for SME customers on regional basis across Dhaka, Chittagong, Khulna, Sylhet and North Bengal
- Introduce three-tier monitoring system to ensure growth of the SME sector in the economy
- Design a 'Business Plan for New Venture" and promote overall SME business
- SME Loan target for 2014: Tk 12,000 miilion

Focus Sector

Light engineering, handicraft, flower, fish processing, handloom, rice-mill, jamdani, Rajshahi silk, khadi, bio-gas and composite fertilizer

New definition of SMEs on the basis of business size:

Business Segment	Sector	Business Size (Tk.) Fixed Asset other than Land & Building	Manpower Employed
Cottage Enterprise	Manufacturing (Predominant Family Labour)	Up to 500,00	10
Micro Enterprise	Manufacturing	500,000 – 5,000,000	10 – 24
	Service	Less than 500, 000	10
	Trade	Less than 500, 000	10
Small Enterprise	Manufacturing	5,000,000 – 100,000,000	25 – 99
	Service	500,000 – 10,000,000	10 – 25
	Trade	500,000 – 10,000,000	10 – 25
Medium Enterprise	Manufacturing	100,000,000 – 300,000,000	100 – 250
	Service	10,000,000 – 150,000,000	50 - 100
	Trade	10,000,000 – 150,000,000	50 – 100

Source: Bangladesh Bank SMESPD Circular No. 01, dated 19 June 2011)

Sustainability
continued

Present Context

SME business was badly hit during last year's political turbulent. Paralyzed transportation system and disrupted supply chain could hardly help SME growth potentials observed in the last few years. Small businesses were fighting for survival in dearth of capital and reserve fund. As a result, failure in timely repayment of SME loans became a challenge to financing banks. On the backdrop, BRPD circular dated December 18, 2013, the Central Bank relaxed the loan rescheduling policy for the SME for the next six months to facilitate financing for the small and medium businesses, affected by the political unrest. The regulation had a healing impact on SME portfolio and it is expected that the shining growth of SME will go on in 2014 with sign of improvement in the political fronts.

With an optimistic approach this year, the central bank has set the small and medium enterprise credit disbursement target at Tk 887 billion (Tk 88,700 crore) marking nearly 20 per cent growth over the preceding year. The loans will disbursed across more than 60 SME sectors existing in the country. So with all SMEs under a new sun, there are a lot to be achieved.

Our Approach

Dhaka Bank has formally stepped into financing SMEs in the country in 2003. At present, the Bank is catering SME banking services through its 74 regular Branches, 3 SME Service Centers and 1 KIOSK. The Bank focuses on diversification, differentiation, and segmentation in SME business. To this effect, manufacturing and service sectors as well as women entrepreneurs are given considerable focus. The Bank, in principle and as per guidance of the Board, has advised all small Branches to focus singly or preferably on SME business with a view to serving the underserved segment of the enterprises. The Bank targets manufacturing and service sector with more concentration on area based cluster industries. Bank's exposure to SME business is well diversified among as many as 5,250 clients cum entrepreneurs in varied sectors such as light engineering, handy crafts, cottage, power loom, agro-processing industries, poultry, dairy, boutiques, embroidery and so on.

The Bank helps create database of SME clients, carry out survey and other necessary actions by providing relevant information to Bangladesh Bank, SME Foundation, BIBM and other institutions. The Bank was visible in almost all SME programmes such as SME Fair, Workshop, Seminar, Symposium, Focus Group Discussion (FGD) organized by Bangladesh Bank, SEDF, IFC and many other national and international agencies to disseminate expertise, knowledge and information. SME Monitoring Unit has been equipped to oversee SME loan target, supervise delinquent SME accounts and enforce remedial effects as and when necessary and to maintain liaison with branches and SME clients. Area wise focal persons are working to meet SME related queries, share information and register complaints from SME clients.

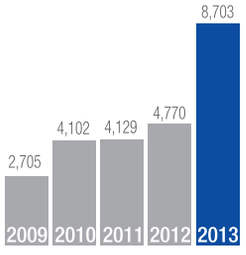
Operating Highlights

DBL recognizes that SMEs as a core part of financial integration is key to achieving sustainable growth of a financial institution. Considering the prospects and growing opportunities of SME Finance, Dhaka Bank made a strategic shift in SME portfolio. The threshold (loan limit) for SME finance has been enhanced to 15 crore under manufacturing, 7.50 crore under trade and service. Under the new arrangements along with our continued support for promotion of SME business, Bank's total SME loan portfolio has increased by 84% to Tk 8,703.00 million. The change also contributed to Bank's profitability that resulted from the reduction in provision requirement for the Bank.

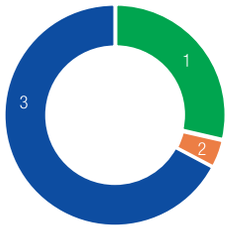
Financial Highlights

Dhaka Bank's current SME portfolio stands at Tk 8,703.00 million as on December 31, 2013. Bank's disbursement to SME sector during 2013 aggregated Tk 8,708 million against the budgetary target of Tk 6,500.00 million. Percentage of Non Performing Loans to total SME portfolio has gone down significantly to 3.67% at the close of December 2013 from 8.68% of 2012. During 2013, the Bank has a record achievement of refinance for Tk 279 million obtained from respective funds of BB, ADB, WB, EGBMP and so on.

Progress of SME Portfolio in 5 years (Taka million)

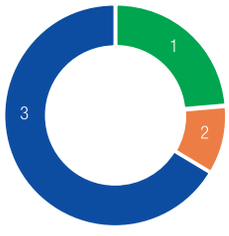


Sector-wise Outstanding 2013 (Taka million)



1	Industry	2,492
2	Service	382
3	Trade	5,830

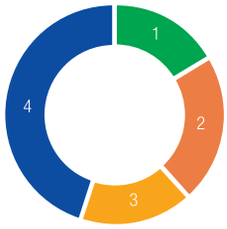
Sector-wise Outstanding 2012 (Taka million)



1	Industry	1,136
2	Service	473
3	Trade	3,161

Sustainability
continued

Quarter-wise Disbursement of SME loans 2013 (Taka million)



1	Q1	1,449
2	Q2	1,899
3	Q3	1,459
4	Q4	3,901

Refinance History (5 years Receipt of Fund)

Tk in million

2009	2010	2011	2012	2013
199.00	72.00	107.00	206.00	104.60

Outstanding balance of Refinance

Tk in million

2011	2012	2013
126.50	280.80	279.21

SME Asset Products

Business Credit Lines OD (SME) – Overdraft SME OD(WO) – Overdraft Work Order OD (PO) – Overdraft Pay Order OD (Share) – Overdraft Share SOD (SME) – Secured Overdraft SME OD (Pledge) – Overdraft Pledge	Business Loans SLTP – SME Long Term Product SMTP - SME Mid Term Product STLS –Short Term Loan SME SSTL – Short Term Loan SME FSTL – Festival Short Term Loan LSME – SME Lease SLTR – SME Letter against Trust Receipt LABA – Loan Against Banker's Acceptance SPAD – Payment against Documents SME SLIM – Loan against Imported Merchandise HBSM –House Building Commercial SME

Asset Quality

At the year-end 2013, asset quality under SME improved a lot. NPL ratio improved from 8.68% in 2012 to 3.67% in 2013. SME classification status as on 31.12.2013 is given below:

Particular	Outstanding (Tk million)	% of total SME portfolio
SMA	80.93	0.93%
SS	26.00	0.30%
DF	50.65	0.58%
BL	243.00	2.79%
Total classified	319.65	3.67%
Total loan outstanding	8,703.11	

Women Entrepreneur Finance



Nafia's childhood hobby to draw and design shaped up as an exclusive fashion house under DBL finance.

Key Attributes:

a) Available at all DBL Branches and SME Service Centers
b) Easy terms and conditions
c) Rate of interest only at 10.00% under Women Entrepreneur Refinance Scheme (BB)
d) Quick approval process
e) Unsecured facility for a certain limit

Operating Highlights

Till date, the Bank has disbursed considerable amount of loan to 53 Women Entrepreneurs under Women Entrepreneur Refinance Scheme by Bangladesh Bank. Total outstanding in WE Finance is around Tk 76 million. Total disbursement to WE reached Tk 92.80 million in 2013 against Tk 64.70 million in 2012 indicating a growth of 43%. The Bank obtained refinance of around Tk 40 million from Bangladesh Bank against disbursement of loans to Women Entrepreneurs.

Products and services offered by Women Entrepreneurs included Boutiques, Readymade garments, Cookery Items, Embroidery and Designing, Fisheries, Agro Products, Personal Care, Training Center and so forth.

The Bank participated in a Fair captioned "Display and Marketing of Goods by Produced by South Asian Grassroots Women Entrepreneurs' hold in June 2013.

New Products underway:

1. Lending Product for Woman Entrepreneur
2. Liability Products for Woman Folk

SME Development Planning 2014

The Bank has decided to invest funds on cluster basis along with an area approach method, as per Bangladesh Bank initiatives. To the tune of BB mechanism, we are planning to introduce 3-TIER new monitoring system using mobile phone to ensure proper utilization of SME loans across the country to review SME Credit Programmes regularly. We will remain careful to follow relaxation on loan rescheduling policy for the SMEs properly. At the same time, strong monitoring on SME loans will continue so that the betterment in asset quality is not hurt by further downgrading of assets.

Sustainability
continued

Agriculture/ Rural Credit



Dhaka Bank Limited has strengthened disbursement of credit in Agricultural Sector through formation of a separate credit unit. DBL Special Credit Unit established in 2010 under Agriculture and Rural Credit Policy duly approved by the Board, looks after the financing activities relating to Agriculture, Women Entrepreneurs, Renewable Energy and other similar sectors. During the fiscal year 2012-2013, Dhaka Bank pursued a disbursement target for Tk 1,600.00 million under agriculture and made total disbursement of Tk 1,642.40 million approx. up to 30th June 2013, achieving around 103 % of the target amount.

Strategic Focus

1. In the process of formulating agriculture financing policy by Bangladesh Bank, the Bank always shared its views and opinions in the Focus Group Discussion. Our feedback on crop seed regarding inclusion in the agricultural/ rural credit has been duly recognized and inserted in the agriculture financing policy promulgated by Bangladesh Bank.
2. The Bank has taken steps to expedite and enhance direct financing to agriculture sector through focused rural branches rather than utilizing the MFIs/NGOs.

Agricultural and Special Credit Performance:

Tk crore

Fiscal-Year (July-June)	Target	Performance
2011-2012	128.00	128.20
2012-2013	160.00	164.24
2013-2014	170.00	68.97*

*July 01, 2013 to December 31, 2013

Activity Focus across 2013

1. The Bank provided agri loan to 84 producers at subsidized interest of 4% totalling Tk 2.00 million.
2. We were the first Bank to introduce signboard announcing the facility of subsidized loans to farmers and the initiative was well appreciated by Bangladesh Bank.

MFI Linkage

For a broad-base agricultural advancement, new partnership has been built in between the Government and banks, Non-bank Financial Institutions and NGOs. As a result, ago-based micro finance is getting momentum. Owing to banks' limited outreach in extending finance to marginal producers in the hinterland, NGO Linkage wholesale credit has been thrashed out as a unique solution. DBL looks forward to optimizing this opportunity and has inked a number of deals under NGO linkage wholesale credit programme. Our partners under this mission are Padakhep Manobik Unnayan Kendra, BRAC, Aso Gori Unnayan Sangstha (Sonaimuri, Noakhali), SEHEO (Jessore).

BRAC Bangladesh

We have a wholesale agreement with globally acclaimed NGO BRAC, Bangladesh for onward micro lending to farmers (agricultural workers). In May, 2012, Bank sanctioned an OD limit of Tk. 420.00 million to this micro finance pioneer. Against the sanctioned limit, we disbursed Tk. 100.00 million in July, 2012 and Tk. 150.00 million in October, 2012. Furthermore we were able to disburse another Tk 250.00 million during 2013 in the same sector. BRAC's area of financing through DBL wholesale credit stretches out across various geographical locations in the Southern Bangladesh i.e. Bagerhat (Kachua, Morelgonj), Barguna (Fakirhat, Chitalmari, Mongla, Mollarhat) and Bhola (Chor Fashion, Monpura. Sectors of financing are diversified into crops, fisheries, livestock and poverty alleviation mainly, where as per Bangladesh Bank's regulation, 60% financing out of the total credit line has been made to the farmers involveed in the crop sector.

Padakhep Manobik Unnayan Kendra

Dhaka Bank signed a wholesale agricultural loan agreement on October 18, 2010 with Padakhep Manobik Unnayan Kendra, a frontrunner NGO committed to the purpose of rural development in Bangladesh. Under the agreement, a wholesale loan limit of Tk. 100.00 million was sanctioned to Padakhep for onward lending of seasonal crop based micro credit to the marginal farmers in the rural economy. The hope to fight against poverty continued with renewal of the wholesale loan in 2011 and another tranche of finance of Tk. 50.00 million in 2012 on account of Padakhep and Tk 150.00 million in 2013. In addition to DBL finance, Padakhep multiplied their fund-base through different other partnerships and disbursed Tk 87.50 million (approximately) among 85,000 agricultural entrepreneurs during the year 2013. To chase the target, Padakhep developed a huge outreach consisting of 235 centres across 51 Zonal Offices in the country. The partnership with Padakhep has helped us carry fund to the farmers' doorsteps.



Aso Gori Unnayan Sangstha, Sonaimuri, Noakhali

DBL wholesale credit programme has also been extended to this renowned NGO of Southern Bangladesh. Aso Gori has been provided with a handsome wholesale fund for onward lending to agricultural farms, fisheries and others.

Socio Economic Health Education Organization (SEHEO)

SEHEO is a celebrated NGO in Jessore. The Bank sanctioned a credit limit of Tk. 11.00 million in May 2012 to this NGO. In 2013, the NGO raised its fund-base through different other partnerships and disbursed a total of Tk. 11.00 million among rural agricultural entrepreneurs. SEHEO has a large outreach consisting of 25 centers through 04 zonal offices in Jessore region.

Zone-wise disbursement of agricultural loans by SEHEO during 2013:

Zone	Number of Borrowers	Disbursement Amount (million Tk.)
Jhenidah Sadar	420	4.55
Shailkupa	470	2.42
Harinakundu	450	2.35
Kaligonj	320	1.68
Total	1660	11.00

Target for 2014

This year, in compliance with Bangladesh Bank circular, we have taken up an ambitious disbursement target for Tk 1,700 million in agriculture which is 6.25% higher than the preceding year. The target, though hard to achieve is not out of our reach if we remain committed to the goal. The Bank will continue to meet the terms of Bangladesh Bank Agricultural/ Rural Credit Policy.

Hopefully, DBL is on course to achieve the annual target of Tk 1,700 million in Agri Finance having disbursed Tk. 689.70 million till December 31, 2013 through own Branches, MFIs & NGOs.

Apart from these, Dhaka Bank has also significant finance in the agro-based industries which are not presently considered as agro/ rural finance as per the policy.



Management Review of Business

Sticking to our strategy

Despite all that is changing around us, we don't expect big shifts in our strategy. We still want to be the best sustainable bank in Bangladesh leading the way in all core areas of banking. We build deep, longstanding relationships with our customers and clients. We are obsessed with the basics of banking: being strongly capitalized and highly liquid; managing risk proactively; keeping tight control of costs; staying well diversified. This makes our balance sheet and earnings extraordinarily resilient.

Management Review of Business

Global Economy: An overview

"All things come to him who waits- provided what he is waiting for," so said the former United States s president Woodrow Wilson. Wilson's words could have been used to sum up the economic headlines of 2013. From the wrangling over budget talks in Washington to the rumbling on of the eurorozone debt crisis, investors have spent the year as anxious bystanders to events playing out on the global arena. Investors around USA spent 2013 in increasingly frenzied anticipation of a decision about Dubai's hosting of the World Expo 2020. The awarding of the event to the emirate in November 2013 started giving a positive uplift to the economy in the coming years through more building work and jobs.

2013 is set to be a pivotal year for the world economy. Seismic changes are taking place across the globe, transforming major economies as they try to recover from the Global Economic Crisis of 2008. In this review we will review some key global economic trends shaped the World in 2013.

US economic recovery continues

Almost every year since the end of the financial crisis has started with rosy expectations among American forecasters, and this one is no different. Stock markets are buoyant, consumer confidence is improving, and economic seers are raising their growth forecasts for 2014. America's S&P 500 share index is at a record high, after rising 30% in 2013—the biggest annual gain in almost two decades. Powered by America, global growth of close to 4%, on a purchasing-power-parity basis, seems possible. That would be nearly a full percentage point faster than 2013, and the best showing for several years.



Yet amid the new-year cheer, it is worth remembering that almost every year since the financial crisis upbeat expectations have been disappointed. The biggest danger this time round is the optimism itself. All around the rich world, things are looking better. Britain's recovery is gathering pace. Japan's economy seems strong enough to cope with the imminent rise in its consumption tax.

Even Europe's prospects are less dismal. But America is driving this recovery.

America's growth rests on strong foundations. First, household and corporate balance-sheets are in good shape. Unlike Europeans, who have barely reduced their private debt, Americans have put the hangover from the financial crisis behind them. The revival in house prices is testament to that. Second, thanks to cheap energy, years of wage restraint and a relatively weak dollar, America is competitive. These two factors have combined to produce faster job growth which, along with higher share prices, suggests stronger consumer spending and higher investment ahead. Finally, the fiscal squeeze is abating. In 2013 the federal government took 1.75% of GDP out of the economy with tax rises and spending cuts. The recently agreed budget deal will help cut the fiscal squeeze to 0.5% of GDP this year. All these factors could boost America's growth to around 3% in 2014, well above its trend rate.

Fragile Five

The emerging economies of Brazil, Turkey, India, Indonesia and South Africa were the biggest victims of investors' taper paranoia. These countries saw the value of their currencies plunge as foreign investors withdrew funds from their economies, fearing the end of cheap money. Stock markets plummeted, while India's rupee hit an all-time low. Over the summer, governments of "the fragile five" were forced to hike rates to defend themselves from market volatility. But when the modest taper did come, emerging economies were spared the worst, although analysts warned more painful times could be in store.

Bailout Island

Financial reputations can also turn quickly, as Cyprus found out in March when it was forced to accept a €10bn (£8.4bn) bailout from the European Union and International Monetary Fund. An earlier deal unravelled when depositors with savings under €100,000 were hit with a levy, prompting a fierce backlash. Cyprus was the latest convulsion in the eurozone crisis, otherwise in abeyance in 2013. But the effects lingered on. Ireland became the first country to break free of its bailout, but its citizens are still emigrating in droves. Youth unemployment in southern Europe hit record levels: 58% in Greece, 57.4% Spain and 41.2% in Italy.

Slowing Dragon

China's economy is too big to be affected by the taper caper, but the Politburo has been preoccupied with maintaining rocketing growth. The world's second largest economy is expected to have posted growth of 7.6% in 2013, just beating the government's 7.5% target, but far off the breakneck double-digit growth of the past. A slowdown in the expansion of Chinese factories in November confirmed those days are gone. A new set of Chinese leaders, installed in the autumn, are now attempting to switch the focus to domestic consumption, rather than just making shiny new toys for the rest of the world.

Abecomics

When economists attempt to scare eurozone leaders into action, they warn of Japan's lost decade, a prolonged deflationary slump when consumers lost confidence and hung on to their savings. Returning to power last December, the prime minister, Shinzo Abe, pledged to shake off Japan's economic malady with an unprecedented three-part economic plan to restore the world's third largest economy to health. "Abenomics" – printing money, government stimulus and structural reforms, such as raising consumption tax – has already boosted confidence. But critics fear an explosion in Japan's public debt, already close to 245% of economic output.

Carbon Bubble

The banking crisis has receded, but the kindling for an even bigger economic crisis is still being thrown on to the fire. This was the message from a group of City blue-chip companies and Lord (Nicholas) Stern, the author of the landmark 2006 climate change report. Stern warned in May that the world risks a major economic crisis, because a "carbon bubble" worth trillions has led to the overvaluation of assets held by oil and gas companies. But a new global deal on climate change, which would curb fossil fuels and speed up the switch to green energy, remains as elusive as ever.

Doha round and round

In contrast to the painfully slow climate-change talks, the cause of trade liberalisation received a boost when governments reached a modest agreement to boost the flow of goods across borders. The deal, unveiled in Bali in December, was hailed as a lifesaver for the World Trade Organisation, which has been locked in the interminable Doha round of talks since 2001. Benefits to the global economy have been estimated at between $400bn (£244bn) and $1tn. If true, it would be welcome boost for the fragile global economy still on the mend.

Weaker Latin & Caribbean growth

Subdued global trade, tighter financing conditions and less supportive commodity markets in 2013, have left many countries in Latin America & Caribbean struggling with relatively weak growth. Domestic demand growth has moderated, notably in Brazil, although activity is starting to recover in Mexico and exports are rebounding in Central America, partly supported by the Panama Canal expansion.

Turbulent Middle East

The developing economies of the Middle East & North America remain depressed. Political turmoil in Egypt, stalemate in Tunisia, and an escalation of the civil war in Syria, with spillover to neighboring Lebanon and Jordan, have weakened activity in the oil importing countries. At the same time, security setbacks, strikes, infrastructure problems, and in the case of Iran, international sactios, have negatively affected oil exporting countries.

Modest in South Asia

Growth in South Asia expanded at a modest 4.6 per cent in 2013, reflecting weakness in India amid high inflation and government deficits. In the latter part of the year, regional exports have recovered because of strengthening external demand and earlier depreciation of the Indian rupee.

Sub-Saharan Africa

Economic growth picked up in Sub-Saharan Africa in 2013, supported by strong resource based investment. Real GDP growth strengthened to estimated 6.0 per cent for the region.

Global Economic Indicators 2013 in Charts

THE world economy continued to recover from the financial crisis in 2013, albeit wanly. Stock markets around the world rallied. And companies are issuing what is likely to be a record amount of debt, to take advantage of rock-bottom interest rates. The fear of further debt crises in the rich world receded as growth picked up and budget deficits declined.But most developed economies remain little bigger, if at all, than they were before the crisis struck; the contrast with many developing countries, notably China, is stark.The share of working-age adults in employment remains below its peak in most of the rich world. Banks face growing penalties for misconduct during the crisis from emboldened regulators.

They are also hampered by more elaborate regulation and stricter capital requirements; in many cases, they are responding by curbing credit. Moreover, even this lackluster performance is underpinned by central banks' extremely loose monetary policy. The Federal Reserve and the Bank of Japan have continued to print money on a huge scale to purchase bonds, in the hope of driving down long-term interest rates, while keeping short-term ones close to zero
When the Fed suggested in May that it might soon start scaling back its asset purchases, the mere prospect caused a rout in emerging-market currencies, as investors withdrew their money in search of higher yields in advanced economies. All the indicators discussed above are pictured in different charts below.

Outlook 2014

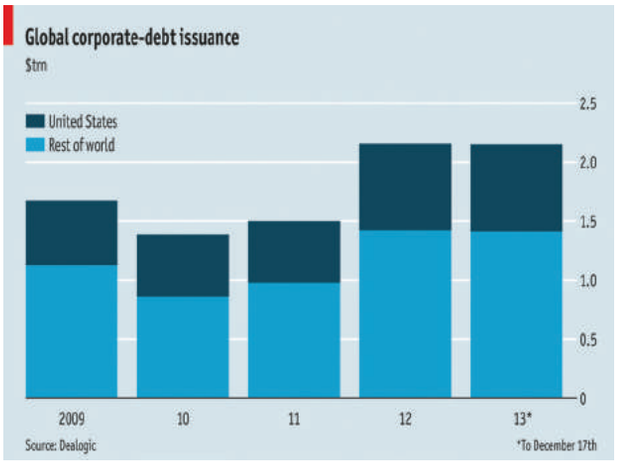
Global economic growth should increase over the next two years with continuing signs of improvement, according to the United Nations World Economic Situation and Prospects 2014 (WESP) repor t. The global economy is expected to grow at a pace of 3.0 per cent in 2014 and 3.3 per cent in 2015, compared with an estimated growth of 2.1 per cent for 2013.

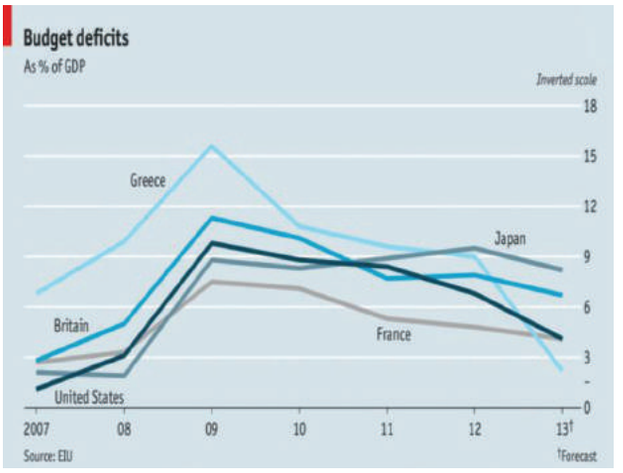


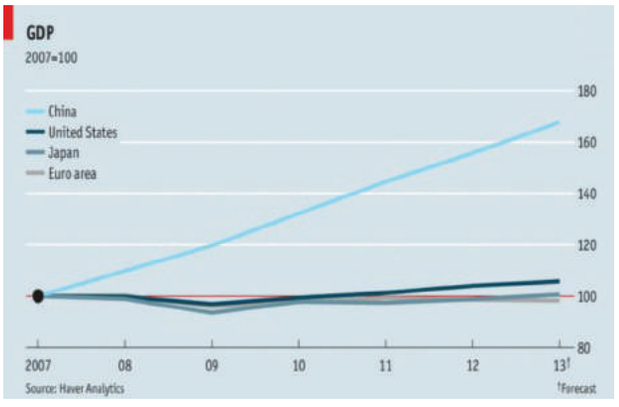
The world economy experienced subdued growth for a second year in 2013, but some improvements in the last quarter have led to the UN's more positive forecast. The euro area has finally ended a protracted recession. Growth in the United States strengthened somewhat. A few large emerging economies, including China and India, managed to backstop the deceleration they experienced in the past two years and veered upwards moderately. These factors point to increasing global growth. According to WESP, inflation will remain tame worldwide, but the employment situation will continue to be challenging. While growth in international trade flows is expected to pick up moderately to 4.7 per cent in 2014, the prices of most primary commodities are projected to be flat, although any unexpected supply-side shocks, including geo-political tensions, could push some of these prices higher. The report warns that international capital flows to emerging economies are expected to become more volatile.

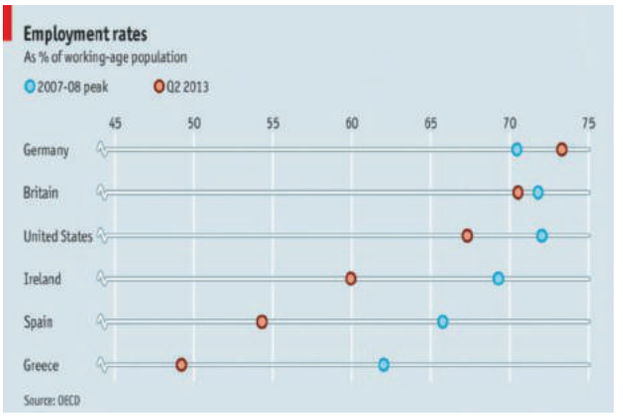
Although confronted with multiple and complex uncertainties and challenges, the global economy is expected to further retreat from recession and continue its trend of positive growth in the coming years.

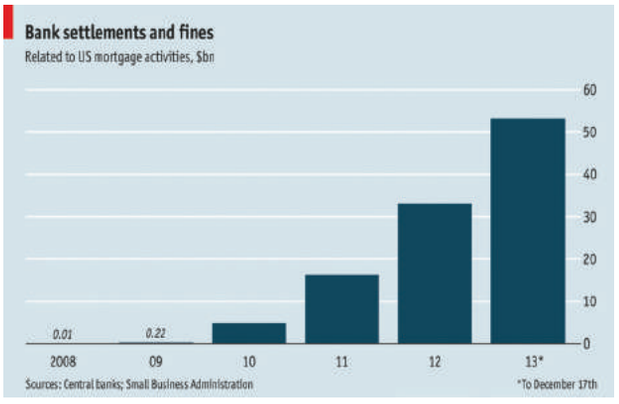
Key indicators of World Economy

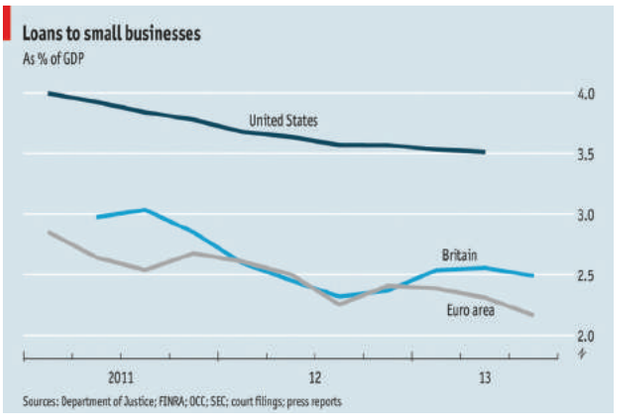


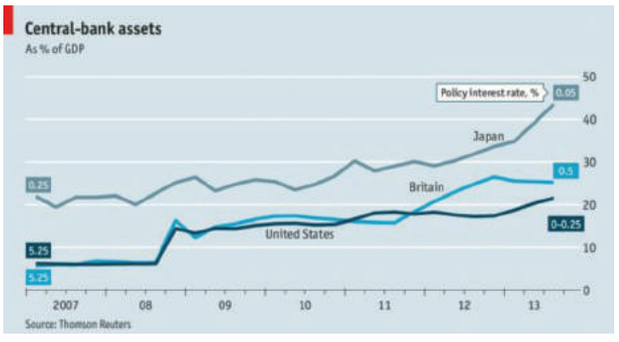


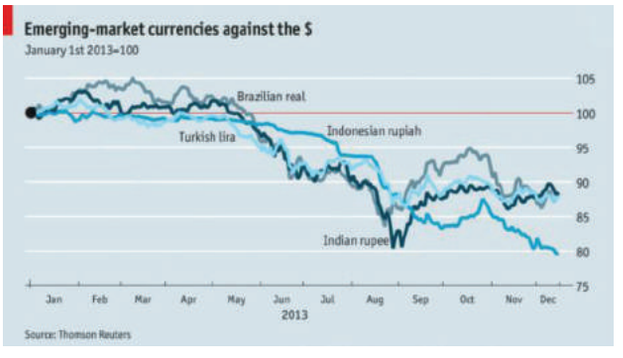












Management Review of Business
continued

Economic Overview: Bangladesh 2013

The outgoing year has been one of the most disturbing years for Bangladesh in the recent past in terms of domestic political instability caused by strikes, blockades and deadly violence for months. As a result, the economy had to bear the brunt in many ways. The World Bank, International Monetary Fund and Bangladesh Bank and many experts have projected the gross domestic product (GDP) to be lower than 6%, which is much below the target of 7.2% for FY 2014. A slump in growth rate is no surprise considering slowdown in economic activities and a fall in investment levels.

It is heartening that entrepreneurs of the country demonstrated exemplary resilience in protecting the momentum of economic activities from any serious from the disruptions. Country's exporters went to great lengths to fulfill delivery commitments to buyers abroad amid the political unrest. This is reflected most clearly in the healthy 18 per cent year-on-year export growth in 2013.

Key domestic sectors in 2013

Credit to the private sector was lower than the target and the banks had to sit with excess liquidity as investment demand slowed down. There was dampened demand for credit and amount of non-performing Loan (NPL) surged at an alarming rate that put negative impact on the health of banking sectors. As of September 2013, NPL reached 12.79 per cent compared to 10.03 per cent in FY 2012 and 6.12 per cent in FY 2011. Though this was partly due to a number of large financial scams, it was also due to inability of many genuine borrowers to service their loans given the dull business due to political turmoil. Reduction of NPL and bringing discipline in the banking sector will thus be most challenging task in the coming days.

Revenue generation by the National Board of Revenue (NBR) was only 16.4% as of July-October 2013, while the target was 25.3% for FY 2013. This has been due to losses suffered by most businesses. Additionally, NPL and excess liquidity have been increasing and profitability of banks was on the decline. Thus the corporate tax has been a major reason for the revenue target of NBR to go off-track. Agriculture sector was vulnerable during times of political turbulence as the whole supply chain was disrupted. Food Inflation went up 9 per cent in December 2013 as opposed to 5.28 per cent in December 2012. Dhaka Stock Exchange (DSE) index hovered around 4000- with less of liquidity available. The capital market regulator was happy with a few long pending reforms including their own capacity building and financial autonomy. Country's export remained within the range of USD 24 billion while import was little dull with sluggish investment scenario. Foreign exchange reserve has shot up and capable enough to meet nearly six months imports. Inward remittance little down at the fag end of the year, still healthy. So was the foreign aid disbursement in local bourses has also gone up. Bangladesh Taka maintained its strength against the greenback.

Half yearly Monetary Policy Statement (MPS) and business outlook 2014
In January 27 2014, the central bank unveiled half yearly monetary policy statement (MPS). We hope this framework will seek to reduce inflation and provide sufficient space in lending to achieve broad-based investment. Keeping 7 per cent mark however will be challenging as banks cuts interest rates to make available more funds. The danger of cheaper funds made available to clients by banks could trigger greater borrowing and utilization in unproductive sectors like stock market and real estate – not the sort of investments required to boost GDP growth rate now been revised down to 6.3 per cent.

Convincing emphasis has been given upon reducing inflation from 7.35 per cent to 7%. As oil prices are expected to rise, effect will creep into non-food inflation, causing overall inflation to rise. Moreover, inflation in India has been on the rise, which implies domestic inflation can rise as well given the significant volume of imports from India.

As far as investment levels are concerned, many expected an expansionary monetary policy for giving a boost to the sluggish nature of levels. However, taking cognizance of the private sector credit growth towards the end of 2013 had been 11.1 per cent only against target of 16 per cent. The target has been revised to 16.5 per cent, which means there is sufficient space to accommodate the rise in investment that may take place in the next few months. There are idle money lying in the banks which can be utilized for investment. Bangladesh Bank also intends to strengthen the foreign exchange reserve, which it can do by buying dollars; this will fetch more taka into the system and further cater to the rise in public sector credit demand.

The economy started to gain traction at the beginning of 2014, it is important to keep inflation low to achieve high consumption and investment levels for a higher economic growth rate.

Dhaka Bank Challenges 2012

Banking sector in Bangladesh has come across a turbulent year confronting many odds and pitfalls in the macroeconomic fundamentals. The major challenges faced by the banking industry were low credit growth, increasing trend of non-performing loans resulting to higher provisioning requirements, and surplus liquidity. The cumulative effects of these put pressure on the profitability of the banking sect sector as a whole. Considering the likely disastrous performance of the banking sectors, Bangladesh Bank at the fag end of 2013 relaxed the loan rescheduling policy paving the way for the banks to improve asset quality through rescheduling and add back provision requirements consequently yielded better financial performances than anticipated. Dhaka Bank was not immune from these changes. Dhaka Bank had to reap benefits from the market under many daunting challenges in 2013, some of which topping the list is:

- The early quarters of 2013 remained most challenging in maintaining growth momentum in DBL loan portfolio. Due to enhancing prudential regulation, higher deposit rate, slashed interest spread, cautious monetary policy, our credit and Trade businesses were adversely affected. Moreover, persistent shortages of power and gas, constrained the growth of new projects and demand for capital machinery import was declining. In spite of these bottlenecks, the scenario changed for a little better at the last quarters.
- Asset liability management in the changing market scenario under the regime of declining credit growth, high non-performing loan

coupled with increased interest/profit expenses for additional mobilized deposit, satisfactory return to liability customers as well as concentration on the maximization of shareholders' value and size of balance sheet to reach 2014 goal;

- Diversification of credit portfolio with more emphasis on productive but under-served and un-served sectors especially in SME, Women Entrepreneurs, agriculture, Renewable energy under the policy shift of the government and in absence of adequate corporate growth prospects;
- Changes in policies and practices, prices and responsibilities of the financial institutions and regulatory compliance offered strains on spread and return on assets. Frequent restructuring of liability products was a necessity and that further came challenging in restoring and expediting liability customer base.
- Relatively healthy deposit mix to downsize cost of fund and competitive pricing to stay afloat in competition.
- Maintaining asset quality and growth.

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Dhaka Bank is well positioned to meet the challenges of 2014 and continue to strive to innovate and capture opportunity for growth and value creation. We will continue to maneuver and harness potentials lies in country's retail, credit card, SME, Agriculture and remittance frontiers as we are moving toward a more concentrated and regulated banking world. However, prudent fund and balance sheet management, recovery of non-performing loans, focus on low cost deposit would certainly lead us to much improved position in 2014. People, product and technology platform will be increasingly the deciding factors for our plans for 2014. Details are provided in Directors' Report as well as Auditors' Report.

Outlook 2013

Despite all looming macroeconomic and industry specific challenges, we can turn around and show our resilience in 2014 as we did it in the past during global and macroeconomic maelstroms. However, political stability is the precondition to make the breakthrough as economic stability cannot be sustained without political stability.

2014 would be more challenging year for the economy as well as the banking sector. The economy has entered into the New Year in a situation where most of the macro- economic indicators are under huge pressure because of the prolonged disruptive political programs in the later part of 2013. Having survived the daunting economic tempest in 2013, we have learned to adapt and endure in challenging times. With renewed vigor and optimism we look forward to 2014. This year we will prioritize optimum utilization of fund through achieving desired investment growth, preventing the deterioration of asset quality and maintenance of capital adequacy to absorb risks. Dhaka Bank will also focus on its delivery channels, technology, people and its brand for growth of the shareholders' value.

ADR at optimum level:

To make effective utilization of fund to bring Advance Deposit Ratio (ADR) at optimum level. In order to enhance income we will initiate realistic headway to increase the credit growth with the surplus fund and meet the target of attaining additional low cost deposits projected in 2014.

Betterment of Asset Quality

Maintenance of asset quality will always come as our priority issue not only for the existing credit portfolio but also for new one. Our prime focus will be the recovery of rescheduled loans and reduce the NPL portfolio. We are developing in-built capacity in the Bank to help expedite loan recovery process. We are considering appointment of more loan recovery agents and new mechanism to avoid lengthy, expensive and cumbersome procedures and too much dependence on the court for recovering loans. We have stepped up efforts to help strengthen our negotiation skills in loan recovery what we have found most expedient and economical in tackling bad loans.

Cost Containment

This year we are focusing on appropriating Profit after Tax at a higher level than the forgone years. Unless we hold back expenses in phases, we can hardly expedite our earnings towards our goal. In three stages, we will try to do that:

- control cost of fund by healthy deposit mix enhancing share of low cost deposit and refinancing from BB
- control operating expenses by boosting HR productivity, competitive bidding with the suppliers and rational promotion of banking business
- control provisions against bad loans by accelerating recovery mechanism both ongoing and alternative

Adherence to Core Banking

Our focus will stick to core banking for 2014 as well. Since the debacle in the stock market in 2010, we have been making cautious exposure to the share market. To excel in sustainable growth, adherence to core business will prove our strategic excellence, we do believe.

Sound Business Mix

We have enhanced our SME portfolio to 9% of total credit in 2013 from 5% in 2012. We have also achieved agriculture lending target for the fiscal 2012-2013. Year 2014 will see more flourishes small ticket loans in the focus sectors of SMEs, cluster based finance, green projects, woman entrepreneurs finance, agriculture and others. On the corporate sides, we will try to focus on growth supportive sectors including large infrastructure and PPP in the economy. For a sound business mix, we will introduce a bundle of new products and services in tandem with rising demand and need.

Capital adequacy: To maintain adequate capital base to support asset growth and to ensure compliance issue as well, Dhaka Bank is well set to move further. We have already acquired s regulatory capital in 2013 as per Basel-II guidelines. Capital strength will be enhanced further with the anticipation of new law to phase in, in the days ahead.

Capacity building: In a bid to ensure successful implementation of strategy, in-house capacity development turns out to be an absolute necessity. This can be materialized through continuous training of the

employee.

Innovative banking: We foster a constant search for new solutions as a strategy to enhance our competitive advantage. Dhaka Bank shall continue to provide excellent service to its clients with new found products like Students' Ledger – School & University and Honourable Seniors etc. with the robust support of its IT platform.

Expansion of Network: We look forward to extending business to existing as well as potential clients through wider and diverse product range and thereby, penetrate uncharted territories through network expansion in rural and far-flung areas.

Syndication and Structured Finance: We will accelerate the growth of large and medium lending through syndication mechanism. Our SSF division is well equipped with skilled manpower and modern Mechanism. New Savings Products: More and more Savings products with attractive features to be crafted to inspire small savers, which will pay off the clients and Dhaka Bank as well.

Internal Control & Risk Management

2014 and around, we will stay most vigilant about financial scams, irregularities and other operational failures. We will ensure stable well-integrated operating process, new equipment to support work volume as well as strong customer complaint resolution process. To control credit losses, we will ensure appropriate debt rating models, rigorous monitoring of portfolio performance and timely and effective response to changes.

HR Productivity & Efficiency

Dhaka bank strives to attract, develop, compensate and retain the most qualified people in a work environment characterized by discipline and affection. This year we will give more concentration on HR productivity this year based on our experience and output in the last five years. We believe, heightened efficiency of HR forces adds more values to banking development than any other factors. For 2014, we have set a target of HR productivity (Profit per Employee) at around Taka 4.0 million assuming a 15% growth in our human resources over the year. We are committed to give every try to achieve the target by a combination of talent management, talented pool of expert bankers from the market, brilliant chunk of business graduates, sharpening job efficiency, increasing learning curve and motivation through more reward and retribution.

Business Ethics to Reign Supreme

Whatever growth we achieve, we have to get back to the root – Ethical Standard in every sphere of business – for a sustainable growth. Business ethics is more oriented with culture than administrative response, as we have experienced for long. To establish a good ethics culture, we have formed Ethics Committee comprising the Senior Management. This year we will focus on building loyalty to the organization, training on ethical practices, recognizing ethical precedence in performance appraisal and transparency in all banking operation.

Shareholders' Value

All of our actions must lead to an ultimate goal – maximization of shareholders value for what we exist and excel. With this in mind, we will concentrate on enhancing profitability to raise Earnings per Share, Dividend as well as confidence of the Shareholders.

DBL as a Power Brand

Together with you and our great team of banking excellence, we dream to build Dhaka Bank as a Power Brand in the country and even beyond across the border. Convincingly, a power brand caries enough strength to weather difficult times. The Board of Directors of Dhaka Bank aspires to honour your dream to make the Bank 'A House of Banking Excellence 'in the not too distant future.

Despite all looming macroeconomic and industry specific challenges, we can turn around and show our resilience in 2014 as we did it in the past during global and macroeconomic maelstroms. However, political stability is the precondition to make the breakthrough as economic stability cannot be sustained without political stability.

Management Review of Business
continued

Financial Review of the Bank

Operational Highlights 2013

Stable income and operating profit despite difficult market conditions

Broad-based and diverse income growth across a range of businesses, markets, products, customers and client segments

A highly liquid, well diversified balance sheet with an advances-to-deposits ratio of 84.22 per cent

Improved asset quality with the NPL ratio at 4.15 per cent

A strong Core Tier 1 capital ratio of 9.28 per cent positions the Bank well to meet evolving regulatory requirements

Strong balance sheet growth with customer advances up 10 per cent to Tk 99 billion and customer deposits up 8 per cent to Tk 116 billion

Tk 8,703 million of credit provided to small and medium-sized enterprises (SME) reflecting a growth of 82 per cent

Tk 1,642 million of credit provided to agriculture entrepreneurs, achieving 103 per cent of target for the fiscal 2012-2013

Tk 8,412 million provided under Green Finance to a total of 58 enterprises

An expanded banking network across 28 Districts in Bangladesh

Industry perspective

Compared to consistent growth of the last few years, the year 2013 turned out to be most challenging for the banks. The banking sector witnessed a surge in the non-performing loans all round the year. The troubles facing the state-owned banks were intensified by a few more loan scams. On the backdrop of low credit demand and loan loss resulting from steep rise of provision against bad loans, a number of Private Commercial Banks (PCBs) were able to record only a modest rate of growth in their operating profits while the others were less vibrant to uphold growth momentum of profits.

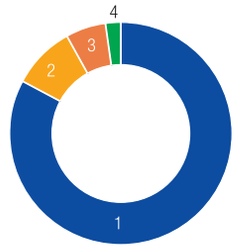
Profits shrank from declining spread also. The interest rate spread in the country's banking sector came down to below 5.0 percent in October 2013 because of the lower credit demand spurred by the prevailing political uncertainties. Besides, the sluggish trend in the country's capital market, lower import payments and delinquent loans and loan scams resulted in the lower level of profits of the banks in 2013. However, Bangladesh Bank's relaxation of loan rescheduling policy consequent on the ongoing political unrest added some respite to profit basket of banks.

Operating profits finally diminish in phases while making room for provisions and payment of taxes to government exchequer before the ultimate settlement of net profit to be distributed among the shareholders as dividend. Being a major source of government revenues, operating profits of banks are instrumental in financing government budget for the ongoing fiscal year.

Dhaka Bank financials

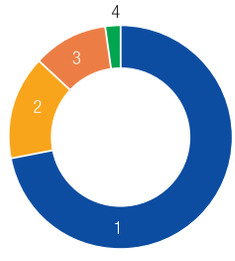
Pitted against the tough market conditions induced by political upheavals and uncertainties, Dhaka Bank Limited continued to demonstrate satisfactory performance record in almost all key areas of banking. We made good progress on strategic plan targets where core banking played dominant keeping non-core business out of strategic choice. Alongside consistent financial performance, we redirected our focus on healthy balance sheet, better customer service, diversification of business, functional expansion and restructuring, enhancing digital payment gateways, bonding strategic alliance, financial inclusion as well as green banking initiative to put banking on a sustainable footing. All our strategies and actions together amounted to a sustained profitability and enabled us to get through the odd times. Consistency and stability in our results is a clear indication of our financial strength and competitive edge to outlive uncertainties of external events and incidents affecting our business.

Revenue Mix 2013 %



1	Interest Income	83
2	Investment Income	9
3	Fees & Commission	6
4	Other Income	2

Revenue Mix 2012 %



1	Interest Income	72
2	Investment Income	15
3	Fees & Commission	11
4	Other Income	2

Management Review of Business
continued

The contraction in investment income from portfolio investment and treasury in 2013 has been offset by increase of interest income (83 per cent. The growth in operating expense by Tk 597 million remained lower than the growth of operating income by Tk 1,067 million. Profit after Tax (PAT) of the Bank increased by 175 per cent to Tk 1,927 million compared to decrease by 68 per cent in 2012. Consolidated Profit after Tax (PAT) during 2013 was Tk 1,191 million and profit attributable to Dhaka Bank shareholders is Tk 1,981million. Earnings per Share (EPS) for the year ended December 31, 2013 stood at Tk 3.56 compared to Tk 1.30 in 2012.

A detailed analysis of Income Statement and Balance Sheet of the Bank is provided hereunder:

Income Statement
Total revenue of Dhaka Bank is composed of two main sources i.e. Interest Income and Non-interest Income that aggregated Tk 15,131million and Tk 3,101 million respectively. Details with year-on-year comparison are depicted below:

Interest Income
During 2013, DBL earned Tk 15,131 million as interest income recording a growth of 14 per cent over preceding year. The growth of interest income was mainly driven by real growth in overall asset portfolio, good sales of loan products, downsizing of loan delinquency and efficient utilization of fund. Average yield on loans and advances increased to 16.25 per cent in 2013 compared to that of 2012.

Net interest margin (NIM) was 4.32 per cent in 2013 as compared to 4.10 per cent in 2012.

Net Interest Income
Net interest income (NII) during 2013 was Tk 3,308 million being the highest contributor to total operating income (52 per cent). The 25 per cent growth in net interest income was also a combined outcome of efficiencies achieved both in interest income and interest expense. Total Interest Income grew by 14 per cent (Tk 1,903 million) while total Interest Expense grew by 12 per cent (Tk 1,225 million). Higher growth in yield on loans than that in cost of deposits and borrowing directly impacted higher level of growth in NII.

Among other initiatives to enhance interest income, we continued to mobilize low cost deposit, avail refinancing facility from the Central Bank under different refinancing arrangements and manage asset liability efficiently. As a result, current and savings deposit increased by 1,101 million (6%) to Tk 19,042 million in 2013, refinancing amount enhanced by 135% to Tk 3,650 million and AD ratio remained within the prescribed limit of Bangladesh Bank.

Non-Interest Income
Non-interest income of DBL increased by 14% during the year 2013. Earnings based on commission and exchange increased by a slight margin of 0.73% from a negative growth of 28% in 2012 under a continued fall in import business and lower spread between buying and selling rates of foreign currencies. However, other fees, charges and income from recoveries went up with a considerable under our constant striving for superior services that helped us achieve overall growth of non-interest income.

Investment Income
DBL's investment income comprised interest/ discount earned on treasury bills/ bonds, gain on government security trading, dividend received on shares, capital gains from sale of securities of listed companies, dividend on shares and interest on debentures. Investment income during 2013 stood at Tk 1,617 million compared to Tk 1,388 million of 2012. This enabled the Bank to post a growth of Tk 229 million i.e. 16% over the previous year. Investment Income was another major contributor to total income accounting for 25% of operating income.

Commission and Exchange
Income from commission and exchange during 2013, increased by Tk 8 million against the preceding year. Regulatory pressure continued to rationalize the rate of commission and charges in an effort to broaden wider access of mass people to modern banking. Rising volume of banking business and transactions together with huge sales of banking products and cost effective measures enabled us to offset the loss from reduced commission and charges.

Key operating financials

Particulars	2013	2012	Change %
Interest Income	15,131	13,228	14%
Interest Expense	11,822	10,598	12%
Net Interest Income	3,308	2,630	26%
Investment Income	1,617	1,388	16%
Fees & Commission	1,093	1,085	0.73%
Other Operating Income	392	239	64%
Operating Income	6,410	5,343	20%
Operating Expense	2,717	2,119	28%
Operating Profit	3,694	3,223	15%
Provision for Loans	57	1,685	(97%)
Provision for Off-Balance Sheet Exposure	8	31	(74%)
Provision for diminution in Value of Investment	585	66	786%
Other provision	-	1	-
Total Provisions	650	1,784	(64%)
Profit Before Tax (PBT)	3,044	1,440	111%
Tax Provision	1,117	738	51%
Profit After Tax (PAT)	1,927	701	175%

Management Review of Business
continued

Other Operating Income
In 2013, other operating income experienced a positive growth of 63% over the past year, mainly impacted by increase in capital gain on sale of shares, supervision and monitoring charges, etc.

Total Operating Income
Due to the reasons as explained above, total operating income of the Bank aggregated Tk 6,410 million in 2013 recording a growth of 20% over the preceding year.

Operating Expense
For smooth running of business under a restructuring and compliant environment, the bank's operating expenses increased by 28% to Tk 2,717 million compared to Tk 2,119 million in 2012. Salary and allowances have increased by 25% under considerable of number of headcounts totaling 1,450 in 2013. Depreciation of fixed assets totalled Tk.150 million up by 95% from previous year.

Overall bank rent & tax, utility bills, insurance premium, printing & stationeries, repair, maintenance, office security, advertisement & business promotion costs increased significantly during 2013 because of expansion of service delivery channels (Branch, ATM, ADM), renovation, relocation of Branches & Head Office, introduction of new products, improving brand image through increased promotion and advertisement, etc. Inflationary pressure that ended up with an upward trend in the last quarter of 2013 contributed partly to the growth of operational expenses.

Investment in building sustainability platform has increased manifold over the last few years. This banking philosophy has been shaped into a tangible chase for business goal and achievement. In 2013, we added an amount of Tk 30 million (1% of profit) to Dhaka Bank Foundation towards meeting our CSR objectives. We spent as much as Tk. 37 million in various CSR projects in Bangladesh. For developing SME portfolio, woman entrepreneur finance, agriculture, we have made necessary restructuring in our operations, launched campaign for SME promotion, participated in SME fairs, added and upgraded delivery channels and build alliance with micro finance organizations for a nationwide banking outreach. We have designed new products for students' community and senior citizens for wider financial inclusion. Together with this approach, our investment in a good number of green projects like solar panel, eco-friendly modernization of brick kilns, biogas plants, natural fertilizer, etc carried more of our passion for preservation of Mother Nature than of commercial benefit. Our costs in sustainability build-up are taking an upturn every year and we are expecting their positive reflection in our present and future well-being.

Operating expense

Particulars	2013	2012	Change %
Salary and allowances	1,483	1,184	25%
Rent, taxes, insurance, electricity, etc	355	268	32%
Postage, stamp, telecommunication, etc	57	53	8%
Stationery, printing, advertisement, etc	134	103	30%
Repairs, maintenance and depreciation	219	145	51%
Other expenses	469	366	28%
Total operating expense	**2,717**	**2,119**	**28%**

Comparative position of income, expense & profit over 5 years

Taka million

Particulars	2009	2010	2011	2012	2013
Operating Income	4,086	5,555	6,228	5,343	6,410
Operating Expense	1,275	1,715	1,945	2,119	2,717
Profit	2,810	3,841	4,321	3,223	3,694

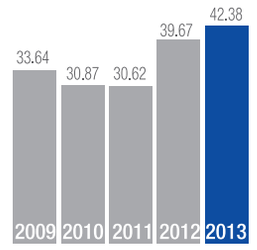
Employee productivity continued to grow evidently as shown in the following table

Taka in million

Particulars	2012	2013
Income per employee	3.68	4.42
Expense per employee	1.46	1.87
Profit before provision per employee	2.22	2.55
Profit before tax per employee	1.0	2.10
Assets per employee	**91**	**100**

Cost to income ratio
Overall Cost to Income ratio of the Bank increased to 42.38% in 2013 from 39.67 in 2012. The main reason for such rise stemmed from operating expenses incurred at various level of banking operations across the year. However, the cost can be rationalized given inflationary pressure, political standoff resulting in total value chain disruption. The Bank was successful to control the growth of capital expenditure in network expansion and acquisition of fixed assets. The increase in employee productivity also helped us contain Cost to Income ratio giving an indication that expense per employee grew in a more rationalized and productive way.

Cost to Income Ratio (%)



Management Review of Business
continued

Provision for Loans and Advances
In the first half of 2013, the provision against classified loans was relatively high in tandem with growing Non Performing Loans (NPL) in the industry that was undergoing many uncertainties. The industry scenario together with prevailing country conditions, though, did not improve up to the expectation in the second half, we were able to make significant improvement in provisioning requirement thanks to Bank's strategic striving and hard drive for recovery for overdues as well as Bangladesh Bank's relaxation on provisioning policy. As a result, total provision against classified loan was reduced by 97% Dhaka Bank made a recovery of Tk 4,118 million against opening balance of classified loans of Tk 5,656 million as of January 1, 2013.

General provision against unclassified loans was Tk 956 million in 2013 against Tk 899 million of preceding year. The Bank also maintained provision for Tk 8 million against off-balance sheet exposures in 2013, which stood at Tk 31 million in 2012. The Bank also maintained provision for Off-shore Banking Unit. This is for information of the shareholders that general provision is recognized as Tier-II capital of the Bank, which in effect, safeguards potential default and supports business growth by fortifying capital base.

Provision for loss on Revaluation of Shares
According to Bangladesh Bank circular, investment in quoted shares and unquoted shares were revalued at the year-end. Provision was made on 'portfolio basis' for any loss arising from diminution in value of investments. During the year 2013, full provision was charged against revaluation of shares.

Profit before Tax (PBT)
Having made above provisions for the year 2013, Profit before Tax of Dhaka Bank stood at Tk 3,044 million registering a growth of 112%. The higher growth in PBT was achieved through lower requirement of provision (Tk 1,133 million less than previous year) and considerable net interest income (+ 26%) and other operating income (+ 64%).

Provision for income tax
Provision against current year income tax of the Bank was Tk 1,096 million compared to Tk 738 million of year 2012. The Bank had no deferred tax liability/ asset during the reporting period.

Profit after Tax (PAT)
DBL earned Profit after Tax of Tk 1,927 million recording a growth of 175% during 2013. Earnings per Share (EPS) increased to Tk 3.56 million as at December 31, 2013 from Tk 1.50 of the previous year. The positive growth momentum of Profit after Tax was an effect of significant operating profit offset by comparatively lower requirement of provision against loan delinquency.

For the year 2013, Return on Assets (ROA) and Return on Equity (ROE) stood at 1.39% and 16.21% respectively.

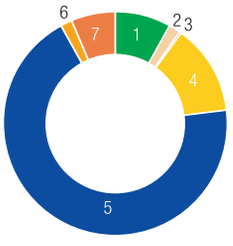
Statutory Reserve
As per Bank Company (Amendment) Act, 2013, 20% of Profit before Tax is required to be transferred to statutory reserve until the balance of the same attains the level of paid-up capital. In compliance, an amount of Tk 609 million has been transferred to statutory reserve during the year 2013.

Dividend
At the year-end 2013, fund available for distribution is Tk 1,191 million from current year profit. Considering the usefulness of maintaining capital adequacy ratio of the Bank, the Board of Directors decided to recommend 5% stock dividend and 17% cash dividend for the year 2013. Such capital fund maintained at a satisfactory level will help the Bank continue its business growth and business activities for the year 2014 and beyond.

Balance Sheet

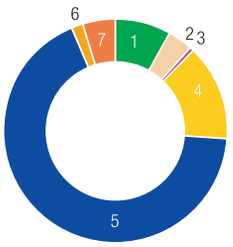
Total Assets
Consolidated assets of the Bank Group stood at Tk 145 billion (Tk 14,540 crore) in 2013 up by Tk 12 billion from Tk 133 billion in 2012. Total assets of Dhaka Bank grew by Tk 11billion to Tk 144 billion in 2013 from Tk 133 billion in 2012 registering a growth of 8%. The asset growth was mainly funded by growth of deposits (8%) and equity (23%). The surge in assets was evident in the increase of loans and advances, investments, fixed assets and liquid assets as maintained by the Bank. The growth of deposits was used for funding credit growth and holding of securities for SLR purpose. During the year 2013, the economy witnessed a low credit demand against excess liquidity in the market.

Asset Mix 2013 — Taka million



1	Cash	11,901
2	Balance with other Banks	2,464
3	Money at call & short notice	339
4	Investments	18,757
5	Loans & Advances	99,596
6	Fixed Assets	2,518
7	Other Assets	8,833

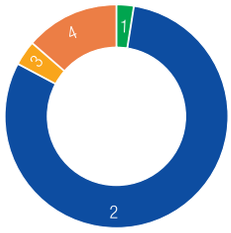
Asset Mix 2012 — Taka million



1	Cash	10,934
2	Balance with other Banks	4,828
3	Money at call & short notice	669
4	Investments	18,404
5	Loans & Advances	90,140
6	Fixed Assets	1,879
7	Other Assets	6,286

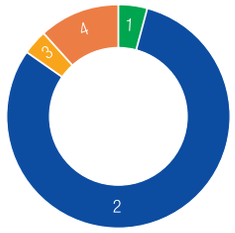
Management Review of Business
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Asset Funding Mix 2013 — Taka million



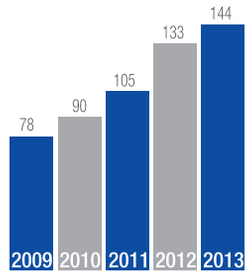
1	Borrowings	3,650
2	Deposits	115,981
3	Paid-Up Capital	5,414
4	Other Liabilities & Equities	19,364

Asset Funding Mix 2012 — Taka million



1	Borrowings	5,697
2	Deposits	107,427
3	Paid-Up Capital	4,667
4	Other Liabilities & Equities	15,351

Array of DBL Asset for 5 years (Taka billion)



Cash and Balance with Bangladesh Bank & its Agent

Consolidated position of the Bank was Tk 11,901 million in 2013 as against Tk 10,934 million in 2012. Bank's position of Cash and Balances with Bangladesh Bank and its Agents was Tk 11,901 million as at December 31, 2013 reflecting a dip of 9% from Tk 10,934 million in 2012.

Balance with other banks and financial institutions (FI)

DBL's balance with other banks and financial institutions decreased by 48% from Tk 4,828 million in 2012 to Tk 2,464 million at balance sheet date of 2013. The negetive growth resulted from transfer of fund to current account of different banks to channel inward foreign remittance to beneficiaries. Adequate funds were maintained with correspondent banks for payment against LC commitments.

Money at Call and Short Notice

DBL Treasury is responsible to manage this important portfolio of banking operations. Bank's balance in Money at Call and Short Notice stood at Tk 339 million as on December 31, 2013. Because of continuous liquidity surplus all through 2013, money market borrowing and lending was less vibrant than that of the previous year. Lower investment demand was one of the main reasons behind such market scenario. Under the prevailing conditions, Dhaka Bank treasury invested in placement as suitably as possible at comparatively higher rate of interests. In the call money market, DBL borrowing rates varied from 6.74% to 9.90% while lending rates varied from 7.73% to 10.79%.

Investment

Total Bank's Investment in 2013 grew by Tk 352 million to Tk 18,756 from Tk 18,404 in 2012. The Bank investment comprised Government securities of Tk 16,009 million and others (investment in Corporate Bond and Ordinary Shares) of Tk 2,748 million. Investment in ordinary share (Quoted and unquoted) increased to Tk 2,558 million of 2013 from 2,430 million of 2012. The 2.0% growth achieved in investment was driven by government treasury bonds purchased to cover the increased SLR in line with increased deposit liabilities.

Management Review of Business
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Composition of investment in 2013 & 2012

Taka million

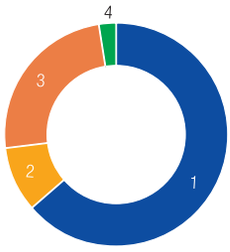
Particulars	2013	% of total	2012	% of total	Change
Government					
Treasury bills	3,953	21%	3,139	17%	814
Treasury bonds	11,800	63%	8,719	47%	3,081
Govt. Islamic Bond	**250**	**1%**	**250**	**1%**	**-**
Prize Bonds	6	-	3	-	3
Assured Liquidity Support	-	-	3,663	20%	(3,663)
Others					
Debentures	-	-	-	-	-
Corporate bonds	190	1%	198	1%	(8)
Ordinary shares					
(Quoted & unquoted)	2,557	14%	2,430	14%	127
Preference shares	-	-	-		-
Investment total	**18,756**	**100%**	**18,404**	**100%**	**352**

Loans and Advances /Investments

Under a very low investment climate in 2013, borrowers became averse to injecting new fund in their business. Bankers were hard pressed to find a solution to a two pronged problem: worsening current portfolio versus lower opportunity to expand business in absence of committed borrowers. Sailing against the odds, Dhaka Bank came out successful in enhancing its credit portfolio. Consolidated loans and advances/ investments (Shariah based credit) of Bank Group grew by 10% to Tk 100 billion (Tk 10,000 crore) whereas Bank's total loans and advances including investments under Islamic Banking Wing increased to Tk 99 billion depicting a growth of 10% (Tk 9,456 million).

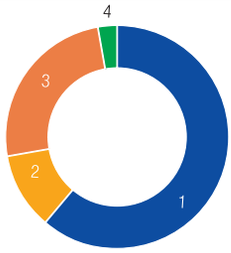
The growth in the loan book was an outcome of Bank's concerted efforts and enhanced participation in local corporate and SME credit-lines, syndicated and structured finance along with broadening of business relationship in the country, the attractiveness of our retail and consumer credit products, careful selection of borrower, strong credit risk assessment and protection under good security coverage. Outstanding loans and advances of Off-shore Banking Unit was Tk 611million. Our subsidiary DBL Securities Limited extended margin loans to the investors, volume of which was Tk 2,692 million in 2013. Yield on loans and advances was 16.25%.

Category-wise Loan Mix 2013 — Taka million



1	Loans	63,420
2	Cash Credit	9,481
3	Overdraft	24,480
4	Bills Purchased & Discounted	2,214

Category-wise Loan Mix 2012 — Taka million

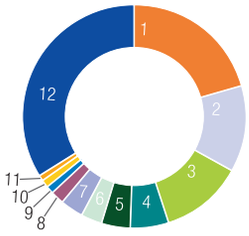


1	Loans	55,316
2	Cash Credit	9,911
3	Overdraft	22,536
4	Bills Purchased & Discounted	2,377

Concentration of loans and advances was well diversified details of which are explained in note 7.7 of the financial statements. DBL ratio of NPL improved to 4.15 percent from 6.28 percent of 2012, the main reason of which is clearly explained above. Based on contractual maturity terms, 81 percent of the current loan portfolio matures within one year and 16 percent is due to mature within 5 years of the balance sheet date.

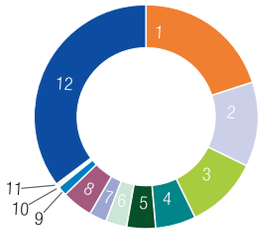
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Sector-wise Loans & Advances 2013 %



1	Textile & Garments	20.60
2	Housing & Construction	12.63
3	Engineering & Metal	11.98
4	Food & Allied Industries	5.40
5	Transport & Communication	4.14
6	Service Industry	3.28
7	Energy & Power	3.32
8	Chemical Industries	1.84
9	Pharmaceuticals	1.16
10	Electronics & Automobiles	1.14
11	Agricultural Industry	0.80
12	Other Industries	33.71

Sector-wise Loans & Advances 2012 %

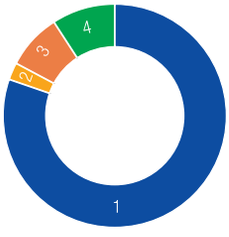


1	Textile & Garments	20.03
2	Housing & Construction	12.27
3	Engineering & Metal	10.71
4	Food & Allied Industries	5.68
5	Transport & Communication	4.18
6	Service Industry	3.22
7	Energy & Power	2.44
8	Chemical Industries	4.52
9	Pharmaceuticals	1.30
10	Electronics & Automobiles	0.33
11	Agricultural Industry	0.27
12	Other Industries	35.05

Liabilities

Consolidated total liabilities (excluding equity) of the Bank stood at Tk 133 billion in 2013 as against Tk 124 million in 2012. The total liabilities (excluding equity) of Dhaka Bank stood at Tk 132 billion as of December 31, 2013 recording a growth of 7% over preceding year.

Composition of total Liabilities 2013 Taka million



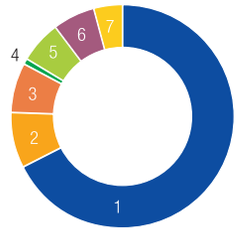
1	Deposits	115,981
2	Due to Banks	3,650
3	Equity	11,887
4	Other Liabilities	12,891

Deposits

Bank's total deposits grew by Tk 8 billion (8%) to Tk 116 billion at the year-end 2013 from Tk 107 billion of 2012 with heightened concentration on core low cost deposits. The growth was well supported by the synergy achieved through our collective efforts, country-wide reach of branches, high standard service delivery, cutting-edge banking system and last but not the least, commitment to high rates and returns on deposits under permissible limit of the Central Bank. Our deposit customer base numbered a total of 318,584 at the year-end 2013. Our strong customer base included individuals, corporations, small & medium sized enterprises, NBFIs, government entities, NGOs and autonomous bodies and others.

During 2013, Dhaka Bank refashioned many of its liability products with wholehearted promotional drive in an effort to meet market demand, global impact on local market, new monetary policy and the urgency for healthy deposit mix with increased low cost and no cost components. Moreover, our Islamic banking Units offered attractive packages for Non Resident Bangladeshi (NRB) as well as Hajjis and Hajj planners promising considerable profits. On the whole, the well devised deposit schemes and initiatives proved rewarding in swelling our deposit balance at the year-end. In 2013, DBL's deposit blend was stable with cost free and low cost deposits in comparison with the year 2012. Still, fixed deposits maintained dominance in the deposit line occupying highest 68% of the deposit mix. Average cost of deposits remained unchanged at 10.22 % in 2013 against 10.63% in 2012. At the year-end 2013, the ratio of customers' deposit to total liabilities maintained the same tempo at 87% for both the years 2013 and 2012.

Category-wise Deposit mix 2013 %



1	Fixed Deposits	67
2	Savings Bank Deposits	8
3	Current Deposits	7
4	Bills Payables	1
5	Deposit Schemes	6
6	Short Term Deposits	6
7	Other Deposits	4

Financial outlook 2014

The outlook of 2014 ahead is most likely to be more challenging one for the country's economy. The possibility to exploit the market opportunities seems to be far-off and the reason behind that is not external rather indigenous and man-made. With the current uncertainties continuing in the future months, economic growth projection of 7.0 per cent would be very hard to come by. Under the prevailing conditions, the banks might find it difficult to make a turnaround within a short time. If the ongoing political situation improves sooner rather than later, chances of recovery from losses will be more optimistic.

We are aware of the challenges of 2014. Our main focus in the year is to downsize the NPL and contain the cost. We will make every effort to maintain these two in 2014 among all other priorities. Alongside improving asset quality, we will focus on expanding the business line with careful consideration under regulatory framework.

Corporate Banking



We are committed to help our clients achieve their ambitions by continuing to serve them in confronting up and down cycles of business. Over the years we have developed the unique perspective and broad capabilities to deepen client relationships and to help them come out on the top.

Emranul Huq
Deputy Managing Director, Business Banking

Corporate Banking

Dhaka Bank serves a wide range of clients in their banking, finance, trading and advisory requirements. Our presence and experience across the country, our specialization in Trade Services and Syndications and Structured Finance combined with a strong reputation and product expertise, afford the Bank a unique competitive position to build long –term, and a well coordinated client relationship. We are committed to help our clients achieve their ambitions by continuing to serve them in confronting up and down cycles of business. Over the years we have developed the unique perspective and broad capabilities to deepen client relationships and to help them come out on the top. 2013 was one of the most challenging year for banking industry. Despite the challenges, Dhaka Bank Corporate Banking portfolio has achieved reasonable growth in almost every avenue through leveraging strong partnership and innovation through structured financing deals.

Passionate and committed people and culture

Our people and culture are critical links in our effort to strengthen client service. We are striving to establish an identity for Dhaka Bank, built on a culture of confidence and client excellence while developing the capability of our people, providing competitive and fair compensation and living by common values.

We are focused on delivering the people and culture pillar of our strategy by ensuring that we achieve the following:

- Empower and trust our people to act responsively and do the right thing.
- Promote a common set of values which align with the bank's value.
- Encourage sustainability and transformation which should reflect in our identity, image, culture and by being socially relevant.
- Create a team which feels collectively responsible for performance, and is coherent and united in representing Dhaka Bank to the best effect.

Our Strategy

- Become the core bank to more of our clients
- Forming long-term relationships and helping our clients to deliver their strategic objectives
- Maintain our strong balance sheet to support our existing clients
- Continued focus on enhancing client servicing capability at the operational level

Our Priorities in 2014

- Stay focused on our business strategy
- Continue to deepen our client relationships by providing them suitable solutions across our network
- Continue investing in the business through disciplined management of costs, capital and the balance sheet.
- Position the business for ongoing market uncertainty and regulatory changes
- Focusing on untapped large corporate clients
- To provide the best services to Corporate Clients by improving our internal process & enhanced employee capability
- Strengthen our brand, people and culture to better serve our clients
- Maximizing corporate portfolio in coming days intensifying cross selling and by selectively channeling credit to new customers in emerging segments like Pharmaceuticals, Steel manufacturing Leather Industries etc.
- Better Management and supervision of the Corporate loan portfolio of the Bank.
- To assist the Branches in marketing and booking new clients.
- To facilitate the Branches regarding any complexities on corporate issues.
- Putting more & more efforts to explore new avenues for low cost deposits; including different multilaterals.
- To find out the reasons and assist the Branches for solution regarding the unutilized limit of the existing Corporate customers limit.
- To coordinate among Branches regarding the identical corporate clients.
- Maintaining NPLs at an acceptable level.

Management Review of Business
continued

Our Strategy in Action to Build the Economy

















Management Review of Business
continued

Credit Portfolio

Corporate portfolio of the Bank is governed by Head Office Credit Committee with segregation of responsibilities under three essential parts namely assessment of risks, credit administration and monitoring function.

At the end of 2013, credit portfolio of the Bank increased by Tk 9,456 million to reach the total of Tk 99,596 million against Tk 90,140 million of 2012. The growth reflected an increase 10 per cent over the preceding year. By virtue of hard drive for recovery of delinquent loan accounts, our non-performing decreased to 4.15 per cent from 6.28 per cent of 2012. Bank's credit to deposit ratio was maintained at 84 percent at the year-end. DBL adopts a cautious and selective approach in choosing borrowers so as to maintain a quality credit portfolio. Thus as a whole the Bank represented a quality credit portfolio.

Our Credit line-up comprises core exposures to business, industry, service and trade sectors. DBL has been keeping its loan portfolio well diversified with the blend of corporate lending, project finance, trade finance, SME loans, agriculture credit, house building loan, staff loan, retail and credit card to the deserving clients.

Portfolio distribution by Industry/Business Segments as on December 31, 2013

Figure in million

Sector	Amount
Agricultural Industries	794.20
Chemical Industries	1,832.58
Electronics & Automobile Industries	1,134.86
Energy & Power Industries	3,306.60
Engineering & Metal Industries including Ship Breaking Industries	11,930.22
Food & Allied Industries	5,374.65
Housing & Construction Industries	12,581.92
Pharmaceuticals Industries	1,153.35
Service Industries	3,269.02
Textile & Garment Industries	20,515.90
Transport & Communication	4,124.42
Other Industries	33,578.14
Total	**99,595.88**

Commercial Loans

Commercial Loans hold the major portion of corporate lending comprising a complete range of banking products namely working capital finance, trade finance and other loans intended to serve commercial purpose. This segment of financing extends supports to large and thriving business entities in Bangladesh including commodity trading, financing in infrastructures like roads, bridges, transportations, etc and lots of industrial undertakings.

Breakdown of portfolio

Tk. in million

Segments	Exposure as of December 31, 2013	% of total
Corporate	85,920.75	86.27%
SME	8,790.51	8.83%
Retail*	1,256.57	1.26%
Cards	213.29	0.21%
Brokerage	1,923.91	1.93%
Agri	794.20	0.80%
Staff	696.65	0.70%
Grand Total	99,595.88	100%

*Retail portfolio comprises Car Loan, House Building Loan, Personal Loan and other Consumer Loans.

Export finance

Export earnings and inward remittances from abroad has a telling effect upon the Balance of Payment (BoP) of the country and are the main source of foreign exchange. A significant part of Bank's lending portfolio belongs to export financing. DBL has tailored a complete solution to its export driven customers with a countrywide network of 15 Authorized Dealer (AD) Branches, 1 offshore banking unit and other 59 Non - AD branches. Export Trade of Bangladesh advanced 23.22 per cent in December 2013 to take the earnings to US Dollar 29.1 billion, the highest in the nation's history in spite of prolonged political turmoil and image crisis faced by the export grosser, the garments sector. Propelled by garment products which raked in a record 23.5 billion, this figure is also an improvement of about 16 per cent over 2012's takings of US Dollar 25.1 billion according to data from Export Promotion Bureau. The country earned US dollar 2,73 billion in December 2013, up 10.54 per cent year-on-year and 4.06 per cent over the target. A lot of exporters now bank with us and the volume of direct exporters in 2013 was worth Tk 54,212 million on account of considerable number of customers. Bank's total volume of export encompassed the area of RMG, home-textile, fisheries, leather, ceramics, pharmaceuticals, jute, natural rubber and others.

Project Finance

Dhaka Bank financing window to pioneering but non-conventional undertakings was wide open during the year 2013. The Bank continued project financing in support of entrepreneurship, innovative schemes and ventures profitable in terms of commercial, economic and environmental outlook. Project finance undertaken by the Bank exclusive of Syndication and Structured Finance, Export Finance and General Credit Unit was significant in number of deals and in volume that spanned industrial, energy, social and physical infrastructure as well as ICT sectors. The initiative has opened up new avenues and opportunities for pioneering entrepreneurship in the recent times. Further, DBL provided finance to large plastic and uPVC manufacturer and propped up a bulk capacity expansion programme.

Management Review of Business
continued

Syndications & Structured Finance Unit



Dhaka Bank led the syndication financing of an Inland Container Depot (ICD) in Chittagong and successesfully arranged required fund from diffrent banks/NBFIs for the project in the year 2013. The project is proposed to be funded by Investment Promotion & Financing Facility (IPFF) of Bangladesh Bank.

2013 performance

- Inked 3 (three) new deals
- BDT 170 crore was approved in 2013
- A good number of Syndication accounts have been fully adjusted/ pre paid/ written off / scaled down the outstanding to a significant level.
- Classification status of Syndication Loan is NIL.

Priorities for 2014

- Finance infrastructure projects utilizing World Bank fund through Investment Promotion Financing Facility ("IPFF") scheme of Bangladesh Bank.
- Explore more financing opportunities in Ready Made Garments and Allied sectors, Pharmaceutical and Hospitality sectors.
- Explore more financing fronts for our existing clients and big corporate clients, who are yet to establish business relationship with the Bank.
- Explore the sourcing of foreign currency to meet burgeoning need of corporate clients.

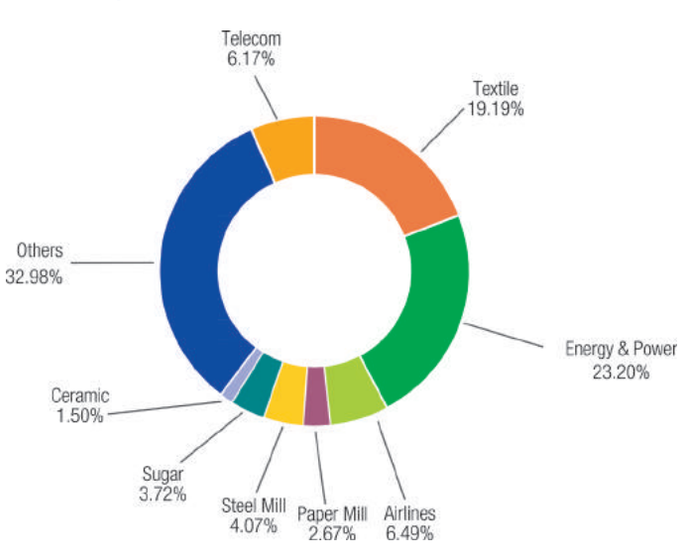
Activities Summary 2013

The Bank's Syndications & Structured Finance ("SSF") Unit has started its journey in 2004 to cater Corporate Banking needs of the Bank. SSF Unit being one of the leading syndications & structured finance solution providers offers wide range of products i.e. Term Loan (Local Currency / Foreign Currency), Working Capital Financing, IPFF Financing, Offshore Financing, etc. Meanwhile, the Bank has marked its presence in the loan syndication market as a dominant and tested player. The Bank's notable achievements are as under:

- Raised around BDT 17.80 billion as Lead Arranger for 20 projects;
- Provided Agency and Security Trustee functions to a good number of projects;
- Participated in 43 projects, arranged by other Banks / Financial Institutions.

Presently, the SSF Unit covers almost every sectors including energy & power, telecom, textiles, aviation, shipbuilding, steel, cement, ceramic, pulp & paper, sugar, consumer products, etc. of the economy along with the environment friendly projects.

Sectoral exposure of the unit as of December 31, 2013



Management Review of Business
continued

The Bank has already prioritized financing in the infrastructure development and environment friendly projects for preserving scarce resources for future generation and sustainable development of the country. With this view, the Unit arranged Syndication financing for construction of 2 (two) dredgers for re-excavation of the Gorai River, which was already handed over to Bangladesh Water Development Board ('BWDB'). The Unit also arranged syndication financing to set up a centralized Water Treatment Plant ('WTP') for Chittagong Export Processing Zone. Besides, the Unit has recently arranged Syndication finance for an Inland Container Depot ('ICD') at Chittagong and construction of an Effluent Treatment Plants ('ETP') for a textile manufacturing Unit. The unit has been providing Working Capital Facility to the existing projects from time to time for the smooth functioning of the Syndicated projects.

Bangladesh has been facing many development challenges since independence in 1971. To overcome some of these challenges, the country requires significant investment in energy, transport, water supply, infrastructure and several other sectors. In mid-2009, the Government of Bangladesh has shown keen interest to promote the concept of Public Private Partnership ("PPP") in Bangladesh. Dhaka Bank has responded to the government's initiative by successfully arranging fund for 2 (two) power projects, 1 (one) WTP project and 1 (one) ICD project through IPFF project of Bangladesh Bank. The Bank will do its best to promote PPP initiatives of the Government and play its vibrant role in the economic development of the country in future days.

In 2013, the overall syndication financing faced a setback due to several issues consisting of the trepidation raised among the entrepreneurs owing to the severe political unrest throughout the year, unavailability of the utility connections and the persisting economic recession worldwide, particularly over the Euro Zone. Therefore, entrepreneurs adopted a go-slow strategy to initiate new ventures, which subsequently deterred credit growth by way of project financing. Despite the challenges, the SSF Unit has already arranged syndication financing for BDT 1,980.00 million for an Inland Container Depot at Chittagong. Also, the Unit has arranged Club financing for 2 (two) different projects.

Syndicated Project View



KDS Logistics Limited



Epyllion Fabrics Limited

Consumer Banking

"In a tough economic climate, we have ensured we are 'open for business' supporting our customers when and where they need us. We are always open and wide to deliver a very clear solution to any complex retail issue"

Focus

Consumer Banking is a business model which continues to cater to the needs of consumer customers only. Consumer customers are individuals, professionals, doctors, engineers, teachers, bankers, defense personnel, high net worth account holders etc.

Dhaka Bank Limited is one the pioneer banks in Consumer Banking sector amongst local and multinational financial institutions. In 2013, the Division further strengthened focus on customer segment through proper channeling of products and services to ensure quality consumer asset/ liability, product innovation and brand building. Dhaka Bank launched Consumer Banking in 2002. As of December 31, 2013, consumer loan outstanding (including Credit Card) is Tk. 1,578 million.

Division is composed of four (4) units:

1. Marketing & Business Development Unit (Asset & Liability)
2. Risk Assessment & Credit Approvals Unit (Consumer Loans)
3. Loan Operations & Disbursement Unit
4. Legal & Recovery Unit (Consumer Loans & Credit Card)

Product Initiatives

Focus of 2013 was of low cost deposit mobilization. Despite the challenge, the Division mobolized Tk. 23,044 million consumer deposits by arranging an in house deposit campaign named "Base deposit-2013". During 2013, division launched two (2) new deposit products:

a. Lakhopoti Deposit Scheme
b. Kotipoti Deposit Plan

At the same year two (2) more new liability products have been developed in collaboration with R&D Unit of the Bank:

a. Students' Ledger Account
b. Honorable Seniors Account

Performance

Division has been offering its asset & liability products through all branch-network of the Bank since inception of banking operation. Assets are 6.85% of its liabilities at year end 2013.

Outstanding position is appended

(Tk at actual)

	Product Type	Product Launch	31-Dec 2013
LIABILITY	Deposit Pension Scheme	2005	8,542,550,894
	Deposit Double Scheme	Sep 2005	6,079,253,362
	Savings Bundle	March 2009	1,382,048,822
	Special Deposit Scheme	May 2005	6,984,988,329
	Smart Plant	Feb 2005	341,797
	Gift Cheque	1998	14,903,590
	Tawfeer Mudaraba DPS	Dec 2012	7,522,581
	Tawfeer Mudaraba Savings Bond	Dec 2012	10,545,000
	Kotipoti Deposit Plan	Feb 2013	14,332,000
	Lakhopoti Deposit Scheme	Feb 2013	7,611,975
	Total		**23,044,098,350**

Outstanding position is appended:

(Tk at actual)

	Product Type	Product Launch	31-Dec 2013
ASSETS	Car Loan	2003	617,080,521
	Personal Loan	2003	553,485,865
	Home Loan	September 2004	193,928,237
	Credit Card	2002	213,290,107
	Smart Plant	Feb 2005	165,555
	Total		**1,577,950,285**

Management Review of Business
continued

Business Review
In 2013, Division strengthened focus on customer segment through proper channeling of consumer products and services to ensure quality asset and liability, product innovation and brand building. The branches, direct sales agents, call center, ATMs, CDMs, Internet Banking and SMS Banking are the channels to business, service and compliance.

Shopnajatra Student Services
Shopnajatra student services have made a mark among the students in Bangladesh through student consulting firms going to study overseas. We have already taken measures to grow the size and quality of this portfolio. By expanding the market of Shopnajatra Student Services, division intends to add more value to operating profit and portfolio size, ensuring satisfaction of customers.

M Banking Solutions
Division continuous providing SMS alert by mobile for our valued customers since 2010. Customers are getting SMS for deposit, withdrawal and transferring money and more.

Business Strategy
Direct Sales Agents (DSA) are posted in select branches to acquire new business of asset and liability ensuring quality & brand building. Branches are strengthening consumer portfolio by procuring low costs deposits like DPS, Edusavings Plan, Current Account, STD Account, Savings Account, Bundle Savings Account etc.

Existing four (4) assets products (Personal Loan, Car Loan, Home Loan & Credit Card) marketing is focused-
- towards corporate clients
- towards relationship deposit based clients
- towards existing valued clients
- towards needs of local & multinational corporate client and professional group: e.g. Doctors, Engineers, Teachers of Private universities, School & College with good reputation
- Manager level staff of private multinational telecom company
- Executives & Officers of commercial banks and financial institutions

Card Business Unit
Card Business Unit was formed on 23 June, 2013. The vision was to promote DBL Card products among the existing and potential cardholders by offering various value added products and services and to build a long term pleasing customer relationship. Followings are some milestones of Card Business Unit during 2013:

- The Bank launched Mileage Reward Program for the cardholders against their purchase, transaction and inveiled the offer through a promotional campaign during month of Ramadan, 2013. The top 20 Mileage winners during Ramadan were rewarded various attaractive gifts.
- We also signed agreement with the leading wimax internet service provider Augere Wireless Broadband Bangladesh Limited (Qubee) for bill collection and joint promotional campaign.
- We have signed agreement with more than 40 different kind merchants including Fashion and Lifestyle, Restaurant, Hotel and Resort, Health & Beauty Care to attract DBL Cards to augment usage against attractive discount offers.
- We also introduced inactive debit/credit card activation and reinstate program during this period.

Objective-2014
Like 2013 we have plan to increase the discounts merchants more than 100 in 2014 along with increase of number of debit & credit cards. We are on process of diversification of card products and services to a greater extent by introducing Card Cheque, 0% EMI, 24/7 automated call center, airport lounge service.

Personal Loan
As this loan is totally unsecured, we require focusing on the following customer segment.
1. Individual Salaried Person of Multinational Company (MNC), reputed large Local Company (LLC), Bank & Financial Institution.
2. Professional - Doctors, Engineers & Architects.
3. Existing corporate clients who are maintaining salary account
4. Self Employed & Business Professionals

- Income level:
  a. Salaried Person: (Salary Income) Tk. 50,000 & above
  b. Self Employed Professional & Businessman: Monthly Income Tk. 80,000 & above
- Business source:
  a. DSA
  b. Existing corporate relation
  c. Product advertisement in newspaper/radio
  d. Promotional campaign

Car Loan
As car loan is secured, focus is on the following customer segment.
1. Individual Salaried Person of Multinational Company (MNC), reputed large Local Company (LLC), Bank & Financial Institution.
2. Professional - Doctors, Engineers & Architects.
3. Existing corporate clients who are maintaining salary account
4. Self Employed & Business Professionals

- Income level:
  a. Salaried Person: (Salary Income) Tk. 80,000 & above
  b. Self Employed Professional & Businessman: Monthly Income Tk. 100,000 & above
- Business source:
  a. DSA
  b. Existing corporate relation
  c. Product advertisement in newspaper/radio
  d. Promotional campaign

Home Loan
As Home Loan is fully secured loan, we need to focus on the following customer segment.

Individual Salaried Person of Multinational Company (MNC), reputed large Local Company (LLC), Bank & Financial Institution.
1. Professional - Doctors, Engineers & Architects.
2. Existing corporate clients who are maintaining salary account

3. Existing DBL clients
4. Self Employed & Business Professionals

- Income level:
    c. Salaried Person: (Salary Income) Tk. 80,000 & above
    d. Self Employed Professional & Businessman: Monthly Income Tk. 100,000 & above
- Business source:
    e. DSA
    f. Existing corporate relation
    g. Product advertisement in newspaper/radio
    h. Promotional campaign

Fair & Trade Show

In 2013, Division participated in the following fair & trade shows to promote the product enhancing brand value for the bank:

- U.S.Trade Show
- ISD (International School Dhaka) PTA Annual Fair
- Hajj Fair
- SME Fair
- Batexpo Fair
- ICT Fair at Chittagong

Product Enrichment

- Product design with additional features
- Flexibility of interest rate
- Flexibility of processing fee
- Flexibility of settlement fee
- SMS Alert
- Insurance Coverage

Business Outlook 2014

In 2014, Division would focus on key areas:

- Loan for existing & reputed Corporate Clients
- Low cost deposit
- School Banking Initiatives
- Fund Mobilization
- Distribution channel penetration
- Strengthening Legal & Recovery Unit
- Launch real time Mobile Financial Services

2014 will be more challenging as the economic indications and political situations continue to be unstable. But Consumer Banking Division is fully prepared to take the challenges. Exciting new products will help to fight the challenges. Vision of the Division is to dominate the core target segments by providing quality services, brand perception and products by creating own market segments.

Business Operations



Mr. Sajjad Hussain
Deputy Managing Director-Operations

Business Operations Division's firm commitment to excellent customer service delivery has resulted to remarkable progress in its areas of operation during 2013. A number of service deliveries Wing are working under Business Operations Division. The Division's task include Settlement of Foreign Remittance, settlement of Treasury function, FI Operations, assessment and managing of Treasury Risk, Local funding Operation, Bond market Operations, etc. With a view to facilitate its customers,

Business Operations Division adopted various payments and transaction products for smooth payments and transactions for the customers backed by modern technology. Under Central processing environment, Business Operations Division always aware regarding settlement various payments and transactions as well as compliance related issues.

Anti Money Laundering

Anti Money Laundering (AML) is not only for meeting compliance requirements but also as a catalyst in escalating Bank's business as well as reputation. With an aim to ensure prevention of money laundering and terrorism financing transactions through using of banking channel, Dhaka Bank always put all out effort to follow the Bangladesh Bank directives, various circular and guidance note for complying with the Prevention of Money Laundering Act-2012 and Anti Terrorism Act-2009(including amendment 2013). In line with this, Dhaka Bank Ltd formed a Central Compliance Unit (CCU) under the leadership of Senior Management called Chief Anti Money Laundering Compliance Officer (CAMLCO). During the year around 1100 Executives and Officers (including BAMLCO) have completed training on Anti Money Laundering issues. Branch Managers and BAMLCOs are instructed to make themselves familiar with the AML policies and guidance for meticulous compliance while opening account and booking transactions to avoid AML/CFT risk.

Central Compliance Unit (CCU) has taken following initiatives during the year 2013:

- Updated KYC of 15,000 (approx) accounts.
- Successfully arranged a number of training/seminar for heightening awareness among general public.
- Arranged of number of Training on AML for BAMLCO.
- A number of training imparted to Executives and Officers of the Bank.
- Reviewed AML guidelines of the Bank.
- 28000 CTR (Cash transaction Report) submitted to Bangladesh Bank
- Introduced goAML software for online reporting of CTR & STR.
- Processed information of around 600 accounts for NBR/ACC/TAX authorities

Cash Management Operations

With a view to maintain sufficient liquidity of Clients and maximizing their return, Dhaka Bank Ltd has introduced a range of Cash Management Solutions that has enabled Corporate group to manage their cash flows efficiently and effectively by optimizing liquidity, reducing default risk and lowering operating cost. Our Cash Management product and services provide transactional value by automating collection and payments of our customers that creates a win-win situation. In line with this, a number of following worthy initiatives have been made during the year-2010:

1. Collection arrangement with one of the largest enterprises in the Power Sector viz-Rural Electrification Board.
2. Central Software developed with a view to settle IPO refund money and Cash dividend to the beneficiary's account on time.
3. DBL successfully initiated a number of depository relationship with Bangladesh Telecom Regulatory Commission (BTRC), Grameen Phone Ltd, Banglalink, Citycell, PDB etc.

In addition to that, DBL is going to make agreement with a corporate group, Garments Industries and Institutional Clients to disburse monthly salary under Cash Management Operations.



Initiatives 2013

Cash Management Operations (January to December 2013)

Particulars	Numbers	Amount In Bdt (In Crore)
Settlement of IPO refund money	151,373	120.13
Settlement of Cash Dividend	8,467	11.13
Number of companies agreement for BTI	21 Companies	-

E-Tendering

The vision of the Electronic-Government Procurement (e-GP) is to enhance the efficiency and transparency in public procurement through the implementation of a comprehensive e-GP solution to be used by all government organizations in the country. Initially, on pilot basis, this will apply to a few Procuring Entities (PEs) of four target agencies namely Bangladesh Water Development Board (BWDB), Rural Electrification Board (REB), Roads and Highways Department (RHD) and Local Government Engineering Department (LGED), in Bangladesh.
With a view to participating Tender related works in various sectors of Government agencies, applicants/Tenderers were permitted to submit their Tender, Performance Bond, Bid Bond etc along with Pay Order through manual process. Recently Government introduced electronic system to receive Tender, Bank Guarantee, Performance Bond /and related fees through Schedule banks those have real time Core Banking System. Dhaka Bank Ltd signed a MoU with Ministry of Planning to collect e-tendering related fees from various Tenderers.

BACH operation under Central Clearing Unit (CCU)

A modern national payment system is the backbone for a country's monetary and financial infrastructure and an advanced payment system plays an important role in the country's current and future economic development. In order to set the required standard, Bangladesh bank successfully introduced modern payment system namely BACH (Bangladesh Automated Clearing House) – The first ever electronic clering house of the country. It is comprised of two components:

- The Automated Cheque Processing System (BACPS)
- The Electronic Funds Transfer

Both the systems operate in batch processing module. Under this system, banks are sending data to Bangladesh Bank for processing at a pre-fixed time and settle through a single multilateral netting figure on each individual bank's respective books maintained with Bangladesh Bank. Since inception of the foregoing system back in October 7, 2010, Dhaka Bank has been successfully processing cheques through BACPS mechanism and generating EFT transaction to cater the customer demand.

BACH Matrix in 2013

- Cheques processed under BACPS: Number of items: 743,695 (BDT 476,694,564,083.92)
- EFT Transactions generated: Number of items: 267,282 (BDT 14,710,144,878.83)

Central Processing Centres (CPC) Trade & Credit Operations Financial Highlights 2013

CPC Trade

From January 01, 2013 to December 31, 2013		
Number of Import L/C		15,792
Number of Export Bills	Foreign Export	8,543
	Local Export	11,481
Total Contract Executed		78,000

Reshaping of Financial Institutions in the wake of fast changing economic, financial and regulatory landscape around the world, challenges and solutions for sustainability become essential and initiatives needed to build a more resilient, stable, environmental friendly for the financial service sector. The role of Centralized Processing has evolved over recent years by the local commercial banks and Dhaka Bank is one of the pioneers taking the challenge.

Further to sharing knowledge, ideas and experiences and discussing innovations in financial products Dhaka Bank has accepted the challenge and makes it a success like other developments. Now on the age of its five years of operations it has been proven to be a successful milestone of achievement. Now CPC-Trade Operations has reached its maturity level where it can deliver high quality products and services backed by latest technology and a team of highly motivated personnel to deliver Excellence in Banking towards its goal and management objectives.

Since the processing of Trade Finance operations has been centralized rather business centralization, Trade Operations requires continuous communication with all the DBL branches, other banks both inside and outside the country, regulatory Govt. bodies, Central Bank and with the valued customers as well.

Management Review of Business
continued

How CPC acts & adds value



Key Features

- Strong scrutiny team with specialized personnel like CDCS and FIT.
- Specialization of departments on the basis of operations.
- Cutting edge technology with Corporate Banking Software, SWIFT Alliance Messenger, etc.
- Healthy MIS to take effective decision and better control.
- Continuous Process Reengineering using comprehensive technology helps to deliver faster service
- Reporting Team to ensure correct and timely report required by the Central bank.
- Well equipped messengers for prompt delivery and collection of documents.

Proposed Plans

The business world is moving fast with everyday's technological soundness. To keep pace with this fast changing business world, we need to improvise our operations with sound technological support. We need to use the latest software and build healthy information systems. We have some proposed plan in progress to update CPC Trade Operations to ensure more smooth and flawless service.

- Electronic Archiving to reduce the number of paper based files. A proposal of microfilming is in progress for keeping records of documents. The records will be stored in the server and accessing server at any point of time will enable to get any information or documentation very easily and quickly.
- Internal Info System to provide accurate and timely information automatically. Employees of CPC will be able to store and retrieve any information when they need for their regular operations.
- Internal Audit to ensure the controlling of the processes. To check and control mismatches and errors an audit team will be formed internally. They will ensure the conformity and compliance of the operations of CPC.
- Research & Development to imply new strategies and techniques for better operations. R & D team will be formed to find out new strategies to make CPC Trade Operations the most effective Unique Selling Proposition (USP) of Dhaka Bank Ltd.

Centralization of Credit & Trade Operations

In the preview of digitalizing the banking service and to take the service at doorstep, Dhaka Bank has always been one step ahead. Like other

technology oriented modern banking services Centralization of Credit and Trade operations took place back in 2009. In DBL All branches are under the centralized banking umbrella, which enabled us to stay away from financial scandals.

All loans and advances are routed through CPC (Credit and Trade), funded loans are dealt by Credit and Non-funded portion by Trade.

Online CIB Project

Bangladesh Bank has started working on CIB Online project since June 2010, financed by DFID, where the users will interact with the system through online to notify CIB of a new request for credit that institution received from a client, to update some attributes of a credit request, and to retrieve a credit history on a client. CIB Online service was inaugurated by the honorable Governor of Bangladesh Bank on July 19, 2011 where in it was also informed that the service will be live with effect from July 21, 2011. From the very beginning Dhaka Bank started online CIB inquiry and till date we have inquired more than 17,000 clients up to December 31, 2013.

Earlier it was a matter of about one month to get a CIB report from Bangladesh Bank. Things have, however, changed since the launch of Online CIB. Immediate retrieval of Credit Report is not the only feature of Online CIB, it also provides historical data of the borrower for last 12 months and enables the FIs to analyze the borrower's repayment behavior and evaluate credit worthiness of the borrower more accurately.

The unique feature of the new Online CIB system is that it updates the database whenever an online inquiry is performed. This feature enables the Financial Institutions to check not only the borrower's preset credit exposure, but also the credit requests. This hinders the way of credit shopping. Online CIB is a great leap in the way of digitalization of Bangladesh Bank, Dhaka Bank Limited is on the right track for the betterment of its own health as well as for delivering better service to its clients. These days, we obtained CIB reports from the website of Bangladesh Bank within shortest span of time.

Learning and Development, is one of the most important aspect of our lives and our work. In building a learning culture, creating an environment that supports risk taking and creating room for standardization of process can be the key to sustain profitability of a financial institution. Our people, products and processes are aligned to meet the demand of our discerning customers. Our goal is to achieve a distinction like the luminaries in the sky. Our prime objective is to deliver a quality that demonstrates a true reflection of our vision – Excellence in Banking.

Global Trade Services

Global Trade Services (GTS) Division has been one of the most vibrant and sophisticated divisions of Dhaka Bank Limited. Since the commencement, it has been playing a significant role both in terms of business growth and enhanced performance of the bank. GTS comprises two discrete units.

i. Financial Institutions (FI) Unit
ii. Remittance Unit

Financial Institution (FI) Unit

Trade finance has been a major area of business for Dhaka Bank Ltd. since inception in 1995. Financial Institutions Division has been working as the major support unit for Trade Finance of Dhaka Bank. It is responsible for facilitating bank's trade finance business under prevailing local and international laws. Under the capable leadership of the current management, trade business is growing for both import and export.

Financial Institutions Unit mainly manages the corresponding banking relations with the different banks and financial institutions in home and abroad. In this regard, it needs to maintain Relationship Management Applications (RMA), Nostro Accounts and different correspondent banking arrangements.

Financial Institutions arranges correspondent banking network, credit lines and other facilities required for 15 Authorized Dealer (AD) branches, Two Central Processing Centers (CPCs) and one Offshore Banking unit of DBL. it mainly provides customized supports to the following areas of Dhaka Bank Trade Finances:

1. Import Letter of Credits
2. Export Letter of Credits
3. Negotiation and Documentary Collection
4. Confirmation and Discounting
5. Arranging Credit Lines

FI Achievements in 2013

In the year of 2013, Global Trade Services (GTS) Division's FI Unit has been able to encounter a series of achievements. Bearing the drive to grow further and fuelling the motive to embrace new endeavors, GTS has managed to foster both local and international trade and related opportunities better than the preceding years.

Here some of these sublime achievements are shared with a view that, FI Unit will continue to search for new dimensions of business propositions and fields yet to explore.

- **Rebate Income:** Rebate incomes are mainly generated from the advising of DBL's documentary credits by its foreign counterparts. Based on the numbers and volumes of credits, the income is received in monthly, quarterly and yearly basis. Financial Institutions Division's rebate income has always been hefty. This year the income flow has been quite significant compared to the projected figure. In the year 2013, rebate income amounted to BDT 11.69 million. This is mainly due to the seamless network of banks both at home and abroad and smooth business maintained with them.
- **Newly Opened Nostro A/C:** Offshore Banking Unit (OBU) has

entered a new line of business of discounting Export Bills under Usance/Deferred LCs and Import Bills under UPAS LCs. For smooth operation and more efficient MIS, Dhaka Bank has opened a new Nostro Account with Habib American Bank, New York, USA in the name of 'Dhaka Bank Limited OBU'.

- **Bilateral Interbank Financing of USD 10.00 Million with Bank Sohar SAOG, Oman:** Dhaka Bank has arranged Bilateral Interbank Financing of USD10.00 million from Bank Sohar SAOG, Oman, for its Offshore Banking Unit (OBU). This fund is being used for discounting Local Export Bills and Import Bills received against UPAS import LCs.
- **ADB Annual Review 2012:** Since 2009, Dhaka Bank Ltd has been participating in the Trade Finance Felicitation Program (TFFP) offered by Asian Development Bank (ADB). This facility offers Dhaka Bank Ltd. additional lines to support trade transaction under which ADB shall issue guarantees favoring confirming banks for confirming Letters of Credit issued by Dhaka Bank Ltd. as part of this program, ADB reviews each bank under this program on yearly basis. This year the review took place on 17-Jun-2013 at our Head Office premise. Managing Director, Mr. Khandker Fazle Rashid along with AMD and DMD-BB was present in the meeting. Among others; Mr. Relationship Manager, Trade Finance Program, Asian Development Bank, Mr. Adam Stevenson, Senior Bank Advisor (BFC) and our heads of divisions were present.

Remittance Unit

As a part of its continuous endeavor to facilitate international transactions including trade facilitations and remittance services, DBL is having correspondent relationship and agency arrangements with internationally reputable major banks, financial institutions and exchange houses throughout the world. DBL is continuing its efforts to establish relationship with more banks and exchange houses in all important financial centers of the world to cater to the growing needs of its clients at home and abroad.

Remittance Unit's achievements in 2013

The year 2013 was much positive for DBL in terms of remittance inflow (US$ 180 million compared to that of US $ 154.88 million in 2012). At present, DBL has agency arrangements with 19 exchange houses located in USA, UAE, UK, Oman, Italy, Kuwait, Qatar etc to facilitate remittance of expatriate Bangladeshis working abroad. DBL has established its footprint in Kuwait and Korea in 2013 wherein the bank had no presence. As a techno-savvy bank, DBL constantly adapted the latest online money transfer technology (including in-house Remittance Software and FTP Set ups) and brought it to customers for their convenience. In addition to DBL's existing remittance products, more remittance products (like Tawfeer, an Islamic Banking product for NRBs) have already been added in line with the bank's banking policy and existing guidelines of Bangladesh Bank.

Overall performance of Remittance Unit and its future plans

While growing DBL's network in the existing markets of UAE, Oman, Kuwait on one hand, Remittance Unit will make all out effort to explore new markets like KSA, Malaysia, Singapore, Australia, on the other. Making remittance arrangements with telcos like Robi, BKash to strengthen DBL's alternative delivery channels is underway. Moreover, arrangements of DBL with Western Union (having presence in 201 countries) and Xpress Money (having presence in 150 countries) enable people to get direct inward remittances from every corners of the globe. DBL's delivery channels are rendering services to those customers who do not maintain any account with the bank. Beneficiary can send their remittance through DBL's associated exchange houses and banks around the globe. DBL's expertise in remittance handling and countrywide network are unparalleled. With a keen focus on creating customer loyalty and as a part of its endeavor to serve a greater number of common people, DBL is continuously striving to serve the Bangladeshis working and residing abroad by safe delivery of their hard earned money to their relatives in Bangladesh at the shortest possible time. This is also one of the major missions of our central bank as well as the Government. This prompted the bank to offer different products and services to accommodate the needs of its clients. As Remittance Unit braces up to reach further heights in the country's remittance business arena, the unit believes that it can be achieved by spreading the bank's network in new markets in the coming days.

Information Technology (IT)



The world witnesses an information and technology revolution. This revolution has touched every aspect of people's life including banking. Technology has introduced new ways of delivering banking services and products to the customers, such as ATMs, and internet banking (IB). Hence banks have found themselves at the forefront of technology adoption for the past few years. These changes and developments in the banking industry have impacts on service quality, future of the banking activities, and consequently its continually competitive ability in the market since going along with technology is one of the most important factors of economic organization's success in general and banks in particular. This motivates banks to spend more on technology and information to achieve maximum returns and attract large number of clients.

To continue meeting these goals, we have made some significant changes to IT functions in 2013.

E-Statement: This is the first time Dhaka bank Ltd. processed E-Statement for customer. To process E - Statement automatically IT Division developed an In-house Software, which is already using for processing DBL Employees Statement from 2013 January. Account Statement sending through E – Mail can be benefited financially for the bank such as Printer, Paper or Courier cost is not associated and also a part of implementing central Bank's **Green Banking Policy**.

Remittance Disbursement: Remittance has a huge contribution in our economy. It is the second highest contributor to our GDP. To facilitate smooth flow of remittance from foreign country to a remote place of the country, Dhaka Bank has made arrangement with reputed remittance payment gateway like Western Union, Al Ansary, Cash Express/ Placid and Express Money. The technological platform between these companies and Dhaka Bank is established by IT division. We are also providing all necessary technical support to branch level for smooth pay out of remittance.

Green Banking Activities: We have been using a high performance automated core banking software and e-mail for intra bank official correspondence where no more manual banking is required. With a view of reducing the usage of hard copy statement as well as to popularize paperless banking, Dhaka Bank, of late, introduced e-statements, M-Banking, Internet Banking, ATM, ADM. Through e-statements client can view, download or print an electronic version of the statement that looks just like the paper version. Dhaka Bank is also planning to introduce Solar power ATM operation on test basis and will be rolled out more this year.

Dhaka Bank Limited has been using twenty-first century's technology VIRTUALIZATION for Data center Server & Application. With the help of VM server Administration, scalability and recourse management have improved tremendously. Also the cost of Power, cooling, space have reduced significantly.

Network Hardware Redundancy at Data Center: Dhaka Bank IT has initiated a project to reduce network downtime at zero level by implementing auto switching between redundant hardware in the Data Center. The project will be executed in 2 phases.

1st Phase: In this phase network team is working to install 2 core routers where all the links from vendors will be connected. The configuration between these two routers are arranged in such a way that in case of one router goes down, the other will take over all the traffic.

2nd Phase: In this phase 2 core firewall will be installed at Data Center with Intrusion Prevention System. After completion of this phase current firewall will be transferred to Disaster Recovery Site.

Introducing IP Phone in Dhaka Bank: IP (Internet Protocol) Technology is the base of all digital communication. Basically it was evolved for data communication and gradually evolving widely for using of voice transfer. In every network even internet hub runs on IP. Voice communication through IP network is popularly known as IP Telephone.

In development of telecommunication and connectivity in Bangladesh, scope of IP telephony increases. Government provided licenses to different companies for IP telephony services (IPTSP). For any internal communication within own organization through soft switch is open but to reach other operator an IPTSP is required. Connectivity is the prime requisite for IP Telephone. Due to centralized banking operations, all branches are connected mostly fiber link. So we can setup IP Telephone by using an IP PBX – Soft or Hard. To waive cost and limitations, we prefer soft PBX. BDCom online is one of the IPTSP and we have selected their soft PBX for ip phone setup.

Setup IP Phone will basically impact on bandwidth utilization. Last year Bandwidth prices reduced remarkably and will reduce more in future. Considering that, we initially started with few installations on test basis and gradually increase. Initially we have provided 2 sets for every branch and one each in Head office divisions. We also placed one set in every ATM booths. Month wise uses are as below:

Software Upgrade: We are one of the pioneers in introducing the most modern hi-tech customer centric platform – Flexcube (Oracle). We launched Flexcube in April 01, 2004 and presently operating with 74 branches, including Islamic and Off-shore banking service, 47 ATMs, Internet/SMS Banking. As both the local and global business landscapes shift in the winds of technology and time, Dhaka Bank, of

late, has initiated up gradation of core banking software to the latest version to support its sustainability and growth. A new state of the art of technology Data Center at Kakrail is ongoing under construction and to be completed hopefully within short time. Bank Also iCard (Interblocks, Sri Lanka) for Credit Card Management and IRIS (IPS, Pakistan) for Switching software.

Electronic Fund Transfer (EFT): We have successfully implemented EFT process as per Bangladesh Bank requirement. We also played Pilot Bank role in that project. Gradually now all branches and few divisions of Dhaka Bank Limited are using Electric Fund transfer specially Business Operations division for Remittance & dividend processing.

Online Utilities Bill Payment: Dhaka Bank Limited has implemented most advanced solution in receiving WASA bill payment through its branches jointly with Dhaka WASA. With the help of Business Operations Division, IT Division has developed a full real time online web based platform in order to receive WASA bill payments and update the Dhaka WASA central database accordingly. This facility has enables anyone needs to pay the WASA bill in a smooth and hassle free manner.

BanglaLink online distributor payment: Dhaka Bank collects BanglaLink online distributor payment on real time. In collaboration with Uttara Branch, IT Division developed a system through which BanglaLink will get spontaneous notification of any collection that takes place at Dhaka Bank Branch end.

MRP & MRV: Dhaka Bank Limited being a tech-savvy bank supported by state-of-the-art technology always prioritizes digitalized financial and banking services that we have been doing for more than a decade. Although we carry out formal banking operations through our 74 branch locations but virtually we are present here and there across the globe through real-time online banking, card services, internet banking, utility bill collection units and remittance network. DBL has signed a contract with Department of Immigration & Passports and five leading banks which will pave the way to technological leadership in public payment system. Besides, this will strengthen green banking initiative which is already on the go in Bangladesh. By this agreement, the following mile steps will be achieved:

First, all citizens in the country will be able to make payment of fees through online banking or debit/credit card for issuance/renewal of machine readable passports with ease and comfort.

Second, people in the far-off countryside will also benefit from the same service under the tie-up arrangement of Dhaka Bank with Banglalink, one of the leading mobile operators in Bangladesh.

Third, the initiative will enable Bangladeshi expatriates to invariably renew their passport from abroad using debit/credit card under the payment gateway through our IT partner SSL, Bangladesh.
Forth, foreigners all across the world can apply for Bangladeshi VISA under the above arrangement.

Furthermore, we are committed to extending our network for online fee collection for passports by establishing additional service booths close to each and every passport office in the country.

It's most inspiring to see, our payment system is getting more tech-savvy and bank-centric. The more we add technology to public payment system, the more we can relieve people's pain and financial insecurity.

Central Bank Reporting: Bangladesh Bank (Central Bank) has asked for a large number of reports from each commercial bank considering various interval frequencies, such as, Monthly, Quarterly etc. It reflects the banks All Deposit, Investment, Foreign Exchange, Customer Information and anything regarding the banking business. Major portion of these reports data has been extracts from the Core Banking Solution to Report Generation Purpose and forwarded to the respective divisions/ branches to verify and place to the Central Bank.

- **Online CIB:** CIB is one of the most important reports for each and every Commercial Bank in Bangladesh, which reflects the organizations Investment domain. Central Bank brought the modernization of the CIB system. Dhaka Bank IT Division extracts these data through some complex process each month and published it into intra-net portal.
- **RIT (Rationalized Input Template):** Recently, Bangladesh Bank has automated most of its departments and they are maintaining a SAP solution based on RS/400 system. This system can import data from a very critical and unique format, which is called RIT (Rationalized Input Template). The Central Bank has introduced 250+ (aprx.) RIT templates till now. IT Division is working restless to supply these data to the concerned divisions, so that it can be accommodated with the central bank system.
- **GoAML:** Anti-Money Laundering is a very big challenge to Bangladesh Government to support the Anti-Terrorism Act. The central Bank already changed its major architecture both physical and software system. New software is in the project pilot phase, which requires data of each month. Dhaka Bank IT prepares Cash Transaction data, Customer Data and relevant stakeholder's data of each month for Bangladesh Bank Submission purpose.
- **E-Tender:** Ministry of Planning has replaced their traditional tender system to the new E-Tender system. It is maintained by the Central Procurement Technical Unit. Banks are one of the stakeholders in this automation phase. Bank can serve several activities such as, Contractors Registration fee collection, quotation money receiving etc. Bank need to develop its technical structure and maintain it to serve these purposes. Dhaka Bank IT is currently developing this technical system, so that any of its branches could be able to serve its customer, which may also influence new customer attraction.

Management Review of Business
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Human Resources



Dhaka Bank practices the industry's best modern Human Resource Management where Training and Development is a key concerned with organizational activity aimed at bettering the performance of individuals and groups towards achieving organization goal. Fresh graduate recruitment is one of the policies of Dhaka Bank Limited that helps us to prepare employees possessing good morale, highly motivated, dynamics, and ethics in line with the corporate culture of Dhaka Bank Limited (DBL). Dhaka Bank strives to create the kind of work environment in which every employee feels proud and is able to develop his or her full potential and capabilities. We recognize that our success is deeply embedded in the success of our human capital.

Our philosophy to serve Customers

- We ensure we deliver the service to the overall business needs, not one that simply addresses immediate HR issues.
- We start with the service not the process. We know our customer and ensure that what we provide is what they need and can be aligned into our day-to-day business need.
- We ensure HR acts with one voice. All parts of HR work together and support the business through the process.
- We use the right technology that makes people's life easier and the Bank more effective and profitable, but we don't believe in too much reliance on technology that can become a long-term finance headache.
- At Dhaka Bank, HR is the change agent. In previous years our way of doing business changed in many ways and all of them for the betterment of organization. This happened only because at Dhaka Bank we spend time, effort and money to ensure that each and every member of the organization understands and get them engaged into this change process.
- At Dhaka Bank HR we learn from the past but look to the future. Our emphasis is on to ensuring that we continue to deliver that we have promised to help our colleagues to help business to improve its performance.

Our Recruitment Strategy

Dhaka Bank is an equal opportunity employer. Here we recognize the importance of having the right people working for us to achieving our organizational goal. Our recruitment and selection process are designed to attract and retain suitable candidates. Dhaka Bank recruits and selects only those people who demonstrate an alignment with our company values and philosophy. Because recruiting decision has a major impact on our business.

Our recruitment and selection is governed by these guiding principles:

- Fairness – We use the same process for all candidates for a particular position.
- Transparency- The process for the recruitment is documented and information provided to all individuals involved.
- Diversity – we welcome candidates with diverse backgrounds and use a variety of sources to attract talented people.

In 2013, total of 55 new members joined in Dhaka Bank upholding the image of being 'The Employer of Choice'.

People (2011 – 2013)

Pariculars	2011	2012	2013
Number of employees (including trainee officer)	1,207	1,412	1,400
Female Representation	278	317	319
Average Employee Age (year)	35	35	36
Average length of service in Dhaka Bank (year)	5	6	7

Our Learning & Development Strategy

DBL HR has also been working as a strategic partner to achieve the organizational goals & objectives. Through training and development we convert our Human Resources as Human Capital, making compatible to take a role in the multidimensional economic environment.

Training benefits are about performance improvement and its value is measured by Key Performance Indicators (KPI). Any promotion and reward cannot be considered without appreciating performance. DBL has a structured Performance Appraisal system where the training need is meticulously identified to expedite individual employee development following an uptrend approach for career and succession planning.

Learning & Development 2013

Training	Programmes	Participation
In House (DBTI)	46	1,270
Local/Outsource	130	280
International Programme	6	6

There are different categories of employees in Dhaka Bank Limited in terms of age, past job history, educational background etc. So, a single training policy is not applicable here. Therefore, we arrange training from very elementary level to advanced level based on the needs of the employee. As there are different types of training / development need it is important that the HRD identifies the staff's thorough training need analysis. DBL HR Division does the individual Training Needs Assessment (TNA) and arranges the need based training both in country and overseas for the employee. Organization benefits by training a wide range of population because every employee can provide ideas and contribute to the implementation of forethought. It covers area like BASEL II, Retail Banking, SME, Corporate Banking. This year we have sent employees to overseas for training in order to create future leaders

and be well equipped to take the challenge of upcoming futures.

Our Compensation & Benefits Strategy

Our compensation and benefits strategy combines the need to maintain a high performance culture along with market competiveness. A bi-annual benchmarking exercise makes sure that employees' pay is competitive. Moving between pay scales depends on the individuals' performance and we reward employees accordingly.

In addition to the market driven compensation package, we also offer series of other benefits, including credit facilities, End-service benefits, etc. We also offer an attractive array of subsidized loans and other staff banking facilities, designed to facilitate long term relationships. We also provide Provident Fund, Gratuity, superannuation Fund, Staff Car Loan, Staff House Building loan etc. as long term benefits.

Our Employee Relations Philosophy

Dhaka Bank HR team is dedicated to excellence, continuous quality improvement of our services, and to meeting the needs of our customers. Our commitment to honesty and integrity is a defining principal upon all business practices are based. State-of-the-art technology and business practice augment our commitment to strategic goal and objectives, including a focus on profitability and growth.

To accomplish these goals and uphold these values, we have a commitment to providing a professional, caring work environment dedicated equally to both individual and team achievement. We strive to focus on each individual's need and successes as well as the spirit and rewards of teamwork. Our employee play a vital role in all of our past accomplishments and many more coming in the future.

Talent management and Succession Planning

Our approach to talent management begins with our overall business strategy and ends with a refined people and leadership plan. We help our future leaders to uncover organizational competencies and make sure that we have the right people for those pivotal and critical roles which play such a big role in driving success. We (HR team) work with other departments to build customized Leadership Development Programs that ensure our company has the next generation leaders in place.

Our Employee Communication Philosophy

Employee communication is a priority for Dhaka Bank HR. We believe our employees are smart, so we want to remain transparent, honest. We are consistent in our communication across the organization. Our HR policy is made open to internet; even a prospective new joiner is given a copy first to read then they join the Bank if they find it acceptable. We communicate things to our people timely and accurately.

As growing up with new challenges, Dhaka Bank is moving towards the new dimension with its competitive human resources. To achieve the annual objectives of the Bank Human Resources Division has been working as a strategic partner of the bank in terms of implementing the strategies. Dhaka Bank HR has its own vision which leads to performance improvement, vibrant working culture & compliant with the laws and regulations.

Ethics Committee



As a Banker we have to take care of diverse issues to deal with ethical questions in our practices and must work to improve standards. Ethics and normative behavior cannot grow in a vacuum. In the workplace, corporate culture plays an important part in indoctrinating an employee to a particular line of thought. A culture of impunity and the absence of the rule of law encourage imprudence and recklessness whereas, a work culture that promotes and sustains honesty and probity reinforced by appropriate incentives and punishment is conducive to the growth on an ethical organization. Thus a good corporate governance system needs to be in place reward the worthy and punish the habitual offender. This is the first line of defence against banking malpractices and derelictions of duty. With a view to implementing National Integrity Strategy and complying with Bangladesh Bank Circular No. HR-1(O&D) Focal-1/2013-2 dated October 10, 2013 the management of the Dhaka Bank limited has established an Ethics Committee on October 27, 2013. The committee is comprised of Chairman (Deputy Managing Director, Risk Management) and three other top ranked officials of the Bank.

Dhaka Bank Training Institute
Our Centre for Excellence



Training is by far the most important and crucial event for organizational advancement. Human Resource development through training is a perpetual and splendid process that enhances the competency of personnel and organization as a whole. Human resource development is the most important part in any organizational sustainability, growth, development and expansion. The need for the professional excellence at Dhaka Bank was duly recognized by its Board of Directors and Management. It has been evident since December 1999 by the decision to create Dhaka Bank Training Institute (DBTI) that came into reality in 2000.

Initially in June 2000, a makeshift arrangement was made at a temporary location at DBL Local Office and the training Institute was relocated to Uttara and shifted to the present premises of Sara Tower in Motijheel Commercial Area in January 2004.

The DBTI is committed to develop the human resources, the main driving force of the Bank through structured modular training programs. With a view to achieve professional excellence in Banking. DBTI conducts various courses, workshops, executive development programs mainly for Officers and Executives of the Bank. During August 2000 till December 2013, the DBTI trained as many as 12,490 participants through 489 different training programs covering all diverse courses for banking, credit, foreign exchange and trade finance, management, laws etc. DBTI has conducted as many as 46 courses/workshops/executive development programme involving 1270 participants in 2013. DBTI has international exposure and it formulated, designed and delivered 12 training courses under the Capacity Building Technical Assistance Project of National Bank of Tajikistan (Central Bank) financed by Islamic Development Bank for 'Assistance in formulating Courses based on Banking Services' at Dushanbe, Tajikistan during November 2005 to April 2006.

Besides conventional banking related trainings; the DBTI also arranged, facilitated and conducted various Executive Development Programs, workshops, discussion meetings and exchanged views for the improvements in banking challenges in twenty-first century. Alongside normal training programmes, DBTI arranges short programmes and events and regularly visit branches and conduct different workshops.

Academic & Logistics
Besides the Principal, DBTI & Faculty members, internal resource persons, DBTI invites experienced and knowledgeable external resource persons including MDs, AMDs, DMDs, Professors, Principals, Secretaries, Directors, Business Experts and international resource persons. They lead the class sessions with their versatile knowledge & experience and develop the participants with the holistic approaches and broader perception of training. It has full-furnished training facilities with computers, IT and all modern electronic devices to accommodate 40 trainees at a time. Sufficiently furnished & properly equipped, DBTI can smoothly organize group discussion, exams where lab, newspaper corner, lunch & snacks room are also available with comfortable arrangements.

DBTI Library
For its participants, DBTI has a library with books on banking, economics, accounting, statistics, marketing, management, business administration, English language, law, information technology, etc. and different local and international journals and periodicals. At present we have around 1,500 books in our library.

In order to enrich & improve DBTI library, we have professional linkages with many organizations at home and abroad like the British Council, Asia Foundation, and Islamic Foundation of Bangladesh. Bangladesh Institute of Bank Management, National Institute of Bank Management-India, World Bank and so on through whom we collect books on Banking, Islamic Banking, Micro- & Macro Economics, Managerial and other Accounting, Bank Marketing, Corporate Business and Human Communication, etc.

Training Consultancy/Tie-up/Partnership
As a complete Training Institute we train not only the employees of DBL, other fellows of the Banking fraternity are also trained here. So far we have arranged training courses for nominated employees of Social Investment Bank Limited, Bank Asia Ltd, Premier Bank Ltd, EXIM Bank Ltd, Jamuna Bank Ltd, Citi Bank N.A., Bangladesh Development Bank Ltd. (BDBL), etc. It may be mentioned that while charging for conducting the Course, we consider only variable cost elements being guided by the idea of cementing the bondage among banking fraternity.

Preparation of Course Plan
While designing & formulating a Course, we gather general information regarding the course, fix target group and code of conduct for them to follow. The program is drawn according to the policy given by the Board of Directors and Management. To draw a list of programs/courses to hold over a certain period, in addition to basic/core banking courses, we include need-based programs as well. We have already conducted 3/4 Training Need Assessment (TNA) in this connection. We interact with the Training Institute of different fellow Banks & other Institutes including Bangladesh Institute of Bank Management (BIBM) for curriculum development. The session schedule is prepared setting topics & classes in proper order. Appropriate speakers for the topics are selected from internal resources of our Bank and Bankers/Experts on the subject in fellow Banks, Universities, Secretariat and other places.

Management Review of Business
continued

Liaisons
The DBTI maintains constant liaison with universities, others organizations, training institutions for keeping itself update with recent changes and development in relevant areas and also for necessary dissemination thereof among our people working at field level. Dhaka Bank Training Institute has been working with its full dedication and efforts and continuous support from Board of Directors and Management to provide Excellence in Banking through development of attitude, knowledge and skill keeping in view the organizational goal and economic prosperity of the country in the background of present globalized world.

DBTI Hostel
Recently Dhaka Bank Training Institute Hostel has been made operative since September 09, 2012 with 27 residential accommodation for the outreach participants at its rented premises of 925/B, Shahidbagh, Dhaka 1217. During the training we provide break-fast, lunch and dinner/supper for the participants at DBTI hostel.

DBTI conducted the following courses for the last five years

Year	Number of Course	Number of Participants
2009	47	1,192
2010	43	1,225
2011	59	1,521
2012	51	1,344
2013	46	1,270

Dhaka Bank also believes in bringing holistic approach in training and development area. Human Resources Division sent handful of participants to attend various courses both at home and abroad.

Overseas Training and Training in Other Organizations
Human Resource Division sends participants in local & international organizations for training to groom them in national & international perspective with holistic approach of interactive participation. This creates a wonderful platform to build relationship with the people of other institutions in a very effective environment.

DBTI Update: Training Workshop/Executive Development Program/ Training Course 2013

SL No.	Name of The Training Course / Workshop	Number of Courses	Number of Participants
01	Foundation Training For Bankers Course	05	165
02	Training Workshop on" Tawfeer Mudaraba Deposit Products"	03	133
03	Training Workshop on "Refreshers Course on Wage Earners Remittance"	01	38
04	Basic Training on "Branch System Administration"	01	32
05	Training Workshop on "Submission of Correct RIT(Rationalized Input Template)"	01	40
06	Orientation Program	01	43
07	Training Workshop on " Green Banking Activities for Awareness Buildings"	01	51
08	Training Workshop on "Online Foreign Exchange Transaction Monitoring System"	01	25
09	Training Workshop on " Flexcube Software in Banking Operations"	01	48
10	The Training Course on "Credit Management"	01	39
11	Training Workshop on " Card Marketing & Product Development"	01	32
12	Workshops on "Money Laundering Prevention Act 2012, Anti Terrorism Act and Handling of Negotiable Instruments"	26	522
13	Training Course "International Trade, Finance & Foreign Exchange"	01	30
14	Training Workshop on "Preparation of Credit Proposal (New format)"	01	38
15	Training Workshop on " Risk Management in Banking Industry"	01	34
	Grand Total	**46**	**1270**

Other Initiatives
DBTI has been relentlessly working for both personal and professional development of the human resources of DBL & other organizations. DBTI assist people enhancing their efficiency and effectiveness at work updating knowledge, skill and proficiency. Dhaka Bank Training Institute offer regular Foundation Courses to fresher and others. Training workshop and executive development programmes are also conducted by DBTI.

DBTI takes its training service to various Branches at Dhaka and other districts as a part of its outreach training. DBTI arranges training at Branches so that officials who are not frequent to attend training at DBTI can have the opportunity to learn. They are acquainted with important issues particularly related to day to day banking, finance and legal framework like Money Laundering & Anti Terrorism Act. Both external & internal resources person are learned and proficient to lead their sessions in modern class-room situation.

Management Review of Business
continued

Research & Development



Strategic Choice

Carry out systematic search for information and market opportunities in the economy and banking industry in particular to guide management decisions that, in turn, maximize business performance of the Bank.

2013 Performance Highlights

New Products

- 2 (Two) new deposit schemes:
  i. Lakhopoti Deposit Scheme
  ii. Kotipoti Deposit Plan

- 3 (Three) Special insurance backed Savings Products:
  i. Students' Ledger - School
  ii. Students' Ledger - University
  iii. Honourable Seniors)

Repackaging

- Special Deposit Scheme
- Deposit Double Scheme (Consumer Banking)

Branding Support

- Concept & resource support 'DBL New Website'

Publication

- Annual Report 2012
- Newsletter INSIGHT

2013 Priorities

- Develop new asset and liability products
- Repackage low performing liability products
- Explore market opportunities
- Streamline of operations
- Research on business policy
- Strengthen communication system
- Feasibility on the new Branches at new locations
- Lend ideas and insights to new branding initiatives

Objectives 2014

- Priority Banking Initiative
- New product for Woman Entrepreneur Finance
- SME liability products
- Green banking initiatives
- Creating a power brand for Dhaka Bank
- Strengthening cash management services
- Analysis on Income Sharing Ratio under Shari'ah Principles
- Upgrading service excellence of the Bank
- Publication of Annual Report 2014 & Newsletter INSIGHT

Management Review of Business
continued

R&D Achievements – 2013

Sl No.	Project Name	Development History	Product Performance 2013		
01	SDS Redesigned	Effective date: May 15, 2013 (Last redesigned)		A/c	Bal
			31.12.12 :	3,789	Tk. 3,448m
			31.12.13 :	6,440	Tk. 6,935m
			Increase:	2,651	Tk. 3,487m
				70%	101%
02	Deposit Double Redesigned	Effective date: May 16, 2013 (Last Redesigned)		A/c	Bal
			31.12.12 :	11,685	Tk. 4,709m
			31.12.13 :	13,781	Tk. 6,079m
			Increase :	2,096	Tk. 1,370m
				18%	29%
03	Lakhopoti Deposit Scheme	Effective date: Jan 14, 2013 (New Product)		A/c	Bal
			31.12.12 :	-	-
			31.12.13 :	125	Tk. 76 Lac
04	Kotipoti Deposit Plan	Effective date: Jan 14, 2013 (New Product)		A/c	Bal
			31.12.12 :	-	-
			31.12.13 :	49	Tk. 143 Lac
05	Mudaraba Hajj Deposit Scheme	Repackaging on Final Stage	Awaits IT Simulations Results		
06	Students Ledger - School Students Ledger - University	New products developed in 2013	Launched in early 2014 Launched in early 2014		
07	Honorable Seniors	New products developed in 2013	Awaits Formal Launching		
08	Priority Banking Venture	Already Presented to Management	Awaits EC Approval		
09	SME Product for Women folk	Placed for Management Review	Awaits Opinion & Clearance		
10	Dhaka Bank New Website	Provided all Logistic & Comprehensive support (Content & Design)	Demo presented to Management Team		
11	Publication: Annual Report 2013 (Draft, design & compile)	Time span: November 01, 2013 - January 15, 2014	Published		
12	Editorial support to Bank's Newsletter INSIGHT Publication	Every quarter end	Helps perpetuate Bank's internal Management Information system & Bank's market presence year round		

Research Approach

Winner's comfort and complacency is of little avail for corporate voyagers. Rather, a fighting spirit for everyday competition is what befits the occasion. A well-measured approach and analysis of market and own business in the process of decision and functional engagement seems inevitable for us to survive in the race of banking excellence. Needless to contend, Dhaka Bank must look skywards with more speed and enthusiasm. A well-structured Research and Development Wing is there to add stimulant to Bank's turnaround and infuse dynamism to its operation by opening insight into how we are getting on with our quest for excellence.

To ensure competitiveness and quality of products & services and well-timed exploration of market as the core of R&D challenges, Research & Development Unit has sprouted as a key segment of the Bank as on December 28, 2011. At the end of 2013, when we look back into our journey across the just concluded year, there remain certain achievements on our part. We believe, our key focus on repackaging some existing products and creation of a number of new banking products and services has already begun to leave a phenomenal change in our banking business. Hereabove we give an account of our achievements 2013.

Management Review of Business
continued

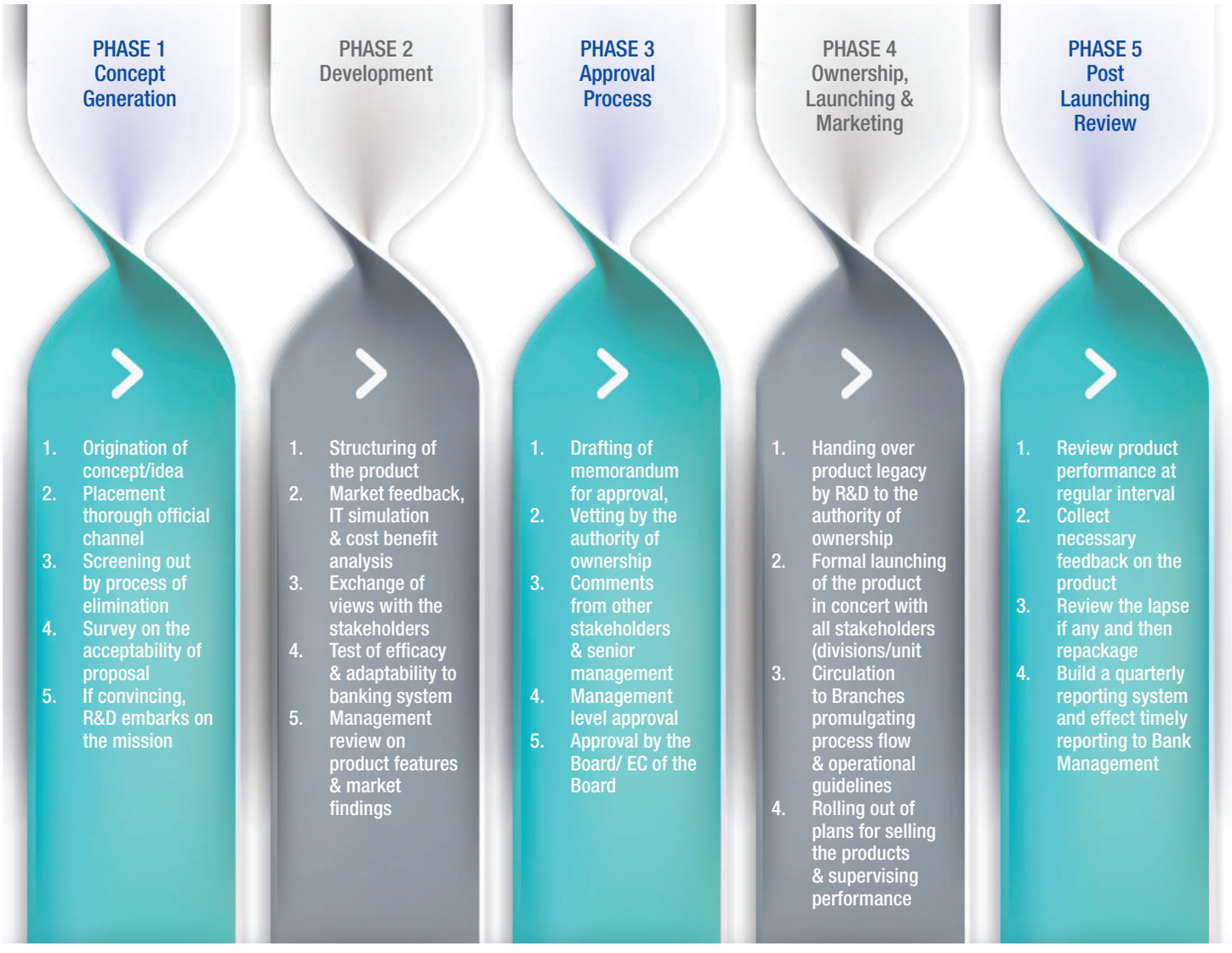
Strengthening R&D Process

In banking business as R&D learns from banker's point of view, new product development (NPD) must include some definite phases in the process of development. R&D perceives product as a set of benefits offered for exchange and can be tangible or intangible. In order to put the entire process of product development in a standard footing, we in collaboration with key stakeholders spotted certain phases in product development which is now in practice with the Bank.

Looking Forward

As we go through a series of brainstorming session in the process of banking development everyday, we try to open up new avenues of business. With the learning curve, we have achieved through the just concluded year, we are much confident of it upsurge in future. However, our actions and assertions are not conclusive and warrant management review and recommendation so as to pick the best. And that would eventually complement our standard and capabilities. To take our R&D Mission to a newer height, we want to translate R&D resource and support into a tangible gain and not least, a meaningful leadership to the Bank. We draw inspiration on our achievements of 2013 and turn our sails to more ambitious feat of 2014.

Product Development Phases



Savings for all... a range of savings products from Dhaka Bank.



Students' Ledger
- Insurance backed Savings Account
- Attractive Rates
- Free Visa Debit Card
- No Fees/Charges



Honourable Seniors
- Insurance backed Savings Account
- Age Limit 45 Years and above
- Attractive Rates on Savings



Lakhopoti Deposit Scheme
- Lakhopoti within 4-12 years
- Flexible Instalments
- Any Number of Accounts
- Overdraft & Credit Card Facility



Kotipoti Deposit Plan
- Kotipoti within 4-15 years
- Flexible Instalments
- Any Number of Accounts
- Overdraft & Credit Card Facility

*Conditions Apply

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EXCELLENCE IN BANKING
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Internal Control System

Internal Control System

A system of effective internal controls is a critical component of bank management and a foundation for the safe and sound operation of banking organizations. A system of strong internal controls can help to ensure that the goals and objectives of a banking organization will be met, that the bank will achieve long-term profitability targets, and maintain reliable financial & managerial reporting. Such a system can also help to ensure that the bank will comply with laws & regulations as well as policies, plans, internal rules & procedures, and decrease the risk of unexpected losses or damage to the bank's reputation.

Internal control consists of five interrelated elements:

- Management oversight & the control culture;
- Risk recognition & assessment;
- Control activities & segregation of duties;
- Information & communication; and
- Monitoring activities & correcting deficiencies.

Objectives of Internal Control

The main objectives of Internal Control System are as follows:

- Safeguard the Depositors as well as Shareholders interest of the bank;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparations of financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS) and applicable laws;
- Provide reasonable assurance regarding prevention and timely detection of unauthorized operational and financial activities that could have material effect on the financial statements;
- Ensures efficiency and effectiveness of the activities of the bank, reliability, completeness and timelines of financial and management information & compliance with applicable laws and regulations;
- Providing reasonable assurance that, all IS/IT assets (i.e. People, Process & Technology) are adequately safeguarded against fraud and malicious attempts from internal and external threats;

Internal Control & Compliance Division (ICCD)

In order to establish the efficient, effective and compliant internal control system in the Bank, Internal Control & Compliance Division segregated its functions into three separate units:

1. Audit & Inspection Unit;
2. Monitoring Unit; and
3. Compliance Unit;

Audit & Inspection Unit

To reduce the operational risks of the bank, DBL conducts regular audit/inspection on the basis of affairs of the bank based on different manuals, instructions, rules & procedures laid down by Bangladesh Bank & other regulatory authorities from time to time. Audit also verifies the implementation status of various instructions given by the Executive Committee and Audit Committee of the Board of Directors.

The Audit & Inspection Unit of ICCD undertakes the following types of audit & inspections:

- Comprehensive Audit;
- Information System & Technology Audit;
- Special Audit/Inspection/Investigation.

Functions of Audit & Inspection Unit

- Conduct periodic audit in different branches & divisions/ departments/units of Head Office;
- Carry out surprise checks in the sensitive areas;
- Conduct special investigation in case of gross employee misconduct or major violation;
- Identify deviation in the operational processes from set policies & procedures;
- Recommend process improvement as & when necessary;
- Recommend to the Head of Internal Control regarding the effectiveness of the control system of individual branch & divisions/ departments/units as well as whole of the organization.

Management Review of Business
continued

Internal Audit & Inspection Statistics

Sl	Nature of Audit/Inspection	Frequency	Number of Audit/Inspection(s)	
			2013	2012
i)	Comprehensive Inspection	Yearly (Branch, OBU & SME Service Centers)	69	63
		Half Yearly (6 Branches)	12	2
		Yearly (Div/Dept/Unit)	5	9
ii)	Special Inspections	Case to case basis	15	18
iii)	IS Audit	Yearly (Branch & SME Service Centers)	72	64
iv)	Nostro Accounts Review	Quarterly	4	4
		Total Reporting	**177**	**160**

Monitoring Unit
The Monitoring Unit of the division monitors effectiveness of the Bank's internal control system on an ongoing basis through follow-up of compliances and regularization of deficiencies that are identified by Audit & Inspection teams throughout the year.

Functions of Monitoring Unit
- Establish monitoring mechanism/procedures to ensure high risks areas are regularly reviewed;
- Ensure all limits set internally or externally are properly followed and appropriate reports are generated regularly;
- Review operational performances against key control issues of individual offices;
- Analyze various reports and assess key risk areas;
- Recommend to the Head of Internal Control to send audit/ inspection team in the areas where regular deficiencies are identified.

Monitoring Statistics

Particulars	2013	2012
Internal Audit Compliance Reports	451	492

Compliance Unit
This unit is entrusted to ensure that bank complies with all regulatory requirements while conducting its business. They maintain liaison with the regulators at all levels and notify the other units/departments regarding the regulatory changes.

Functions of Compliance Unit
- Responsible to ensure timely dissemination of all regulatory updates;
- Obtain clarifications from regulatory authorities;
- Provide training and guidance as & when necessary on regulatory issues;
- Maintain strong liaison with the regulatory authorities;
- Maintain all relevant circulars and regulatory guidelines;
- Ensure regulatory requirements are properly incorporated in the operational tasks;
- Assist Head of Internal Control to establishing compliance culture.

Compliance on Bangladesh Bank Reports
Compliance unit received 151 reports/letters from Bangladesh Bank during the year 2013 and successfully submitted compliance of all reports/letters within the prescribed deadlines.

Bangladesh Bank Inspection
Bangladesh Bank inspection team conducted a total number of 50 inspections on 9 Divisions/Units of Head Office & 41 Branches during the Year 2013 which included Comprehensive Inspection, Inspection on Foreign Exchange Transactions, Foreign Exchange Risk Management, Internal Control & Compliance, Information System Security, Asset Liability Management, Anti-Money Laundering Activities, Credit Risk Management, Small Enterprise Financing and Consumer Financing.

Management Review of Business
continued

Bangladesh Bank Inspection Statistics

Sl	Nature of Inspection	2013		2012	
		Head Office	Branch	Head Office	Branch
i)	Comprehensive Inspection	1	24	1	29
ii)	Comprehensive Inspection on Foreign Exchange Transactions	-	4	-	-
iii)	Foreign Exchange Risk Management	1	-	1	1
iv)	Internal Control & Compliance	1	1	1	1
v)	Information Systems Security	1	1	1	1
vi)	Asset Liability Management	1	1	1	1
vii)	Anti Money Laundering	1	2	1	4
viii)	Credit Risk Management	1	1	1	1
ix)	Small Enterprise Financing	1	6	-	1
x)	Consumer Financing	1	1	-	-
	Total Inspection	**9**	**41**	**7**	**39**

Management Review of Business
continued

Islamic Banking



Opening of Mudaraba Savings Bundles

Islamic Banking & Finance has become popular to the mass people and its' acceptability has been growing in our country and all over the world tremendously.Islamic Banking & Finance has already been proved it's importance in the field of economy capturing almost 30% business volume of the industry. Focusing on high ethical standards it builds a society with the people of trustworthy. The well structured products based on Islamic Shariah principle protected the banks from the raising non-performing assets and ensures quality of the assets. Thus, it has been successfully avoiding the financial crisis spread out all over the world following recent economic recession. The successes are achieved only for following the divine principles of banning interest.

Following the developing requirements of Shariah based banking Dhaka Bank Limited started it's journey of Islamic Banking in July 02, 2003 inaugurating first Islamic Banking Branch at Motijheel, Dhaka. Second Islamic Banking branch was opened in May 22, 2004 at Agrabad, Chittagong.The bank has been providing Islamic Banking services to the customers through these two branches with adhere to the Islamic values & Integrity. Dhaka Bank Limited is the pioneer to establish Shariah based banking operations through Islamic Banking branches in the country.

Objectives of Islamic Banking Operations

1. To ensure appropriate procedure for investment of fund under Shariah Principles to safeguard the interest/benefit of the depositors.
2. To establish Riba/Interest free Islamic Financial system for ensuring justice and avoid uncertainty in Financial Sector.
3. To avoid risk & uncertainty in the society and to make easy the livelihood of citizen improving financial strength of distressed people with more confidence standing on Islamic Financial System.
4. To free the society from the burden of interest and financial ailing.
5. To help the distressed people to improve their financial standings with more confidence on profit sharing.
6. To provide interest free financial services to the mass people ensuring justice in the society.
7. To meet the emerging demands of customers preferring Islamic mode of operations in business.
8. To create various products derivatives considering modern economy's demands.

Shariah Supervisory Committee

Islamic Banking Operations of Dhaka Bank Limited is being conducted under keen supervision of Shariah Supervisory Committee. Shariah Supervisory Committee of Dhaka Bank Limited consists of a team of Shariah experts, renowned Islamic banker along with personalities having outstanding strength in Quran, Hadith & Fiqh. The Committee meeting is being held at least once in a quarter and reviews the Islamic Banking activities and provides their expert and independent opinion on various Shariah related issues of Islamic Banking Operations. The Member Secretary & Muraquib help the Shariah Supervisory Committee for its regular functioning.

Brief introduction of Shariah Supervisory Committee is given below

SI No	Name	Designation	Qualification
1	M. Azizul Huq	Chairman	M Com (Renowned Islamic Banker)
2	Prof. Mowlana Mohammad Salah Uddin	Member (Faqih)	Kamil, MA (Khatib of Baitul Mukarram National Mosque)
3	Md. Mokhlesur Rahman	Member (Faqih)	Kamil, MA
4	Hafej Mawlana Abdul Gaffar	Member (Faqih)	Takmil (Dawrah)
5	Khan Mohammad Shameem Aziz	Member (Lawyer)	Bar at Law
6	Khondker Fazle Rashid	Member (Ex-Officio)	MA, MBA
7	Md.Sirajul Haque	Member Secretary	M Com
8	Md.Kamaruzzaman	Muraquib	Kamil, MBA

Activities of Islamic Banking Division

As per Guideline on Islamic Banking issued by Bangladesh Bank BRPD Circular No.15 dated 09.11.2009, a full pledged separate division namely "Islamic Banking Division" established in Head Office headed by an Executive Vice President having experience in Islamic Banking. The duty & responsibility of the Division is exclusively as follows:

1. Framing Islamic Banking rules and regulations and ensuring their implementations.
2. Maintaining co-ordination with the Shariah Supervisory Committee and the other divisions/departments/units of the Bank.
3. Shariah Supervisory Committee meeting was held for several times and various Shariah related issues were discussed, reviewed & resolved.
4. Confirm investment of the Funds received for Islamic Banking Business under modes approved by Islamic Shariah.
5. A good numbers of employees have been received Islamic Banking Training.
6. Submission of required statements to the Central Bank.
7. Compliance of any other responsibility (ies), the Central Bank may assign from time to time.
8. Supervise the Islamic Treasury Function (BGIIB Fund Management, SLR/CRR maintenance etc.)
9. Conduct Shariah Audit/Inspection of the Islamic Banking Branches.
10. 3 new Islamic deposit products namely "Tawfeer Mudaraba Savings Bond Account-TMSBA, Tawfeer Mudaraba Deposit Pension Scheme-TMDPS, Tawfeer Mudaraba Foreign Remittance Account-TMFRA has been launched successfully for the customers.

Dhaka Bank Ltd. has following deposit products under Islamic Banking Operations:

1. Al-Wadeeah Current Deposit Account
2. Mudaraba Savings Account
3. Mudaraba Term Deposit Account
4. Mudaraba Special Notice Deposit Account
5. Mudaraba Hajj Savings Account
6. Mudaraba Pension Scheme Account
7. Mudaraba Special Deposit Scheme Account
8. Mudaraba Foreign Currency Deposit Account

Dhaka Bank Limited Islamic Banking Branches offer to the customers the following Investment products:

1. Murabaha Purchase Order
2. Bai-Muazzal Industrial
3. Bai-Muazzal Others
4. Murabaha Post Import Trust Receipt
5. Murabaha Term Finance Industrial
6. Murabaha Term Finance Others
7. Hire Purchase Shirkatul Meelk
8. Ijarah Transport
9. Ijarah Machinary & Equipment
10. Quard

Besides, selling of Payment Order, Demand Draft, issuance of different kinds of Bank Guarantees, Certificates and other banking services are available under Islamic Banking Operation of Dhaka Bank Ltd.

Asset Liability Management

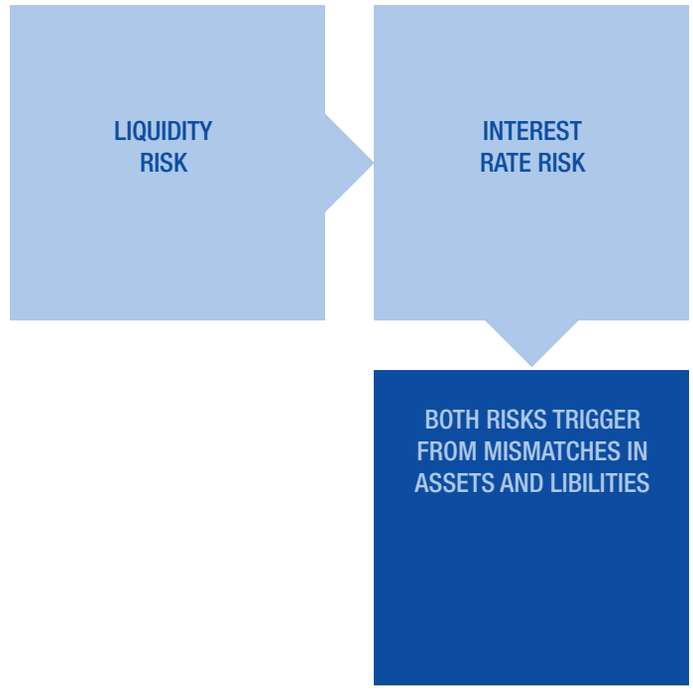


The Asset Liability Management has been structured as a systematic process to earn a sufficient return while maintaining a comfortable surplus of Assets beyond Liabilities. Dhaka Bank has an Asset Liability Committee (ALCO) comprised with senior management. This committee should meet at least once every month to Analyze, Review and Formulate strategy to manage the Asset and Liability of the Bank.

Asset Liability Committee (ALCO) evaluates liquidity requirement and the pricing strategy of the bank. One of the most important objectives of the ALCO is to maintain a contingency plan to equivocate significant market volatility like Interest Rate Risk. It also emphasizes on maximizing return and minimizing risk by acquiring assets that have a low rate of default risk and by diversifying asset holding. The techniques for assessing Asset Liability risk have come to include GAP Analysis and Duration Analysis. These have facilitated techniques of GAP management and Duration matching of Asset and Liability.

The Asset Liability Committee (ALCO) of the Dhaka Bank monitors Market Risk and Liquidity Risks, analyzes the market views, competition and the prospective target market. ALCO prepare the liquidity plan as per the Maturity Profile of Assets and Liabilities, Deposits and Advances, analyzes the Factor Sensitivity of interest rates and calculates VAR on daily basis of Asset and Liability of the bank.

ALM Primarily Manages Two Types of Risk



Management Review of Business
continued

ALCO takes necessary market information from Treasury Division, Finance & Accounts Division and from all other well conversant members of the committee to take strategic decisions. ALCO also includes invitees to enrich the decision making process by their valuable understanding. The members of the committee are:

The Managing Director/ CEO,
The Additional Managing Director
The Deputy Managing Director-Business Banking
The Deputy Managing Director- Operations
The Deputy Managing Director - Risk Management
The Senior Executive Vice President, Foreign Trade
The Head of Credit Risk Management (CRM)
The Head of Consumer Banking,
The Head of Finance & Accounts Division,
The Head of Risk Management Unit
The Head of Treasury
The Head of IT Division

Through ALCO, Dhaka Bank takes all major strategic plan regarding interest rates on Deposits and Advances, Market Risk, Foreign Exchange Risk and compliance with the regulatory requirement of Bangladesh Bank. Dhaka Bank organizes special ALCO meeting as and when required by the bank. In every ALCO meeting the key points of the discussion are minuted and the action points are highlighted to strengthen the balance sheet position.

Liquidity Risk Management

Dhaka Bank has established a robust liquidity risk management framework that ensures that it maintains sufficient liquidity, including a cushion of unencumbered, high quality liquid assets, to withstand a range of stress events, including those involving the loss or impairment of both unsecured and secured funding sources. Liquidity management is the constant ability to accommodate liability maturities and deposit withdrawals, funded asset growth and business operations, and meeting contractual obligations. Liquidity management involves forecasting funding requirements and maintaining sufficient capacity to meet the financial needs and accommodating fluctuations in asset and liability levels due to changes in our business operations or unanticipated events.

To ensure ample liquidity through the full range of potential operating environments and market conditions, we conduct our liquidity management and business activities in a manner that will preserve and enhance funding stability, flexibility and diversity. Liquidity Risk Management enables us to ensure that the bank does have sufficient fund to meet its financial commitments even in times of crisis.
The main objective of liquidity management is to ensure to generate sufficient funds to meet all of its financial commitments in a timely and cost effective manner. The liquidity risk management framework is designed to identify, measure, monitor, and control the liquidity position. Dhaka Bank's liquidity risk management process has been maintaining adequate liquidity and a healthy funding profile.

Dhaka Bank has an overall flexible funding strategy to cover both short and long-term liquidity needs. Dhaka Bank's liquidity management actively manages its intraday liquidity positions and risks to meet payment and settlement obligations on a timely basis under both normal and stressed conditions and thus contributes to the smooth functioning of payment and settlement systems.

Dhaka Bank has established a funding strategy that provides effective diversification in the sources and tenor of funding. It has maintained an ongoing presence in its chosen funding markets and strong relationships with fund providers to promote effective diversification of funding sources. A contingency plan is in place to cover unexpected or unusual situations, which could lead to market disruptions. We manage the liquidity structure of our assets, liabilities and commitments so that the cash flows are appropriately balanced and all funding obligations are met when appropriate. Sources of liquidity include deposits and other customer-based funding, wholesale market-based funding, and liquidity provided by the sale or securitization of assets.

Money Market Scenario

Bangladesh economy passed a foggy atmosphere in terms of business activities and growth for the year 2013. Political turbulence and bumpy power transition process hit the business confidence and sharply missed the momentum of large surplus of the balance of payments, contribution from lower Import payments and higher garments export and buoyant wage earners remittance from the expatriates. Banking sector experienced with bulky liquidity surplus over the year. Money supply growth was below the central bank's program target, even as bank's foreign asset rose sharply. The reason behind this, was growth in credit in the private sector languishing far below target as political uncertainty deterred investment. The Bangladesh taka has strengthened against the US dollar since early 2013, reflecting the large balance of payments surplus.

GDP growth in Fiscal Year 2014 is estimated at 5.80%, as exports and consumer and private investment demand fall short of expectations. The central bank is expected to adopt measures to curb inflation but also ensure adequate credit flows to the private sector to maintain steady economic growth. The key challenges are to boost private investment and maintain Macroeconomic stability in the run-up to elections.

DBL Average Call Money Rate

Month	Borrowing	Lending
Jan' 13	9.90%	10.79%
Feb'13	8.75%	9.08%
Mar'13	7.01%	7.75%
Apr'13	7.11%	7.91%
May'13	7.09%	8.07%
Jun'13	6.98%	7.90%
Jul'13	7.51%	8.45%
Aug'13	8.13%	9.16%
Sep'13	7.21%	8.24%
Oct'13	8.10%	9.20%
Nov'13	6.74%	7.80%
Dec'13	6.83%	7.73%

Foreign Exchange Reserve

Foreign Exchange Reserve, a country holds to buffer out imbalances in foreign receipts and payments. Main objectives of the Central bank for holding foreign exchange reserves include maintenance and safety of adequate level of reserve to meet foreign obligations, liquidity of reserve for the purpose of monetary and exchange rate management and finally, optimal return from the reserves assuming controlled risks in a prudent manner that will preserve the nominal value of the reserve.

Foreign Exchange Reserves reached at USD 18.07 Billion at the end of the year 2013 and initially it was USD 13.08 Billion, in the month of January 2013. It seems that the reserve continued to grow in the backdrop of steadily increasing workers' remittances as well as export earnings.

Months	US$ in billion
Jan' 13	13.08
Feb'13	13.85
Mar'13	13.97
Apr'13	14.83
May'13	14.53
Jun'13	15.32
Jul'13	15.53
Aug'13	16.25
Sep'13	16.15
Oct'13	17.37
Nov'13	17.11
Dec' 13	18.07

Reconciliations Unit

Reconciliations Unit came into being in May 31'2009 as a separate entity. Before that it was merged with F & AD. With the opening of more Branches, Management decided to segregate Reconciliations Unit and the Unit was separated effective June 01'2009 and came under Operations Division with a reporting line directly to the Deputy Managing Director(Operations).This was done, so as to keep a more microscopic watch on Branch, Head Office financial activities. From then on this Unit has put into full gear the reconciliations of all Nostro Accounts, Bangladesh Bank FCY Clearing Accounts, Bangladesh Bank LCY Clearing Accounts, CD/STD Accounts, liquidations and reconciliations of DD Wage Earners' remittance account. Till May 31st' 2009 the Unit had been running their activities with four staff members, which now stands at eight including the Head.

As a first step all old computers were replaced and adequate logistic improvements were put in place for the prevalent staff. 19 journals (each journal consisted of 75-90 pages with 30 demand draft entries in each page) of DD's of Sonali Bank (Wage Earners' Remittances) through their Shilpa Bhaban Corporate Branch remained unreconciled till May 31'2009. The Unit through a team drive succeeded in total reconciliations of 19 journals of DD's of Sonali Bank in less than a year and also balancing of a majority of unreconciled items in old GL Suspense Accounts. A continuous monitoring and intense pursuals by Reconciliations Unit has improved the reconciliation status greatly and created a greater alertness/quick response on the part of Operations Division too. Despite constraints, reconciliation of all Nostro Accounts, Bangladesh Bank FCY & LCY Accounts were up-to-date. CD/STD accounts were also brought in complete streamline by April' 2010, except for old anomalies in 5 Branches, which require IT intervention for resolving.

The second most important step was getting Branch reconciliation statements in time. As a first step emails/letters were issued to all Branches in June'2009 that henceforth Branches would send their reconciliation statements (hard copies) by the 07th of every month and scanned copies by the 3rd. Also under a new system all mismatches/ gaps(Suspense & Product GL) of Branches are being posted in an IT created format for necessary resolving by IT Division by the last week of every month and their reporting resolving to this Unit. To streamline this matter, it was agreed upon that all Branch reconciliations issues would be routed through Reconciliations Unit by Branches and this would in turn be posted in the IT Format for resolving. Vis-a-vis the old unreconciled items of the main Branches, each Branch was called for a separate sitting with IT Division. In these meetings a consensus was reached between Branches and IT Division as to which problem related to whom and as to who would resolve this issue. All the Branches (except 5) have resolved their old pending unreconciled items by December'2009 under this formula of Reconciliations Unit.

As per requirements of foreign exchange risks for reconciliation of Nostro Accounts, the Unit submits a comprehensive review of all Nostro Accounts containing a list of all unreconciled entries to Bangladesh Bank every quarter. This is done by Unit Officers who have no transactions

authority. Since no entry has remained unreconciled till date for more then three months, no provision has been made as per Bangladesh Bank guidelines. June and December end reviews with necessary certification of External Auditors of the Bank concerning the correctness of the status of unreconciled entries is submitted timely. A monthly statement showing position of unreconciled Nostro Account entries is submitted to Bangladesh Bank by the 7th of every month and to Bank Management by the 10th of every month which includes all other accounts too.

The overall reconciliation status of Dhaka Bank Ltd stands at the zenith now and Reconciliations Unit is now on the threshold of greater responsibilities for the Bank's continued healthy growth.

Present status of Reconciliations:

1. **Nostro Accounts:** All 27 accounts are fully reconciled upto December 30' 2013.
2. **BBK Clearing Accounts for FCY-USD, GBP, EUR & JPY:** Fully reconciled up to December 30' 2013.
3. **BBK Clearing Account for LCY- BDT:** Fully reconciled upto December 30' 2013.
4. **CD/STD Accounts maintained by Branches & HO (35 accounts):** Fully reconciled upto December 30' 2013.
5. **ATM Settlement Accounts (04 accounts):** All ATM settlements accounts are fully reconciled upto December 30' 2013.
6. **Balancing of Suspense Accounts of all Branches (71 Branches) of the Bank:**
   a. As of December 30, 2013, there is mismatch in 06 GL Heads of 5 Branches
   b. In CD/SB Accounts which are very old, which are being continuously pursued
   c. With IT/Branch for urgent resolving. The 6th GL Head relating to Sonali Bank
   d. DD'S, is yet to be resolved by Ops Division & IT.

Off-Shore Banking Unit

Concept & Autonomy

Off-shore Banking refers to international banking involving non-residents' foreign currency-denominated assets and liabilities. Off-shore Banking Units conduct their deposit taking and lending activities with foreign investors without conflict with the domestic fiscal and monetary set up and independent of the local commercial banking system. It may be further defined as the prioritized banking operation where there is no permission for resident Bangladeshi citizen and on contrary dealing with the non-residents 100% foreign owned & joint venture investment enterprise inside the export processing zones which does not fall under the set regulations of Bangladesh Bank and other regulators. It is completely a separate functions and distinct identity, where its customers can enjoy unique package of tax benefit and the operations which are free from local regulations to compete with domestic banks including local branches of foreign banks. Its operations is being treated as a country within a country, commissioned by a separate Banking License from Bangladesh bank, and free from minimum reserve requirement.

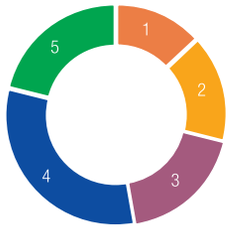
Dhaka Bank Off-shore Banking Unit

We have come a long way since we launched our Off-shore Banking operations in Dhaka Export Processing Zone six years ago. We are one of the pioneers among local banks in Bangladesh to set up an Off-shore Banking Unit, which went operation in the year of 2006 in Dhaka Export Processing Zone. As a second generation private commercial Bank, Dhaka Bank's Off-shore Banking Unit has earned enormous confidence of the foreign investors due to its strong commitment and dedication over the years. Currently, the bank has been providing offshore banking services to several Type-A industrial units of the EPZs through its two OBUs in Dhaka and Chittagong Export Process Zone.

We, in the Off-shore Banking unit, pride ourselves in our ability to provide premier Off-shore Trade solutions to our clients, while ensuring that highest levels of professionalism are practiced by our colleagues. Though the country's offshore banking market is dominated by the foreign banks, Dhaka Bank has been able to make its presence felt by attracting a good number of customers in a short period of time through effective marketing and competitive pricing of its offshore banking products and by ensuring highest levels of professionalism and excellent customer services backed by quality human and technological supports. OBU invested around USD 19 million in offshore market to support Type-A industries as well as to strengthen its asset portfolios. Portfolio of the unit during December, 2013 is shown in the following info graph:

Business Portfolio

OBU Business Portfolio 2013 (USD million)



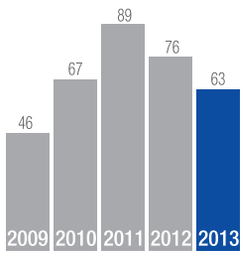
1	Term loan/Syndication	2.5
2	Short Term loan	3.0
3	Working Capital	3.5
4	Bills Purchased	6.0
5	Others	4.0

OBU of the bank has added diversification in its overall portfolio to mitigate overall credit risk of the bank. It has also been playing role in economic development of the country to attract foreign investments in EPZs through offering modern and convenient banking services. The unit has been proved as a prolific window for the bank to demonstrate a moderate profit outlet over the years thanks to relatively lower operating costs and higher ancillary income. The unit also earns reasonable spread on different short-term financing. Profitability curve of the unit looks as follows:

Management Review of Business
continued

OBU Profitibility

OBU Profitibility in last 5 years (Taka million)



Nature of OBU Facilities Extended to the Enterprises

Dhaka Bank OBU extends the following funded, non-funded and working capital facilities to the Type "A" industries of EPZ:

- EXP Certifying
- LC Advising
- Export Bill Negotiation
- Export Bill Discounting
- LC Opening
- LTR creation
- Short Term Loan
- OD for working capital
- Guarantee
- NFCD Deposit
- Current FC Account Deposit

Communications & Branding



DBL brand initiative in 18th AGM

We're here to create new business opportunities for all our Banking segments, to develop world-class marketing initiatives, and engage the people who work at Dhaka Bank too.

Developing Communication & Branding strategies is of vital importance nowadays especially regarding banking business endeavour. Today's burgeoning competitive business landscape urging banking sector to develop more innovative approach into new leading opportunities. In view of the major market changes, most banks have decided to review their communication tools by adjusting their marketing techniques. Anticipating such behavioral shifts helps to integrate change quickly as well as to adapt business to new expectations and patterns of consuming behavior.

In this new trendy context, the banking sector is wondering how to attract and retain their customers. A communication based on a general message and broadcasted exclusively on television isn't enough anymore to corner the market and moreover doesn't respond to the selection criteria of the customers. This tendency, emerging everywhere around the globe, can actually be analyzed on three axes. Dhaka Bank is positioning itself on the audience milestones, actually totally different from the traditional media. Social networks, virtual universes and business get together, are part of the new potential contact points. These new communication tools are little by little integrated in the bankers' strategies to gain the interest of new generation. But beyond visibility, new communication means offer ways to interact straightaway with customers. Against the backdrop of new trendy context, Dhaka Bank is contemplating on how to attract and retain their customers.

Dhaka Bank's Communications & Branding team looks after everything to do with our marketing strategy and brand communications – both inside and outside the bank. From national and international advertising to projects that engage everyone at the bank to integrated multi-channel marketing campaigns that encompass digital advertising, sponsorships and events. Dhaka Bank Limited, since its inception has positioned itself as an Exclusive Brand in the financial industry of Bangladesh. Back in 1995, a group of dynamic people found this Financial Brand for the progress of the country not only in macro-economic sector but also in micro-economic sector. Having that vision in mind, the institution has always carried the brand promise "Excellence in Banking.

Achievements 2013

- Title Sponsorship of Dhaka Bank Test Series 2013 held in Sri Lanka between Bangladesh and Sri Lanka
- Title Sponsorship of Dhaka Bank ODI Series 2013 held in Sri Lanka between Bangladesh and Sri Lanka
- Title Sponsorship of Dhaka Bank T20 Cup 2013 held in Sri Lanka between Bangladesh and Sri Lanka

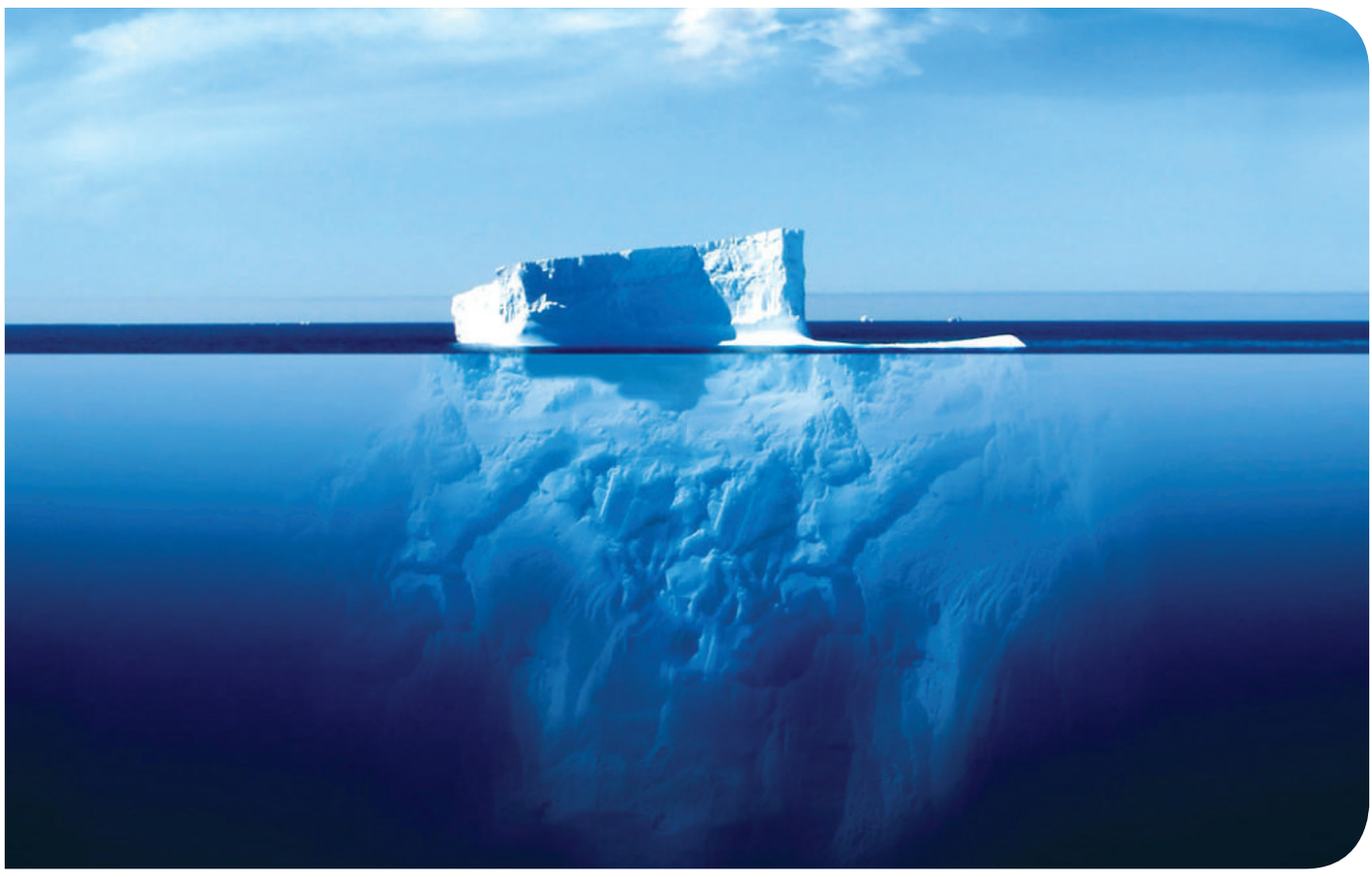
Celebration with Clients:

- New Year 2013
- International Mother Language Day 2013
- National Independence Day 2013
- Pohela Boishaikh
- 18th Anniversary of Dhaka Bank Limited
- Eid-Ul-Fitre 2013
- Eid-Ul-Azha 2013
- National Victory Day 2013

Programmed Events:

- Annual Managers' Conference 2013
- 18th Annual General Meeting 2013
- Quarterly Business Review Meetings

Risk Management



We are aware to avoid hidden surprise

Risk Management



It is always better to build a robust risk management culture in the banks and financial institutions as these primarily deal with depositors' money and work as a catalyst for building confidence in the economic or financial value chain. By all means, we should try to avoid surprises in banking transaction through building a strong operational procedure in banks and financial institutions.

Niaz Habib
Additional Managing Director

Risk Management
continued

Risk Scenario 2013

Major risks	Impact on the industry	What DBL did	Result
CREDIT RISK	Overgrown NPL ticking 12.8% at the close of 2013	Hard drive for recovery with homegrown strategy & alternatives; Risk Committee of Board formed to oversee risk governance; Diversified portfolio with more intake of SMEs; Compliance with regulatory guidelines	NPL reduced to 3.77%
OPERATIONAL RISKS	Overhung scams eating away banks' profit & hurting capital base	Strengthened internal control system; Ethics Committee formed to ensure ethical standard; Stable, well integrated systems, equipment and application consistent with business strategy; Adherence to regulatory guidelines on good corporate governance	Stable operating profit with no major shocks

Risk Management

For Dhaka Bank, management of risk is a dynamic process interrelated with the philosophy, culture and functionalities of the Bank. Risk is evidently defined, mitigated or minimized to shield capital and to maximize value for shareholders. Dhaka Bank affixes utmost priority to establish, maintain and upgrade risk management infrastructure, systems and procedures. Adequate resources are allocated in this regard to improve skills and expertise of relevant banking professionals to enhance their risk management capacity. The policies and procedures are approved by the Board of Directors of Dhaka bank and regularly assessed to bring these up to optimum satisfaction level. Recognizing the impacts of internal and potential risk domains, the Bank has laid down different risk management processes consisting of definition, identification, analysis, measurement, acceptance and timely management of risk profile.

Prevention is better than cure. It is always better to build a robust risk management culture in the banks and financial institutions as these primarily deal with depositors' money and work as a catalyst for building confidence in the economic or financial value chain. We therefore need highest attention and commitment for the highest authority in this regard. By all means, we should try to avoid surprises in banking transaction through building a strong operational procedure in banks and financial institutions

Risk profile & built-in mechanism

Diversified portfolio	• We have a high and diversified credit portfolio ranging from industrial, trading, project financing to commercial real estate, asset backed securities and leveraged loans.
Strong liquidity position	• We have a strong advances-to-deposit ratio. We remain a net provider of liquidity to interbank markets. Our customer deposit base is diversified by type and maturity. We have a substantial portfolio of liquid assets that can be realized if a liquidity stress occurs.
Robust risk governance structure	• We have a clear statement of risk appetite, which is approved by the Board and sets the parameters within which our businesses operate.
Risk Management Expertise	• We have All Risk Committee (ARC), consisting exclusively of Senior Management and skilled Officers, which reviews the effectiveness of the Group's risk management systems and controls • We have a robust risk management framework that assigns accountability and responsibility for the management and control of risk.

Risk Management
continued

Objective Box

Steps	Activities
Identify	• Establish the process for identifying and understanding business-level risks.
Assess	• Agree and implement measurement and reporting standards and methodologies.
Control	• Establish key control processes and practices, including limit structures, • impairment allowance criteria and reporting requirements. • Monitor the operation of the controls and adherence to risk direction and limits. • Provide early warning of control or appetite breaches. • Ensure that risk management practices and conditions are appropriate for the business environment.
Report	• Interpret and report on risk exposures, concentrations and risk-taking outcomes. • Interpret and report on sensitivities and Key Risk Indicators. • Communicate with external parties.
Manage and	• Review and challenge all aspects of the Group's risk profile.
Challenge	• Assess new risk-return opportunities. • Advise on optimizing the Group's risk profile. • Review and challenge risk management practices.

Principal uncertainties & Mitigation Mechanism

Uncertainty	Description	Mitigation Mechanism
Global macroeconomic conditions	• Have an impact on our performance via their influence on personal expenditure and consumption patterns; demand for business products and services; the debt service burden of consumers and businesses; the general availability of credit for retail and corporate borrowers; and the availability of capital and liquidity funding for our business.	• We balance risk and return taking account of changing conditions through the economic cycle. • We monitor economic trends in our markets very closely and continuously review the suitability of our risk policies and controls.
Changes in regulations and laws	• The nature and impact of future changes in economic policies, laws and regulations are not predictable and may run counter to our strategic interests. These changes could also affect the volatility and liquidity of financial markets, and more generally the way we conduct business and manage capital and liquidity.	• We keep a close watch on key regulatory developments in order to anticipate changes and their potential impact on our performance. • Both unilaterally and through our participation in industry forums we respond to consultation papers and discussions initiated by regulators and governments. The focus of these is to develop the framework for a stable and sustainable financial sector and global economy.
Final market disclosures	• Financial market volatility or a sudden dislocation could affect our performance, through its impact on the mark-to-market valuations of assets in our available-for-sale and trading portfolios or the availability of capital or liquidity. • Financial market instability also increases the likelihood of default by our corporate customers and financial institution counterparties.	• We assess carefully the performance of our financial institution counterparties, rate them internally according to their systemic importance, adjusting our exposure accordingly. • We maintain robust suitability and appropriateness processes.
Geopolitical dislocation	• We face a risk that geopolitical tensions or events conflict in our footprint could impact trade flows, our customers' ability to pay, and our ability to manage capital across borders.	• We actively monitor the political situation in all of our principal markets, and conduct regular stress tests of the impact of such events on our portfolios, which inform assessments of risk appetite and any need to take mitigating action.

Risk of fraud	• The risk of fraud and other criminal activities is growing as criminals become more sophisticated and as they take advantage of the increasing use of technology in society.	• We have a broad range of measures in place to monitor and mitigate this risk. • Controls are embedded in our policies and procedures across a wide range of the Group's activities, such as origination, recruitment, physical and information security.
Exchange rate	• Changes in exchange rates affect the value of movements our assets and liabilities denominated in foreign currencies, as well as the earnings reported by our non-US dollar denominated branches and subsidiaries. • Sharp currency movements can also impact trade flows and the wealth of clients, both of which could have an impact on our performance.	• We actively monitor exchange rate movements and adjust our exposure accordingly. • Under certain circumstances, we may take the decision to hedge our foreign exchange exposures in order to protect our capital ratios from the effects of changes in exchange rates.

Risk management in DBL

The management of risk lies at the heart of Dhaka Bank's business. One of the main risks we incur arises from extending credit to customers through our trading and lending operations. Beyond credit risk, we are also exposed to a range of other risk types such as country cross-border, market, liquidity, operational, reputational and other risks that are inherent to our strategy, product range and geographical coverage.

Risk management framework

Effective risk management is fundamental to being able to generate profits consistently and sustainably and is thus a central part of the financial and operational management of the Bank.

Through our risk management framework we manage enterprise-wide risks, with the objective of maximizing risk-adjusted returns while remaining within our risk appetite.

As part of this framework, we use a set of principles that describe the risk management culture we wish to sustain:

Risk governance

Ultimate responsibility for setting our risk appetite and for the effective management of risk rests with the Board. Acting within an authority delegated by the Board, the All Risk Committee (ARC), whose membership consists exclusively of Senior Officers and Executives of the Bank, has responsibility for oversight and review of prudential risks including but not limited to credit, market, and capital, liquidity, operational and reputational. It reviews the Bank's overall risk appetite and makes recommendations thereon to the Board. Its responsibilities also include reviewing the appropriateness and effectiveness of the Bank's risk management systems and controls, considering the implications of material regulatory change proposals, ensuring effective due diligence on material acquisitions and disposals, and monitoring the activities of the All Risk Committee (ARC).

The BRC receives regular reports on risk management, including our portfolio trends, policies and standards, stress testing, liquidity and capital adequacy, and is authorised to investigate or seek any information relating to an activity within its terms of reference. Overall accountability for risk management is held by the Audit Committee of the Board, which comprises the Directors and Senior Executive of Dhaka Bank. The Board delegates authority for the management of risk to the All Risk Committee.

Risk appetite

We manage our risks to build a sustainable franchise in the interests of all our stakeholders. Risk appetite is an expression of the amount of risk we are willing to take in pursuit of our strategic objectives, reflecting our capacity to sustain losses and continue to meet our obligations arising from a range of different stress trading conditions. We define our risk appetite in terms of both volatility of earnings and the maintenance of minimum regulatory capital requirements under stress scenarios. We also define a risk appetite with respect to liquidity risk and reputational risk. Our quantitative risk profile is assessed through a bottom-up analytical approach covering all of our major businesses, countries and products. The Bank's risk appetite statement is approved by the Board and forms the basis for establishing the risk parameters within which the businesses must operate, including policies, concentration limits and business mix.

The All Risk Committee and Asset Liability Committee are responsible for ensuring that our risk profile is managed in compliance with the risk appetite set by the Board.

Credit Rating

Bank understands that credit rating has a healing impact on the risky assets of Bank. Minimum capital requirement decreases significantly with a safer portfolio. Credit rating gives the Bank an economical advantage in holding minimum capital as the measure of risk weighted assets unloads risks from the rated exposure. As per regulatory practice, funded exposure to a customer having external rating of at least double B (BB) with Bangladesh Bank rating grade 4, requires risk weight of 100% whereas exposure to any unrated customers is risk weighted by 125%.

Risk Management Committee (RMC) of the Board

In accordance with Bank Company (Amendment) Act, 2013 and related BRPD Circular No.11 darted October 27, 2013, Risk Management Committee has been formed by the Board to play an effective role in reducing ensued and potential risks in the process of implementation of bank's strategy and work-plan as devised by the board of directors as

well as efficient execution of related responsibilities of the board. Risk Management Committee will oversee whether proper risk mitigation processes/ methods are being applied and required capital and provisions are maintained by management after they have duly identified and measured credit risk, foreign exchange risk, internal control & compliance risk, money laundering risk, ICT risk, operating risk, interest risk, liquidity risk and other risks.

Duties and responsibilities the committee are as follows:

(a) Mechanism to determine and control risks

Risk Management Committee is entrusted with the responsibility of identification of risks on various banking activities and adopting appropriate mechanism to control them as well as making effective use of those techniques. Risk Management Committee will make necessary arrangement to oversee policies and procedures of risk management and make amendment thereto when necessary. To ensure effective mitigation and control system, Risk Management Committee shall examine existing risk management mechanism.

(b) Preparation for organizational structure

To manage risks of banks, RMC is responsible to ensure appropriate organizational structure. The committee will supervise formation of separate committee in management level and activities thereof while providing directives towards the compliance of guidelines related to credit risk, foreign exchange risk, internal control & compliance risk, money laundering risk, ICT risk including others.

(c) Review and approval of risk management policy

The committee shall review risk management principles and guidelines at least once in a year; If necessary, the committee will propose for revision and forward the same to the board for final approval. Besides, the committee will review loan approval limits along with other limits at least once in a year and take steps for revision when required.

(d) Data preservation and reporting system

The committee shall take steps to examine and approve data preservation and reporting system as adopted by the bank management. This is to ensure that the system is appropriately in place. The committee will record proceedings of their meeting along with their proposal, recommendation and short summary and make necessary intimation to the board.

(e) Supervision on implementation of all risk management principles

Risk Management Committee will monitor whether risk management policy and principles are executed in due course. The committee will also oversee the extent of steps taken to cope with Credit risk, Market Risk, Operating Risk together with other risks.

(f) Miscellaneous

i. Committee decisions and recommendations in brief to be submitted to the board on quarterly basis.
ii. The committee will stay compliant on directives issued from regulatory bodies from time to time.
iii. On examination by the committee, internal and external auditors will submit appraisal report on related issues.

Major Risks

Typically DBL distinguishes the following risk categories:

iv. Credit Risk
v. Market Risk
vi. Operational Risks
vii. IT Risks
viii. Liquidity Risks
ix. Reputation Risk

Credit Risk

Dhaka Bank has a well written procedure both for due appraisal and regular monitoring of credit risk. Regular reviews are held and risks identified are mitigated in a number of ways namely financial analysis, industrial analysis, portfolio review, recourse to collateral, counter-guarantees from shareholders/ third parties. Adequate margins are maintained on the collateral to guard against adverse fluctuation in the market price of collateral. During 2011, the Bank continued to evaluate and further refine its risk management process. In line with Bangladesh Bank guidelines, necessary steps were taken to reevaluate the scope of credit risk and credit operations. Centralized Credit Operations and Administration Department has been established at Head Office to look after all post-approval processes including disbursement, adjustment, monitoring of the accounts and approval processes, validation of documentation, etc. Credit risk is managed through a series of fundamental principles within the regulatory framework and as per Bank's internal policies, procedures and documentation standards. All credit lines are approved in accordance with Bank's credit policy. Credit approval and marketing functions are segregated at Head Office level and necessary steps have been taken to segregate the same at the branch level. In addition, loans and advances are secured by acceptable forms of collaterals in order to mitigate credit risk.

CRM Policy

Credit Risk Management Policy of the Bank captures the core principles for identifying, measuring and managing credit risk in the Bank. These policies are approved by the Board of Directors (BoD) and are designed to meet the organizational requirements that exist today and to provide flexibility for the future. Dhaka Bank recognizes that a critical factor in the bank's continued profitability and stability is its effective risk management capabilities. DBL ensures its risk management strength and strives to continuously promote a proactive risk management culture in the bank. Effective measures are now being taken towards the compliance of Basel II risk management standards.

The Bank has established a separate Risk Management Unit (RMU) for steady and stable growth of the Bank in accordance with the guidelines of Bangladesh Bank. The Bank has Management Committee (MANCOM), Asset Liability Committee (ALCO) and Management Credit Committee who are responsible for managing these risks across the Bank. Above that, the Executive Committee and Audit Committee comprising members of the Board of Directors review risk assessment of the Bank at regular intervals.

Credit Principles

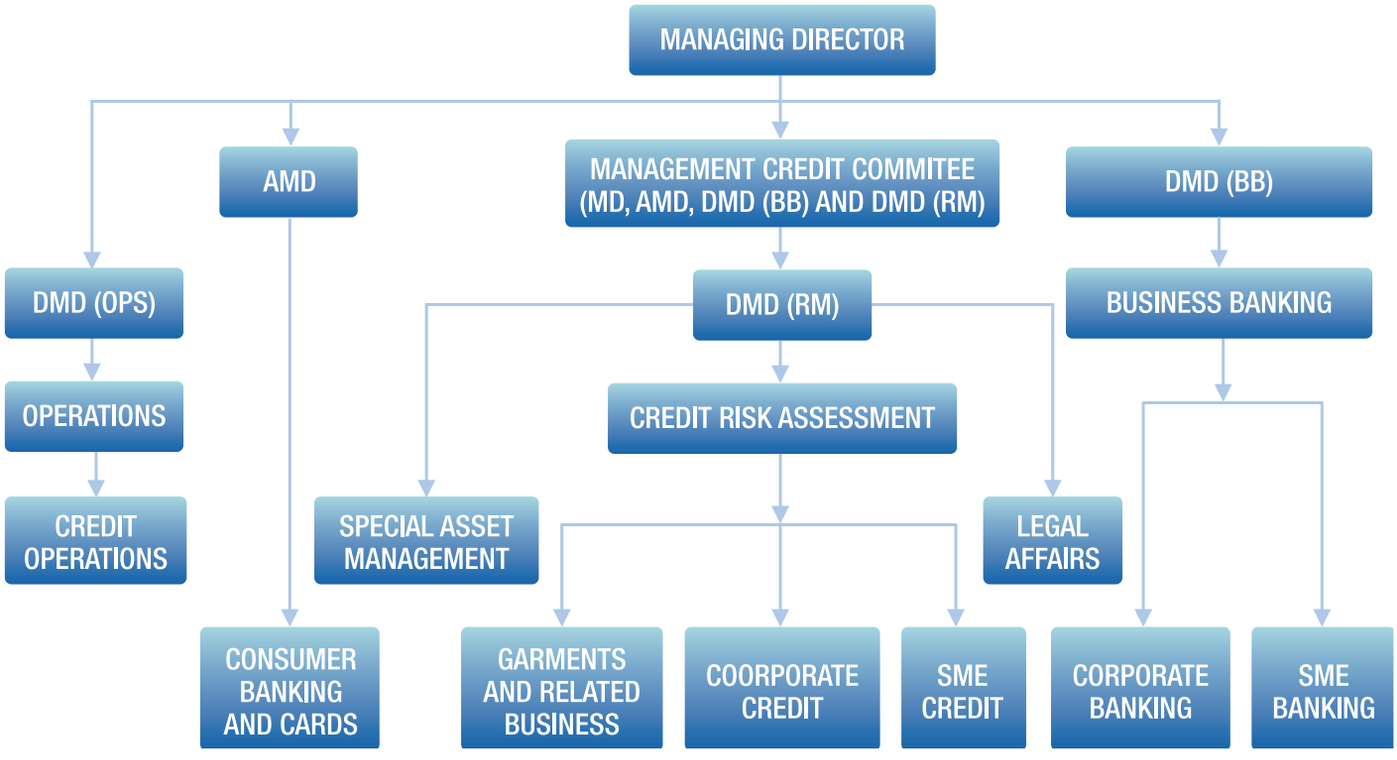
- The priority of the Bank's interest rests at the top of everything. High standard of ethics are applied. The end use of credit is thoroughly monitored.

Risk Management
continued

- The client's capacity to generate income and ability to pay is evaluated.
- The client's integrity and willingness to repay is checked. The business where investments are made and the risks associated are well understood.
- Credit risk are identified and managed prudently.
- Effective early warning system is in place.
- The Bank is compliant as regards prudential regulation of Bangladesh Bank.
- Risk and reward tradeoff is optimized. Diversification in asset portfolio is done to minimize risk.
- Assessing a company's management quality is vital although it is harder than evaluating financial statements. Collateral security is not a substitute for repayment from cash-flow.
- Repayment terms are commensurate with the purpose.
- "People factor" are considered in addition to analysis of financial statements.
- Collateral is required but is not considered as determinant factor of loan. Cash flow is critically analyzed while evaluating credit proposal.

Organization Structure

The following chart represents the Management Structure:



It has been ensured that the branches have organizational structure consistent with the CRM guidelines.

Lending Guidelines

Lending Guidelines demonstrate the Board of Directors / Senior Management view of business development priorities and the terms & conditions that should be adhered to while considering a loan for approval. These lending guidelines stand in close harmony with Bank's strategy and reinforce the corporate philosophy of Dhaka Bank. Formulation and review of lending guidelines are the responsibility of the Management Credit Committee subject to approval of the Executive Committee of the Board. Any deviation from the lending guidelines is explicitly identified in credit application and approval is accorded only after proper justification. Approval of loans that do not comply with lending guidelines are discouraged by the Bank's Management Credit Committee/EC of the Board of Directors.

Risk Management
continued

Approval Process



Credit Administration

The Credit Administration function is critical in ensuring that proper documentation and approvals are in place prior to the disbursement of loan facilities. Credit Administration ensures that security documents are prepared in accordance with approval terms and to be legally enforceable. Standard loan facility documentation that has been reviewed by legal counsel should be used in all cases. Exceptions should be referred to legal counsel for advice. Credit Administration Department (CAD) officers are responsible to complete 'Security Check List and 'Security Compliance Certificate' or 'Loan Disbursement Authorization Memo'.

Credit Monitoring

To minimize credit losses, monitoring procedures and systems are in place that provide an early indication of the deteriorating financial health of a borrower. At a minimum, systems are all in readiness to report the following exceptions to Head Office, Credit:

i. Past due principal or interest payments, past due trade bills, account excesses, and breach of loan covenants;
ii. Loan terms and conditions are monitored, financial statements are received on a regular basis, and any covenant breaches or exceptions are referred to HO Credit for timely follow-up.
iii. Timely corrective action is taken to address findings of any internal, external or regulator's inspection/audit.
iv. All borrower relationships/loan facilities are reviewed and approved through the submission of a Credit Application at least annually.

Credit Recovery
Special Assets Management

Legal & Recovery Unit of the Bank has been reformed into Special Assets Management Unit which is responsible for this function. The core objective of establishing this department is to separate recovery activity from marketing, approval, documentation and disbursement.

Major Functions:

- Recovery of non-performing and under performing loan from risk grade special mention account to below. The department will take all necessary measures inter-alia meeting with the customers, negotiating for restructuring, rescheduling settlement by way of extension of time, waiver of partial interest, serving legal notice, foreclosure and sale of mortgaged/ hypothecated/pledged property, filing suit in time to avoid time bar, follow up suits and publishing sale notice in the News Paper (in collaboration with Legal Affairs Division). Best efforts are made to keep classified loan within the minimum possible level.
- Ensure that adequate provision against classified and under performing loan is maintained as per Bangladesh Bank's Guidelines.
- All work related to loan classification in line with Bangladesh Bank's guidelines.
- Proper action and compliance to Artha Rin Adalat Ayin.
- Conduct a monthly recovery meeting and portfolio review meeting.

Branch recovery unit has a dotted reporting line to Head Office SAMD and the branch recovery unit will have necessary approval of the competent authority through Head Office SAMD (if required).

Non-performing Loan (NPL) monitoring

On a quarterly basis, a classified Loan Review Report (CLRR) is prepared by the account manager of Recovery Department to update the status of the action/ recovery plan, review and assess the adequacy of provisions, and to modify the bank's strategy as deemed appropriate.

NPL provisioning and write off

The guidelines established by Bangladesh Bank for CIB reporting, provisioning and write off of bad and doubtful debts, and suspension of interest are followed in all cases. These requirements are the minimum and the Bank tries to maintain more than minimum required provision and follow stringent write off policy. Regardless of the length of time a loan is past due, provision will be raised against the actual and expected losses at the time they are estimated. The approval to take provisions, write offs or release of provisions/ upgrade of an account will be restricted to the Head of Credit Risk Management Division and / or the MD based on recommendation from the recovery department.

The Recovery Department Account Manager determines the Forced Sale Value of security for accounts graded as sub-standard or worse. Forced Sale Value is generally the amount that is expected to be realized through the liquidation of collateral held as security or through the available operating cash flows of the business, net of any realization costs. Provision will be maintained for any shortfall in the Forced Sale Value to cover total loan outstanding once an account is downgraded to Doubtful.

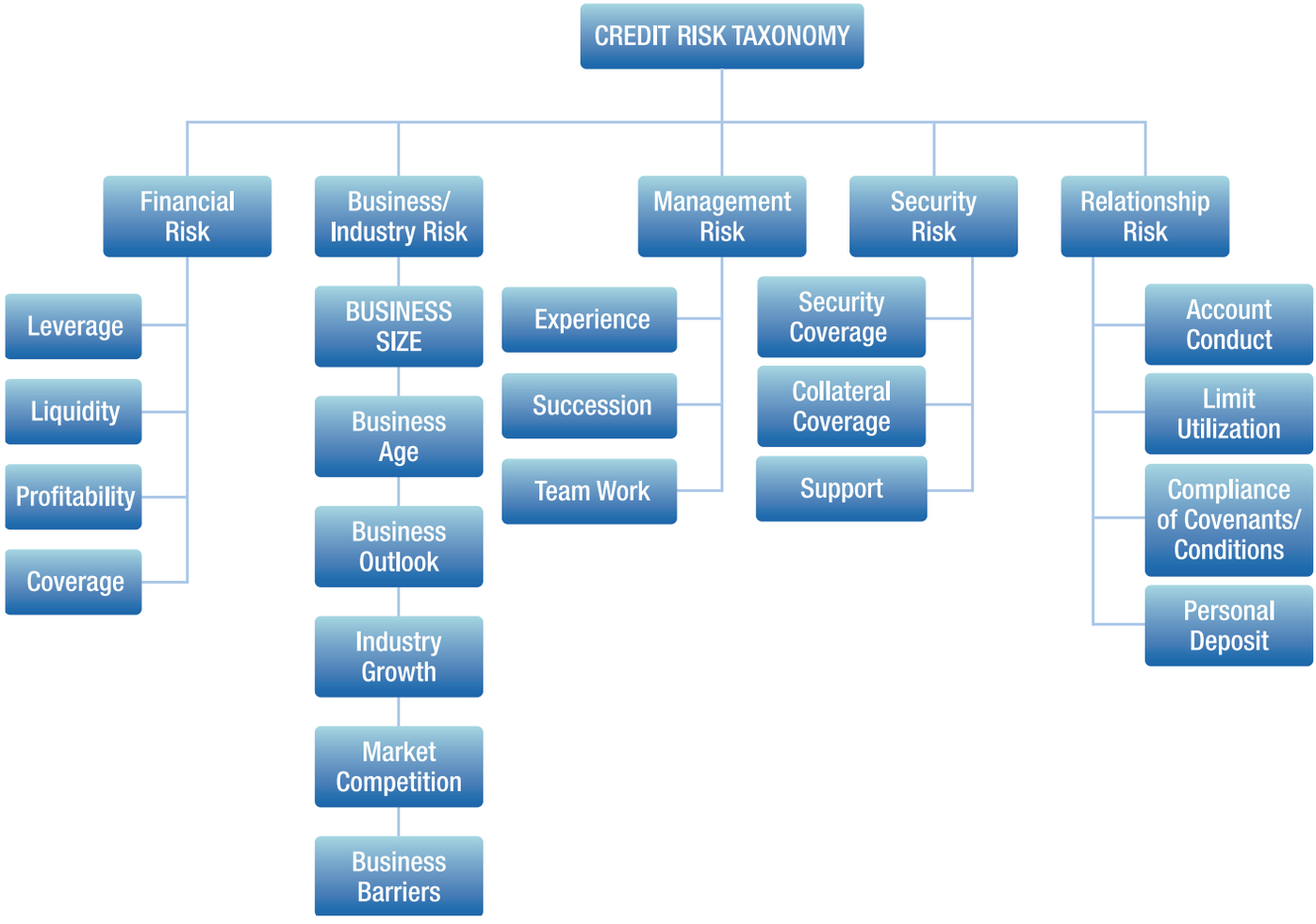
While provisioning against loans and advances, directives of BRPD Circular No. 07 dated 14.06.2012 and any subsequent amendments thereof to be followed meticulously.

Incentive Program

Bank will introduce incentive programs to encourage Recovery Unit /Account Managers to bring down the Non Performing Loans (NPLs) in future in case of need.

Risk Management
continued

Assessing Credit Risk



Financial risk

Financial risk of a firm / company takes account of liquidity position of its business as well as that of its owners or major shareholders, level of liability in respect of equity, its ability to reduce costs under financial stress as well as effective connections with the relevant segment of the society so as to extract benefit in case of adverse situation. Highly resourceful business shows its ability to withstand any adverse change in business as well as economic conditions under which it operates and such companies are usually welcome for financing.

Business risk

Business risk is considered to be potential loss that may result from discrepancies between actual income (negative deviation) and costs (positive deviation) and the budgeted figures. This loss is mainly influenced by business strategy and internal budget planning as well as changes in the operating conditions affecting business volumes, technical processes and the competitive situation of the Bank and its competitors for customers. DBL manages business risks by virtue of clear segment-specific targets as for returns as well as cost/ income ratios and ongoing flexible cost management in the event of non-performance. To mitigate business risk, the Bank identifies the nature and extent of risk in respect of business outlook that may disable the client to generate sufficient return to repay the loan as per contract. If any business carries a substantial risk that it will fail to generate adequate return, it loses ground for consideration.

Management risk

As regards management risk, DBL evaluates management competence of the applicant firm/ company and its integrity. The Bank identifies the persons who are actually calling the shots and their integrity as well as ability to guide or make decisions to carry on business. Other considerations include past experience in business specially in the proposed/ similar line of operation, management experience in dealing with adverse business conditions, the way management consult or discuss issues, the strength of making unpleasant decisions such as various cost cutting measures, rationalizing workforce, etc. The management of the firm / company must know the financial conditions of its line of operation.

Risk Management
continued

Security risk
As already said, unlike developed economies, for different reasons a greater part of our lending is usually secured by collateral security. Although the Bank controls primary security such as goods / properties under pledge, LIM, etc., the security risk is still to be assessed and addressed in our socio-economic perspective. Assessing risks associated with the convertibility of the security is of particular importance to ascertain the degree of cushion to fall back upon in case of need. To evaluate security risk, location of the collateral, its quality, control of the owner, present and future value as well as marketability are worth noting. Besides, the extent of open portion of finance, if any, in respect of forced sale value of the security shall have to be ascertained.

Financial analysis
Since it is critical on the part of a banker to have detailed knowledge of the integrity, ability, financial performance, etc. of the borrower, now-a-days credit personnel are more dependent on the analyses of different financial statements, which provide a helping hand to arrive at a decision to accept or reject the credit. DBL always prefers to work on audited statements. An independent, outside verification of accounts is needed to obtain an objective viewpoint.

Cross Border Risk
To avoid cross border risk the Bank obtains supplier's/ beneficiary's Credit Report to ensure pre-shipment inspection and obtains copy of Bill of Entry. In case of financing a firm owned/control by foreign national's appropriate care is taken to avoid cross border risk and in this regard comply meticulously the directives of "Guidelines for foreign exchange transactions". Bangladesh Bank regulations for financing foreign owned (or controlled) companies (> 50% shareholding) especially for extending Term Finance are followed.

Risk Grading
Credit Risk Grading is an important tool for credit risk management as it helps the bank to understand various dimensions of risk involved in different credit transactions. The aggregation of such grading across the borrowers, activities and the lines of business can provide better assessment of the quality of credit portfolio of the bank. The credit risk grading system is vital to take decisions both at the pre-sanction stage as well as post-sanction stage.

Well-managed credit risk grading systems promote bank's safety and soundness by facilitating informed decision-making. Grading systems measure credit risk and differentiate individual credits and groups of credits by the risk they pose. This allows bank management and examiners to monitor changes and trends in risk levels. The process also allows bank management to manage risk to optimize returns.

The executive committee of the Board of Directors of the bank in their 507th meeting held on 31 Jan, 2007 has accorded approval for adoptions of the CRG Manual as per Bangladesh bank Guideline. The CRG manual is being followed by the Bank, while reviewing any specific business.

Features of Credit Risk Grading System
- The Credit Risk Grading (CRG) is a collective definition based on the pre-specified scale and reflects the underlying credit-risk for a given exposure.
- A Credit Risk Grading deploys a number/ alphabet/ symbol as a primary summary indicator of risks associated with a credit exposure.
- Credit Risk Grading is the basic module for developing a Credit Risk Management system.
- DBL has adopted Risk Grading System as per BRPD Circular No.18 dated 11.12.2005 issued by Bangladesh Bank.

Market Risk
Market risk is the risk of potential financial losses due to changes in market prices such as interest rates, commodities, spreads, exchange rates and equity prices or in parameters that affect prices such as volatility and corrections. DBL Asset and Liability Committee (ALCO) is responsible for managing market risks with a standardized approach. ALCO sets the limits of trading positions and stop loss levels on products. DBL Treasury actively manages market risks within the delegation provided by ALCO.

Dhaka Bank remains compliant in managing market risks in line with Bangladesh Bank regulations. The Bank is always aware of the fact that the value of on-balance sheet and off-balance sheet positions might be adversely affected by the movements in market rates or prices such as interest rates, foreign exchange rates, equity prices, credit spreads and commodity prices resulting in a loss to earnings and capital. DBL evaluates market risk for three-core component, namely interest rate risk, foreign exchange risk and equity price risk as follows:
Interest rate risk: Interest rate risk is defined by the extent to which changes in the market interest rates impact margins, net interest income and the economic value of the Bank's equity. Interest rate risk is managed by the Bank's asset liability management process through the structuring of on-balance sheet and off-balance sheet portfolios. DBL exercises modern tools and techniques like stress testing to assess and manage the interest rate risk and its adverse impact on balance sheet as well as on profitability.

Foreign exchange risk: This is a potential risk to earnings and capital due to adverse movements in currency. FE risk refers to the impact of adverse movement in currency exchange rates on the value of open foreign currency position. To mitigate the risk, DBL has the made the following progress: a. Asset Liability Committee in place, b. segregated Back Office from Front Office, c. expertise in dealing activities, d. regular review of risk to NII, e. measuring risk to economic value, earnings at risk & value at risk (VAR).

Equity price risk: This is defined as the risk to earnings or capital resulting from adverse changes in the value of equity relating to portfolio of the Bank. DBL has teamed up a circle of banking experts to manage the equity position risks. Besides, DBL has adopted advanced mechanism for measuring the impact of market movement of stock prices as well as capital adequacy of CBL.

Operational Aspects of Market Risk in the Bank

Sources of Market Risks	Control & Mitigation
• Complex structured transactions • Highly leveraged positions • Large open positions • Aggressive trading practice • Reliance on models • Potential for market manipulation • Limited funding sources	• Daily monitoring and reporting of market risk limits • Clear position limits consistent with adequate risk diversifications • Integration of market risk monitoring with other risk management discipline and • Solid capitalization and diverse sources of funding

Operational Risks

Banks lose these days more money out of operational lapses or failures than credit losses. It seems that clients, more importantly fraudsters and ill-motivated employees run faster than the bank executives. Technology is deemed to be protecting the banks' interests but at the same time it is being misused to take out money illegally or illegitimately form the banks' coffer. Global banks are therefore putting extraordinary focus on operational excellence, more precisely to put up a system, process and platform to make sure the clients and shareholders' money is safe with them than there is no slur on the banks name due to weak operational standards.

There are different kinds of operational risks in banking operations. Types of risks and their mitigates are discussed below:

Operational risk is usually defined as the risk of loss resulting from inadequate or failed internal processes, people and system, or from external events. Operational risk arises from potentials disruptions of business processes associated with the delivery of products or services to the customers.

The sources of operational risks are:

i. Poorly designed or supervised work flows;
ii. Inadequate processes
iii. Facilities and equipment to support work volume and complexity
iv. Manual processing of high volume of transactions
v. Inadequate continuity of business plan
vi. Inadequate quality assurance process
vii. Failure of payment systems (e.g. clearing house, exchange, depository and
viii. Excessive dependency on vendor/ outsourcing agency.

The control and mitigating factor of operational risks are:

i. Stable, well integrated operating process
ii. Effective internal control
iii. Maker/checker controls
iv. Adequate processes, facilities and equipment aligned with business strategy and work volume and complexity
v. Independent reconciliation
vi. Robust quality assurance progaramme and
viii. Strong customer complaint resolution process

Major Operational Risks & their Mitigation in Dhaka Bank

Major Operational Risks	Sources of Risks	Mitigation Mechanism by the Bank
Strategic Risks	i. Lack of clearly defined business strategy or risk appetite ii. The target market that is ambiguous, highly risky or inconsistent with the business strategy or operating environment iii. Product mix is inconsistent with strategy, economic/competitive environment or business present or future resources and capabilities iv. Non-adherence to product programmes, business policies or procedures could be another source of strategic risk and v. Shifts in major markets or customer preferences	i. Clear, well documented business strategy, products and target market consistent with strategy ii. Strong awareness and commitment to risk management at every level iii. Well-coordinated, multi-layered management/supervision iv. Independent risk and capital market approval committees and v. Business strategy review (budget versus actual), scenario planning and stress testing and track record of timely and effective corrective action.

Risk Management
continued

Legal/Compliance Risk	i. Inadequate monitoring ii. Large number of deals requiring exception approval iii. Activities requiring special disclosure iv. Fiduciary relationship and trust obligation v. Confidentiality obligation/firewalls vi. Shift in legal/regulatory climate and vii. Potential for conflict of interest and suitability/appropriateness of products viii. Clear policies governing the crossing of firewalls	i. Proper understanding of legal/regulatory issues ii. Rigorous compliance monitoring iii. Thorough documentation iv. Supervisory review and sound anti-money laundering programme v. Clear policies governing the crossing of firewalls
Financial Reporting Risks	i. Unclear accounting policies and procedures ii. Misapplication of accounting policies iii. History of material errors iv. Inadequate loss provisions or reserves v. Failure to reconcile accounts and vi. Non-compliance with established procedures.	i. Clear well documented accounting policies ii. Strong MIS and management review process iii. Solid independent proof and verification process iv. Strong knowledge of internal and external reporting and v. Regular review and approval of accounting adjustments
Credit Risks (Operational Perspective)	i. Unclear or inconsistent portfolio strategy ii. Reliance of inaccurate information iii. Improper risk rating or classification iv. Excessive concentration v. Inadequate collateral and vi. Rapid growth in new business.	i. Consistent products and target markets ii. Clear and appropriate risk acceptance criteria iii. Appropriate debt rating model iv. Rigorous monitoring of portfolio performance v. Timely and effective response to change
System & Technology Risks	i. Inconsistent system strategy, platform, architecture or applications with business plan ii. Inadequate system capability / functionality iii. Complex operating and database management iv. Weak project management v. Weak capacity planning or performance management vi. Inadequate change management vii. Inadequate testing, backup planning or problem/ event management	i. Stable, well integrated systems, equipment and application consistent with business strategy ii. straight forward, well designed, efficient system architecture iii. Low level of customization or reliance on interfaces/ networks and iv. Strong project management

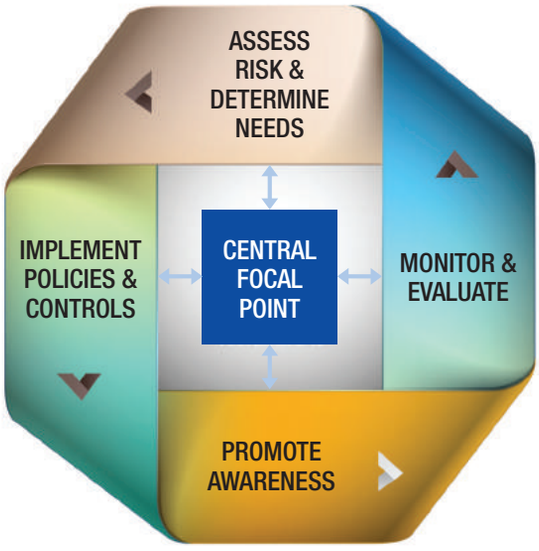
IT Risks

The rapid development of ICT has effectively facilitated reorganizing a company's business processes and streamlining the provision of its products and services in today's dynamic business environment.

Assessing IT risk is one element of a broader set of risk management activities. Other elements include establishing a central management focal point, implementing appropriate policies and related controls, promoting awareness, and monitoring and evaluating policy and control effectiveness. Although all elements of the risk management cycle are important, risk assessments provide the foundation for other elements of the cycle. In particular, risk assessments provide a basis for establishing appropriate policies and selecting cost-effective techniques to implement these policies. Since risks and threats change over time, it is important that organizations periodically reassess risks and reconsider the appropriateness and effectiveness of the policies and controls they have selected. This continuing cycle of activity, including risk assessment, is illustrated in the following depiction of the risk management cycle.

Risk Management
continued

Risk Managent Cycle



Basic Elements of the Risk Management Process

Dhaka Bank Information Technology data center has state of the art technology with installation of modern hardware, network and security equipments to tackle security threats. IT takes all the necessary action to upgrade the existing system to control the internal and external security threats. It executes the staff training and share related information as and when require. Effective risk management system shall be in place for any new processes and systems as well as a post-launch review. The risk management function shall ensure awareness of, and compliance with, the ICT security control policies, and to provide support for investigation of any ICT related frauds and incidents. DBL as a general principle takes the following action :

Identification
Identify, clarify and asses risks that are relevant to the bank's operations and system. Identification of mitigation controls;

Analysis
Approval of the risk acknowledgement from the owner of the risk and senior management. Develop a documented plan containing policies, practices and procedures that address and control these risks. A description and assessment of the risk being considered and accepted for acknowledgement by the owner of the risk;

Treatment
Formulation of a remedial plan to reduce the risk. Implement and test the plan regularly. Update the plan periodically to take account of changes in technology, legal requirements and business environment including external and internal threats and security vulnerabilities.

Monitoring
Monitor risks and the effectiveness of the plan on an ongoing basis. A description and assessment of the risk being considered and accepted for acknowledgement by the owner of the risk.

Documentation
Documenting the results and developing an action plan. There are various models and methods for assessing risk, and the extent of an analysis and the resources expended can vary depending on the scope of the assessment and the availability of reliable data on risk factors. In addition, the availability of data can affect the extent to which risk assessment results can be reliably quantified. A quantitative approach generally estimates the monetary cost of risk and risk reduction techniques based on:

1. The likelihood that a damaging event will occur
2. The costs of potential losses,
3. The costs of mitigating actions that could be taken.

Forms and instructions for risk management
Following is a list of the round of reports/instructions required:

- Hierarchy of Controls
- Risk Assessment Report
- Risk Ranking Matrix
- WRAC Form
- WRAC Instructions

Hierarchy of Controls
For any System/Process hazard there can be a number of possible control strategies. These form a hierarchy or order of preference. The higher the control strategy is on the hierarchy, the more effective and preferable it is.

Strategy	Explanation	Examples
Elimination	• Don't do it • Abolish	• Password share • Security compromise
Substitution	• Replace it with a less hazardous substance, item • Provide Alternatives	• Replace the equipment • Use another item
Mitigation	• Moderate • Dilute • Reduce the amount (mass or volume)	• Use smaller quantities of the chemical • Dilute the solution • Reduce the temperature of the water
Isolation	• Separate the Infected PC from the hazard by virus	• Have the group stand back • Designate separate areas for different activities or substances
Engineering Controls	• Arrange, build mechanical protection to suppress, minimize or contain the hazard	• Have fans or exhaust fans • Ozone filter on the photocopier
Administrative Procedures	• Rules to require people to work in a particular way	• Store software's in a particular way
Personal Protective Equipment	• Use Safely	• Wear eye protection or use environment friendly devices.

Liquidity risks

Liquidity risk is defined in the narrower sense as the risk that a bank will be unable to meet it payment obligations on a day-to-day basis (intraday liquidity risk). In broader sense structural liquidity risk is defined as the possibility that the financial resources to meet future payment obligations will not be available as and when they fall due, in full, in standard market terms. In addition, if there is a liquidity crisis, market liquidity risk describes the risk of the limited availability of refinancing sources, namely capital market, money market and deposits as well as limited liquidity of assets.

DBL's liquidity and solvency were adequate at all times during the period under review – even under the assumption of the stress outlook and the regulatory provisions of the liquidity regulation were observed. The stable funding concept identifies the structural liquidity requirement for the Bank's core lending business as well as those assets that cannot be liquidated within one year and compares these to the liabilities available long-term to the Bank including core customer deposit bases. The basis for planning issues in the capital market is provided by the results thus produced. The measures are in place in an effort to finance the Bank's illiquid assets and core business in terms of volume and maturity with long-term liabilities as far as possible.

Reputation risk

DBL defines reputation risks as the risk of losses, falling revenues or reduced enterprise value as a result of business events that tarnish the confidence of the public, the media, and internal workforce, customers, rating agencies, investors or business partners as well as the regulators. To guard off reputation risk, DBL is aware of market perception at an early stage. To this effect, relevant measures and activities relating to business policy are brought under careful scrutiny. In principle and practice, Dhaka Bank distances itself from business policy measures and transactions, which involves significant tax or legal risks and are also damaging to ethics, ecology and society. All relevant credit decisions are subjected to individual vote of the members of the Credit Committee. The votes may result in decline of the credit proposal.

Other risks

As per Bangladesh Bank guidelines, all banks are to establish risk management culture and policy support called Risk Management Paper. In course of business, banks face a number of material and immaterial risks that are difficult to track down due to lack of risk management process and accessibility of data in question. Thus, apart from conventional risks, there remain some tangible and intangible forms of risk, which are worth considering. DBL gives an account of these risks:

Unquantifiable risks

The management of risk requires a holistic approach in the recognition of risk to meet Pillar 2 requirement of the new Basel framework. The new perception entails those unquantifiable risk categories, which are subject to qualitative management process. Control system must also be taken into account.

Personal risk

Dhaka Bank manages personal risk in four categories:

- **Adaptability risk:** DBL offers in-house and external training and continuous learning programmes to upgrade the level of employee competence and qualification to the current state of developments to fulfill contemporary needs of the customers.
- **Motivation risk:** We empower our people to get rid of depression to emerge from the competitive market place. We impart a deep insight into the changing mindset and attitude our employees go through and respond as quickly as possible to potential changes in their way forward to corporate attachment. We always take care of our employees in terms of reward and benefit and inspire a long-grown loyalty and vibrant relationship where we all grow and shine.

Risk Management
continued

- **Departure risk:** It is, in the interest of our corporate well-being, to ensure that the absence or departure of employees does not result in lasting disruption of our operations. Alongside, we monitor the quantitative and qualitative fluctuation on a regular basis, in particular at the point we bring in new compensation structure.
- **Staffing risk:** Our staffing is based on internal operating requirements, business activities, strategy and the overall risk situation of the company, mainly due to the high demands placed on staff during growing business volume and operational expansion.
- **Service benefit risk:** A well-designed benefit plan to meet gratuity and other service benefit obligations to employees who will retire in future or leave the Bank after serving required terms might suffer a huge setback if the employer does not set aside enough money in time. DBL maintains adequate provision for cumulative pension/ gratuity obligation.

Residual Risk
It refers to the risks arising from the use of collateral and other forms of shielding against credit risks. These risks comprise legal, documentation, collateral, insurance risks.
DBL is aware of the use of CRM adding up more risks ('Residual Risks') that in effect hamper the effectiveness of risk reduction. For example, inability to seize collateral at the opportune moment, guarantor refusing his obligation or ineffectiveness of untested documentation might turn to potential non-performance of the assets.

Supply risk
Logistic support and supply are crucial to run a company smoothly and pursue organization goals. Any deviation from a major supply contract, when we are to meet regulatory compliance, might cause disastrous reaction from the stakeholders and business loss. To avoid the potential challenge, we choose our suppliers on their merit rather than subjective evaluation. Technical and financial aspects are reviewed and discussed before embarking on any supply contract with the suppliers.

Single Obligor Limit
Single obligor limit are imposed on loan to individual borrower or to a group of borrower where ownership interest and or guarantee are common. The Bank as a matter of policy does not lend above its regulatory lending limit, which is 35% of its capital for obligor other than exporters, who are allowed to borrow 50% of banks capital. In both cases, fund based exposure shall not be more than 15% of capital. The internal guidance limit is, however, set at 35% of capital inclusive of 15% fund based exposure.

All Risk Committee
Dhaka Bank Limited has established Risk Management Division (RMD), complying the direction of Bangladesh Bank, integrating the Existing 'Risk Management Unit' and 'Basel II Implementation Unit' for strengthening risk management activities of the bank with effect from February 26, 2013. RMD looks after effectiveness of the Core Risks Management of the Bank and also ensure the capital management of the Bank under Basel Accords in association with the directives of Bangladesh Bank time to time.

Presently the Chief Risk Officer (CRO) of the Bank is Mr. Niaz Habib, Additional Managing Director. RMD is working as secretary of All Risk Committee (which comprised of heads of all core risk owners and previously known as RMD Committee) of the bank. Members of All Risk Committee are as given below:

Sl.	Name of the Employee	Designation	Position in the Committee
1.	Mr. Khondker Fazle Rashid	Managing Director	Chairman
2.	Mr. Niaz Habib	Additional Managing Director & Chief Risk Officer (CRO)	Member
3.	Mr. Md. Asadul Azim	EVP & Head, CRM Division	Member
4.	Mr. Md. Fakhrul Islam	SVP & Head, Business Operations Division	Member
5.	Mr. A. K. M. Ahsan Kabir	FVP & In-Charge, Internal Control & Compliance Division	Member
6.	Mr. K. M. Faisal Faruqui	SAVP & Head, Treasury Division	Member
7.	Mr. Abu Md. Sabbir Hassan Chowdhury	SAVP, Information Technology Division	Member
8.	Mr. Ahmed Arefin, ACA	SAVP & In-Charge, Risk Management Division	Member Secretary

RMD is responsible to manage and measure risk on the basis of the bank's approved risk parameters, independently of regulatory requirements and category. It is responsible for designing risk management strategy, establishing risk management policies & procedure, communicating views of Board & Senior Management regarding risk issues throughout the bank, informing Board & All Risk Committee about appetite for risk, measuring & monitoring risk, identifying & quantifying bank's exposure to material loss, independently monitor limits, developing & implementing loss prevention/retention programs, securing & maintaining adequate loss coverage, periodic stress testing, preparation of monthly risk management paper & holding meeting of All Risk Committee etc.

Reporting by Risk Management Division

In compliance with Bangladesh Bank directives, Risk Management Division conducted the following reporting and takes actions accordingly:

Sl.	Deliverables	Format/Method	Compliance Status	Remarks
1.	Quantitative Impact Analysis (QIS)	Prescribed Questionnaire	Complied	-
2.	Nomination Of Recognized ECAIs	As In BRPD Circular # 12/2012	Complied	-
3.	Pillar-1: MCR Reporting	Reporting Format As In BRPD Circular # 09/2008	Complied	MCR Report is submitted on a quarterly basis starting from the 1st quarter of 2009, the regime of parallel run of Basel I & Basel II.
4.	Pillar-2: Statement of ICAAP-2012	Bangladesh Bank Guideline	Complied	No additional capital charge was needed for Pillar-2: Supervisory Review Process as per ICAAP-2012
5.	Stress Testing Report	Bangladesh Bank Guideline	Complied	Stress Testing Report is submitted on a quarterly basis starting from June 2010.
6.	Pillar-3: Market Discipline: A Disclosure Framework (Qualitative & Quantitative)		Complied	Market Disclosure is given on a yearly basis started from the year- 2009.
7.	Risk Management Paper	Bangladesh Bank Guideline	Complied	Quarterly reporting to Bangladesh Bank (including monthly report)

Report on Basel II

Dhaka Bank Limited has established Risk Management Division (RMD), complying the direction of Bangladesh Bank, integrating the existing 'Risk Management Unit' and 'Basel II Implementation Unit' for strengthening risk management activities of the bank with effect from February 26, 2013. RMD looks after effectiveness of the Core Risks Management of the Bank and also ensure the capital management of the Bank under Basel Accords in association with the directives of Bangladesh Bank time to time.

Implementation of Basel II

Basel II Capital Accord is the revised framework of 'International Convergence of Capital Measurement and Capital Standards' the comprehensive version of which was issued by the Basel Committee on Banking Supervision in June 2006. The framework of Basel II Capital Accord consists of three pillars:

1st Pillar - Minimum Capital Requirements

Provide approaches to the calculation of Minimum Capital Requirements (MCR). MCR is based on credit risk, market risk and operational risk to:

- reduce risks of failure by cushioning against losses;
- provide continuing access to financial markets to meet liquidity need; and
- provide incentives to prudent risk management

2nd Pillar: Supervisory Review Process

Provides the framework to ensure that each Bank has sound internal processes to enable it to perform a thorough evaluation of its risks and therefore assess the required capital. The Supervisory Review Process (SRP) recognizes the responsibility of Bank management in developing an internal capital assessment process and setting capital targets that are commensurate with the Bank's risk profile and control environment.

The Basel Committee has identified four key principles of supervisory review:

i. Banks should have a process for assessing their overall capital adequacy in relation to their risk profile and a strategy for maintaining their capital levels;
ii. Supervisors should review and evaluate Bank's internal capital adequacy assessments and strategies, as well as their ability to monitor and ensure their compliance with regulatory capital ratios;
iii. Supervisors should expect Banks to operate above the minimum regulatory capital ratios and should have ability to require Banks to hold capital in excess of the minimum; and
iv. Supervisors should seek to intervene at an early stage to prevent capital from falling below the minimum levels required to support the risk characteristics of a particular Bank and should require rapid remedial action if capital is not maintained or restored.

3rd Pillar: Market Discipline

The purpose of Pillar-3, market discipline, is to complement the minimum capital requirements (Pillar-1) and the supervisory review process (Pillar-2). The Basel Committee aims to encourage market discipline by developing a core set of disclosure requirements which will allow market participants to assess key pieces of information on the scope of application, capital, risk exposure, risk assessment process,

and hence the capital adequacy of the institution.

In principle Banks' disclosure should be consistent with how senior management and the Board of Directors (BoDs) of the Bank assesses and manage different risks of the Bank.

Capital Charge Method for Risks

As per the requirement of Basel II accords, Banks have to determine minimum capital for three major types of risks faced by the banking industry as described below:

- Credit Risk – risk of losses resulted from debtor's non-payment of a loan, double default etc.
- Operational Risk – risk of losses resulted from inadequate and failed internal processes, systems, people and external events like information technology, fraud & forgery, money laundering, legal contracts etc.
- Market Risk – risk of losses in on- and off-balance sheet items arising from movements in the market prices of interest rate, foreign exchange rate, equity securities, commodities etc.

Rationale for Basel II

To cope with the international best practices and to make the Bank's capital more risk-sensitive as well as more shock-resilient, Bangladesh Bank has made it mandatory to comply with Risk Based Capital Adequacy (RBCA) under Basel II. Accordingly, capital requirement for Banks those hold risky assets in their investment portfolio shall be higher compared to Banks that hold safer portfolio.

Basel II Regime In Bangladesh Under Supervision Of Bangladesh Bank

Initial preparation for implementation of Basel II started from 2007 through Quantitative Impact Study (QIS) to assess the preparedness for implementing Basel II as well as Bank's view on the optional approaches for calculating MCR as stated in Basel II.

On December 30, 2007 Bangladesh Bank issued a Road Map (through BRPD Circular # 14; dated December 30, 2007) for implementation of new capital accord (Basel II) in Bangladesh. This Circular was in effect for the first formal introduction of Basel II regime in banking sector of Bangladesh. The Road Map requires Banks to continue calculation of MCR under Basel I and simultaneous calculation of MCR under Basel II during the period from January 01 to December 31, 2009. In this respect Bangladesh Bank issued 'Guidelines on Risk Based Capital Adequacy for Banks' through BRPD Circular # 09 dated December 31, 2008 and all Banks were asked to report quarterly as per prescribed format in the said Guideline.

From January 01, 2010 the Basel II regime fully came into force through issuance BRPD Circular # 20 dated December 20, 2009 and this Circular replaced capital adequacy rules and reporting requirement to BB under Basel I (Ref. BRPD Circular # 10, dated November 25, 2002). Accordingly, instructions regarding MCR, adequate capital and disclosure requirements as stated in the 'Guidelines on Risk Based Capital Adequacy for Banks' (Ref. BRPD Circular # 09, dated December 31, 2008) had to be followed by all Scheduled Banks for the purpose of statutory compliance.

Later on, Bangladesh Bank issued a 'Revised Guidelines on Risk Based Capital Adequacy for Banks' on August 03, 2010 (Ref. BRPD Circular # 24 dated August 03, 2010) as per section 13 and 45 of the Banking Companies Act, 1991. These Guidelines have been prepared in accordance with 'International Convergence of Capital Measurement and Capital Standards: A Revised Framework of June, 2006' (commonly known as Basel II Capital Adequacy Framework) released by Basel Committee on Banking Supervision (BCBS). This Circular requires Banks to submit report on capital adequacy of banks to Bangladesh Bank on a quarterly basis within the following month of the relevant quarter. The revised Guideline is structured around following three aspects:

i. MCR to be maintained by a Bank against credit-, market- and operational risk;
ii. Process for assessing overall capital adequacy in relation to a Bank's risk profile and a strategy for maintaining its capital at an adequate level; and
iii. To make public disclosure information on the Bank's risk profiles, capital adequacy and risk management.

At the initial stage of Basel II implementation the following approaches is advised to calculate MCR:

i. Standardized approach for calculating Risk Weighted Amount (RWA) against credit risk supported by External Credit Assessment Institutions (ECAIs);
ii. Standardized Rule Based approach against market risk; and
iii. Basic Indicator approach for operational risk.

Basel II: Dhaka Bank Perspective

Dhaka Bank believes that stepping into the Basel II regime, the new capital accord, is sincere and most appropriate decision of Bangladesh Bank. This changeover is justified in order to make Bank's capital more risk-sensitive and shock-absorbent in changed scenario of banking industry of our country which is characterized by increased complexity, increased use of information technology and diversity in the asset portfolio of the Banks.

Accordingly, Dhaka Bank has taken the issue of Risk Based Capital Adequacy for Banks under Basel II accord, as one of its topmost priorities. Dhaka Bank has established a Basel II Implementation Unit (BIU) at Head Office in the 1st Quarter of year 2007 for effective implementation of the new capital accord and ensuring Board & Senior Management oversight. The BIU, presently Risk Management Division (RMD), is exclusively responsible for planning & reviewing the implementation of Basel II accord as per Bangladesh Bank's Road Map, for liaison about issues of Basel II with top management of DBL, for capacity building of concerned Bank personnel and for planning & developing process for assessing overall capital adequacy.

Dhaka bank has formed an exclusive body, named SRP Team, and a Risk Management Division (RMD) which is an integral part of SRP Team

to ensure that Dhaka Bank has a process for assessing overall capital adequacy in relation to their risk profile and a strategy for maintaining their capital at an adequate level. Accordingly DBL is ensuring compliance under Pillar-2: Supervisory Review Process of Basel II Accord.

Dhaka Bank has been successful in meeting all the deadlines for submission of different reports as prescribed by Bangladesh Bank, such as quarterly MCR Report, quarterly Stress Testing Report, Position Paper, monthly Meeting Minutes of RMD etc.

Basel II Implementation Committee (BIC)

Dhaka Bank has an 12-member Basel II Implementation Committee, having cross-functional representations, to ensure effective implementation of Risk Based Adequacy requirements under the new capital accord named Basel II. However, to supervise the implementation more closely and sincerely a Core Team for Basel II was formed on September 10, 2009 with members from the existing Basel II Implementation Committee.

The Basel II Implementation Committee consists of the following members representing Senior Management from different cross-functional Divisions:

SL	Name	Designation	Position in The Committee
1	Mr. Khondker Fazle Rashid	Managing Director	Chairman
2	Mr. Niaz Habib	Additional Managing Director	Member
3	Mr. Neaz Mohammad Khan	Deputy Managing Director- Risk Management	Member
4	Mr. Sajjad Hussain	Deputy Managing Director- Operations	Member
5	Mr. Emranul Huq	Deputy Managing Director- Business Banking	Member
6	Mr. Asadul Azim	EVP & Head, CRM	Member
7	Mr. Md. Fakrul Islam	SVP & Head, Business Operations	Member
8	Mr. Darashiko Khasru	SVP & Head, Finance and Accounts Division	Member
9	Mr. AKM Ahsan Kabir	FVP & in-charge, ICC Division	Member
10	Mr. K. M. Faisal Faruqui	SAVP & Head, Treasury Division	Member
11	Mr. Abu Md. Sabbir Hassan Chowdhury	SAVP & In-charge, IT Division	Member
12	Mr. Ahmed Arefin, ACA	SAVP & In-charge, Risk Management Division	Member Secretary

The BIC members meet on regular basis, to monitor the implementation status of Risk Based Capital Adequacy for the Bank and, also to discuss issues which may directly influence capital requirement.

Supervisory Review Process (SRP) Team

The SRP Team, responsible for assessing overall capital adequacy in relation to their risk profile and capital planning, consisting of following members representing Senior Management and different cross-functional Divisions of the Bank:

SL	Name	Designation	Position in The Committee
1	Mr. Khondker Fazle Rashid	Managing Director	Chairman
2	Mr. Niaz Habib	Additional Managing Director	Vice-Chairman
3	Mr. Neaz Mohammad Khan	Deputy Managing Director- Risk Management	Member
4	Mr. Sajjad Hussain	Deputy Managing Director- Operations	Member
5	Mr. Emranul Huq	Deputy Managing Director- Business Banking	Member
6	Mr. Asadul Azim	EVP & Head, CRM	Member
7	Mr. Md. Fakrul Islam	SVP & Head, Business Operations	Member
8	Mr. Darashiko Khasru	SVP & Head, Finance and Accounts Division	Member
9	Mr. Mir Saidul Islam	VP & Head, CPC-Credit Operations	Member
10	Mr. AKM Ahsan Kabir	FVP & in-charge, ICC Division	Member
11	Mr. Abu Md. Sabbir Hassan Chowdhury	SAVP & In-charge, IT Division	Member
12	Mr. Ahmed Arefin, ACA	SAVP & In-charge, Risk Management Division	Member Secretary

Risk Management
continued

The SRP Team will review and assess overall capital adequacy in line with the Bank's risk profile and strategy for maintaining Bank's capital at an adequate level, i.e., enough capital to compensate all the risks in the Bank's business, and to develop & practice better risk management techniques in monitoring and managing risks. The SRP Team of the Bank is responsible to ensure that the Bank has adequate capital to support its risks beyond the minimum regulatory requirements.

The Team is presently working closely to develop and finalize the process document called Internal Capital Adequacy Assessment Process (ICAAP) for assessing Bank's overall risk profile.

The SRP Team with the help of Risk Management Division (RMD) is apprising the Board on quarterly basis about the nature and level of risk being taken by the Bank and how this risk relates to Bank's adequate capital levels.

The SRP Team is entrusted with responsibility to move gradually towards more advanced approaches of calculating risk-weighted assets against credit risk, capital charge against market risk and operational risk.

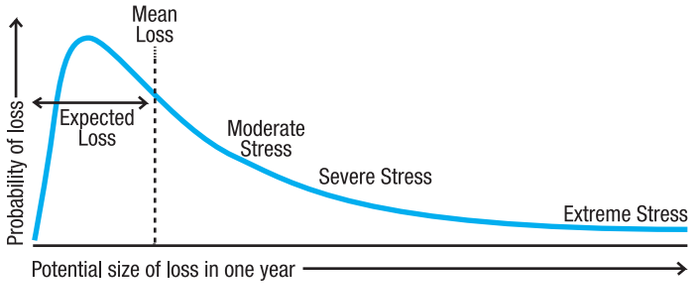
Reporting Under Basel II by Dhaka Bank Limited

Sl.	Deliverables	Format/Method	Compliance Status	Remarks
1	Quantitative Impact Analysis (QIS)	Prescribed Questionnaire	Complied	-
2	Nomination Of Recognized ECAIs	As In BRPD Circular # 12/2012	Complied	-
3	Pillar-1: MCR Reporting	Reporting Format As In BRPD Circular # 09/2008	Complied	MCR Report is submitted on a quarterly basis starting from the 1st quarter of 2009, the regime of parallel run of Basel I & Basel II.
4	Pillar-2: Statement Of Capital Adequacy Under SRP	Bangladesh Bank Guideline	Complied	Submitted position of December 31, 2012
5	Pillar-3: Market Discipline A Disclosure Framework (Qualitative & Quantitative)		Complied	Market Disclosure is given on a yearly basis started from the year- 2009.

Stress Testing

Stress testing and scenario analysis are used to assess the financial and management capability of Dhaka Bank to continue operating effectively under extreme but plausible trading conditions. Such conditions may arise from economic, legal, political, environmental and social factors. Stress testing for credit risk assesses the impact of increase in the level of non-performing loans (NPLs) of the banks. This involves several shocking events. Each shocking events contains Moderate, Severe and Extreme levels of shock.

Risk Appetite concept (diagram not to scale)



Our stress testing framework is designed to

- Contribute to the setting and monitoring of risk appetite
- Identify key risks to our strategy, financial position and reputation
- Examine the nature and dynamics of the risk profile and assess the impact of stresses on our profitability and business plans
- Ensure effective governance, processes and systems are in place to co-ordinate and integrate stress testing Inform senior management
- Ensure adherence to regulatory requirements

Stress Testing Report as of December 31, 2013

Dhaka Bank conducts the stress testing of the Bank on quarterly basis and reports the same to Bangladesh Bank. The Stress Testing report provides a structured way of assessing the vulnerability of a Bank to extreme but plausible market condition. The Stress Testing report also enable Banks to accurately assess the impact of risks and define the 'risk appetite' of the organization and also provide critical information to the top Management as well to Board of Directors for decisions around capital allocation and contingency planning.

Bank's capital adequacy ratio (CAR) is 12.18% (Solo) and 12.24% (Consolidated) as of December 31, 2013 which was 10.74% (Solo) and 10.80% (Consolidated) as of December 31, 2012 which indicates Dhaka Bank maintains capital well above the regulatory capital (10%).

Special Assets Management



Mr. Neaz Mohammad Khan
Deputy Managing Director, Risk Management

The Special Assets Management (SAMD) has been established in Dhaka Bank Limited on September 2013 for recovery and regularization Non-performing Loans (NPLs), complying with all circulars/norms/regulations of Bangladesh Bank and Dhaka bank Credit Risk Management guidelines. Our team committed to a continuous recovery effort, consists of a combination of experienced and young professionals under the direct supervision of Deputy Managing Director (DMD), Risk Management and prudent guidance of the Managing Director (MD). The team provides support to branch executives and officials in keeping their NPL ratio at the lowest length through speeding up the process of recovery and regularization. Below is a snapshot of our performance over the past seven years.

Special Assets Management
continued

Taka in million

Years				
Recovery	2010	2011	2012	2013
Written-Off	62.80	142.83	54.20	103.74
Classified Loan	117.48	695.68	1,598.14	2,431.07
Total	180.28	838.51	1,652.34	2,534.81

Strategies & Responsibilities of SAMD

- To pursue problem credits, by providing independent follow up on customers before the level of delinquency becomes irreversible.
- To take measure to settle the issue outside court if the loans are not recovered despite full efforts,
- To take responsibility of all SMA, 'Sub-standard' or worse graded corporate/medium enterprise loan.
- To regularize classified accounts through rescheduling arrangements.
- To initiate necessary legal action, compromise settlement, collateral liquidation, write-offs etc.
- To liaise with debt recovery agents, receivers/managers and solicitors to ensure recovery of impaired assets.
- To provide recovery support to all business units and handle all returns on recoveries to management.
- To develop in-built capacity in bank to help expedite the recovery process.
- To help strengthen negotiation skill to speed up loan recovery process outside court.

Problem Credit, Write off & Recoveries

Dhaka Bank Limited has a legal recovery unit dedicated for management of problem credits i.e. classified loans. Major responsibility of this department is to formulate strategy and action plans for minimization of risk, prevention of loss, maximization of recoveries, and restoring profits through restructuring direct recovery, and/or legal action.
In Dhaka Bank, when any borrowing relationship displays signs of weakness that account is placed on Early Alert. Such relationships warrant dedicated and close monitoring by the respective relationship manager and risk manager. Account strategies are re-evaluated and remedial actions are agreed upon with counterparties and monitored accordingly. Remedial actions may include, but are not limited to, exposure reduction, security enhancement exit of the account or restructuring.

Dhaka Bank Limited strictly follows Bangladesh Bank circulars and guidelines for loan classification and provisioning. The summary of some the objective criteria for loan classification and provisioning requirement as stipulated by the Central Bank BRPD circular no. 14 dated September 23, 2012 & BRPD circular no. 19 dated December 27, 2012 are depicted below:

Basis for Classification

Loan Type	As per BRPD Circular 14 & 19 of 2012			
	SMA	SS	DF	BL
Continuous	≥2 but <3	≥3 but <6	≥6 but <9	≥9
Demand	≥2 but <3	≥3 but <6	≥6 but <9	≥9
Fixed Term Loan	≥2 but <3	≥3 but <6	≥6 but <9	≥9
For Fixed Term loan upto 10 Lac (amended in BRPD circular 19 of 2012)	≥2 but <6	≥6 but <9	≥9 but <12	≥12
Short Term Agricultural and Micro Credit	-	≥12 but <36	≥36 but <60	≥60

Rate of Provisions

Particulars		Short Term Agri credit and microcredit	Consumer Financing			SMEF	Loans to BHs/ MBs/ SDs against Shares etc	All other credit
			Other than HF & LP	HF	LP			
UC	Standard	5%	5%	2%	2%	0.25%	2%	1%
	SMA	--	5%	2%	2%	0.25%	2%	1%
Classified	SS	5%	20%	20%	20%	20%	20%	20%
	DF	5%	50%	50%	50%	50%	50%	50%
	B/L	100%	100%	100%	100%	100%	100%	100%

Special Assets Management
continued

- Provision requirement is 1% for unclassified loans other than small and consumer loans, 1% for unclassified small loans, 5% for unclassified consumer loans other than housing finance and loans to professionals, 2% for unclassified housing & loans to professionals under consumer finance.
- Provision for contingent items (non funded facilities) is 1.00%.
- Provisions for SMA portfolio is maintained netting of interest suspense; and for classified portfolio both interest suspense and 50% of eligible securities are netted off.
- Status of Non Performing Loans (NPL): Dhaka Bank finished 2013 with only 4.15% in NPL which was 6.28% at the year-end 2012. That means our risk management practice and prudent credit policy works better even in bad days, that is where the strength of a policy or strategy lies. Following is the comparative classified loan status of Dhaka Bank Limited.

Comparative Status of Classified Loan

Particulars	Year 2013	Year 2012	% Change
Unclassified loans:	95,459.20	84,483.97	12.99%
Standard (Including staff loan)	94,448.06	83,834.34	12.66%
Special Mention Accounts (SMA)	1,011.14	649.63	55.65%
Classified loans:	4,136.69	5,656.31	(26.87%)
Sub-standard (SS)	1,420.50	473.22	200.18%
Doubtful (DF)	153.60	903.95	(83.01%)
Bad/loss (BL)	2,562.58	4,279.15	(40.11%)
Total loans	99,595.88	90,140.28	10.49%
NPL (%)	4.15%	6.28%	(33.31%)

- The Bank as a matter of policy writes off all impaired loans downgraded as 'Bad & Loss' within five years from the date of such downgrading, but the internal guidance allows early write off of small enterprise and retail loans considering the following factors:
- Continued contact with customer is getting difficult and sometimes impossible as these loans are usually extended to individuals and small proprietary concerns.
- Recovery cost is expected to be higher than the outstanding debt.
- It is reasonably determined that no further recovery on the facility is possible.
- All write-offs shall require approval of the Board of Directors. Whenever amounts are recovered on previously written-off credit exposures, such amount recovered is recognized as income on a cash basis only.

Movement of Classified Loans & Advances

BDT at actual

Particulars	2013	2012
Opening Balance as on 01 January	5,656,314,316	2,624,031,892
Additions during the year	2,598,410,071	4,096,669,125
Reduction during the Year	4,118,038,318	1,064,386,701
Closing Balance as on 31 December	4,136,686,069	5,656,314,316

Movement of Specific Provision for NPL

BDT at actual

Particulars	2013 (Provisional)	2012 (As per Annual Report)
Provision held at the beginning of the year	2,497,888,642.99	1,066,976,000.00
Specific provisions for the year	624,777,772.04	2,743,793,603.00
Fully provided debt written off	(354,033,209)	(1,077,502,161)
Provisions no longer required	(1,594,918,122)	(235,378,799.00)
Provision held at the end of the year	1,173,715,084	2,497,888,643.00

Special Assets Management
continued

Amount of unclassified but past due loans

BDT at actual

Particulars	31 Dec 2013	31 Dec 2012
Past due up to 30 days	4,543,598,235.15	7,007,514,664.21
Past due up to 31-60 days	1,038,034,474.40	1,174,787,589.58
Past due up to 61-90 days	62,759,146.85	63,979,759.73
Past due up to 91-179 days	31,125,174.77	74,933,458.47

Movement of Written off Loans & advances

BDT at actual

Particulars	31 Dec 2013	31 Dec 2012
Opening Balance of written of loans	3,091,049,067.83	2,269,017,453.08
New write offs	420,282,047.38	1,121,889,531.88
Closing balance of written off loans	3,405,079,472.94	3,091,049,067.83

Despite some improvement that featured our default portfolio in 2013 comparing to previous year, we can continue reducing the volume successfully with a value-driven approach, as we did in the previous years. Even if the inflow remains relatively high, in 2014 at least, recoveries will increase again noticeably in the near future. For 2014, therefore we are expecting a net reduction in the default portfolio which should gather more paces in the years to come.

Products & Services

CONSUMER BANKING

Deposit Products

- Current Deposit Account
- Savings Bank Account
- Short Term Deposit
- Fixed Deposit Receipt
- Gift Cheque
- Shopno Jatra Student Service
- Students' Ledger-School
- Students' Ledger-University
- Honourable Seniors

Under Scheme

- Special Deposit Scheme
- Deposit Double Scheme
- Deposit Pension Scheme
- Smart Plant
- EduSavings Plan
- Lakhopoti Deposit Scheme
- Kotipoti Deposit Plan
- Students Ledger
- Honorable Seniors

Bundle Savings

- Silver Account
- Gold Account
- Platinum Account

Loan Product

- Home Loan
- Car Loan
- Personal Loan
- Dual Currency Credit Card

ISLAMIC BANKING

Deposit

- Al-Wadiah Current Account
- Mudaraba Savings Deposit
- Mudaraba Term Deposit Receipt
- Mudaraba Short Notice Deposit
- Mudaraba Deposit Pension Scheme
- Mudaraba Special Deposit Scheme
- Mudaraba Double Deposit Scheme
- Mudaraba Hajj Savings Scheme
- Tawfeer Mudaraba Savings Bond
- Tawfeer Mudaraba Deposit Pension Scheme
- Tawfeer Mudaraba Foreign Remittance Account

Investment Product

- Bai-Mudaraba
- Bai-Muazzal
- Quard
- Ijara
- Sirkatul Milk
- Bills
- Mudaraba Special Deposit Scheme

CORPORATE BANKING

Loan Products

Funded Facility

Working Capital Product

- Import Loan
- Demand Loan
- Overdraft
- Time Loan
- Local Documentary Bill Purchase
- Foreign Documentary Bill Purchase

Long Term Products

Term Loan (Normal/Amortized/Capitalized)

Non-Funded Facility

- Letter of Credit (Cash/Back to Back)
- Letter of Credit - Sight
- Usance/ Deferred LC
- Structured LC/OBU
- Secured Overdraft
- Loan Against Imported Merchandize
- Loan Against Trust Receipt

Letter of Guarantee

- Bid Bond
- Performance Bond
- Advance Payment Guarantee
- Payment Bank Guarantee
- Foreign Bank Guarantee
- Shipping Guarantee
- Guarantee - Other

SME

- Overdraft
- Work Wrder, Pay Order, and Share
- Secured Overdraft
- Term Product
- Short Term
- Mid-Term
- Long Term
- Festival Short Term

OFF-SHORE BANKING UNIT (OBU)

Funded Facilities

- Import Loan (Funded Short Term)
- Demand Loan (Funded Short Term)
- Bill Discounting / Financing (Funded Short Term)
- Tern Loan (Funded Long Term)

Non-Funded Facilities

- Guarantee (Non-Funded)
- Off-shore Cash LC Usance
- Off-shore Foreign Back to Back LC Sight
- Off-shore Foreign Back to Back LC Usance

SERVICES

- ATM Service
- Remittance Service
- Locker Service
- Online Banking
- Internet Banking
- M-Banking Solution
- Swift
- Student File
- Centralized Trade Service
- Travellers' Cheque

TREASURY PRODUCTS

Money Market

- Money Market Lending and Borrowing
- Term Money Lending and Borrowing
- SWAP
- Repo/Reverse Repo

Fixed Income & Investment

- Treasury Bills/Bonds to Inter-bank
- Term Placement to NBFI

Foreign Exchange and Corporate Sales

- Spot/Forward in USD/BDT
- Spot Forward in Major Cross Currencies

DBL SECURITY PRODUCTS

- Brokerage Operation
- Margin Loan
- Own Portfolio

DBL Network

DHAKA REGION

Amin Bazar Branch
Manager: Md. Abu Sina, VP
Date of Opening: March 15, 2001
Market Complex (1st Floor)
Amin Bazar Jame Mosque
780, Begun Bari Union
Amin Bazar, Savar, Dhaka
Tel: 900 8998
Fax: 905 5118
E-mail: aminbazar@dhakabank.com.bd

Baridhara Branch
Manager: Mr. Syed Ashraful Alam, SAVP
Date of Opening: November 14, 2006
House: 27 Block: K, Shahid Shuhrawardi Avenue, Baridhara, Dhaka 1212
Tel: 883 2063-5
Fax: 883 2068
E-mail: baridhara@dhakabank.com.bd

DEPZ Branch
Manager in-charge: Mr. Rashed Imam, FVP
Date of Opening: April 12, 2001
Zone Service Building, Room # 48-51 DEPZ
Ganakbari Savar, Dhaka 1349
Tel: 778 9671
Fax: 778 9672
E-mail: depz@dhakabank.com.bd

Fantasy Kingdom Branch
Manager: Md. Munzoor Mursheed, SVP
Date of Opening: March 20, 2002
Chowdhury Plaza, Jamgara, Ashulia
Savar, Dhaka 1340
Tel: 779 0711-2
Fax: 779 0712
E-mail: fantasy.kingdom@dhakabank.com.bd

Imamgonj Branch
Manager: Md. Wahidur Rahman Chowdhury, VP
Date of Opening: January 12, 1997
Sardar Mansion, 01, Imamgonj Lane
Imamgonj Bazar, Dhaka 1100
Tel: 731 4032(Dir), 731 4136, 731 8031
Fax: 731 4135
E-mail: imamgonj@dhakabank.com.bd

Jatrabari Branch
Manager: Mohammad Sirajul Islam, AVP
Date of Opening: February 14, 2012
Daffodil Haque Plaza (1st and 2nd floor)
249/4, South Jatrabari, Dhaka 1204
Tel: 754 7846, 754 7856, 754 7873,
Fax: 754 7876
E-mail: jatrabari@dhakabank.com.bd

Keranigonj Branch
Manager in-charge: Mr. Mohammad Riad Hassan, AVP
Date of Opening: December 30,2007
Khan Plaza, 1st Floor, Shaheed Delwar Hossain Road, East Aganagar
Keranigonj, Dhaka 1310
Tel: 776 2250,
Fax: 776 2251
E-mail: keranigonj@dhakabank.com.b

Local Office
Manager: Khan Shahadat Hossain, SEVP
Date of Opening: July 5, 1995
Adamjee Court, 115/120
Motijheel C/A, Dhaka 1000
Tel: 955 6587, 955 6592-3, 957 1138
Fax: 955 6583
E-mail: local@dhakabank.com.bd

Mohakhali Branch
Mr. Syed Akhlaque Hossain, VP
Date of Opening: December 23, 2010
100, Mohakhali, Ground & 1st Floor
Bir Uttam A.K. Khandkar Road
Dhaka 1212
Tel: 988 2914-5, 988 6376
Fax: 882 8910
E-mail: mohakhali@dhakabank.com.bd

Uttara Branch
Manager: Mustafa Husain, VP
Date of Opening: December 30, 1999
House No.01, GF & 1st floor, Road No. 13 Sector-01, Uttara, Dhaka 1230
Tel: 891 9948, 891 9742, 895 1788
Fax: 891 9742, 895 1755
E-mail: uttara@dhakabank.com.bd

Banani Branch
Manager: Mr. Mostaque Ahmed Khan, EVP
Date of Opening: October 7, 1996
73/B, Kemal Ataturk Avenue
Banani, Dhaka
Tel: 986 2942, 988 1582 (Dir), 988 2324-5
Fax: 883 3481
E-mail: banani@dhakabank.com.bd

Banashree Branch
Manager: Chowdhury Nazmul Ahsan, VP
Date of Opening: July 18, 2012
Nilachal (1st floor), Plot# 14, Block# B
Main Road, Banashree, Dhaka 1219
Tel: 839 6420, 839 6421
Fax: 839 6426
E-mail: banashree@dhakabank.com.bd

Dhanmondi Branch
Manager: Sheikh Abdul Bakir, SVP
Date of Opening: August 1, 2000
House No. 500, Road: 07
Dhanmondi R/A, Dhaka 1205
Tel: 911 1019,911 1537, 911 5551,912 2278 (Dir)
Fax: 812 5481
E-mail: dhanmondi@dhakabank.com.bd

Foreign Exchange Branch
Manager: Mukarram Hossain Chowdhury, SVP
Date of Opening: July 15, 1998
Biman Bhaban, (1st floor)
100 Motijheel C/A, Dhaka 1000
Tel: 711 3872, 717 0507
717 5991, 711 1851
Fax: 716 9328
E-mail: fex@dhakabank.com.bd

Islamic Banking Branch, Motijheel
Manager: Syed Abdul Quader, SVP
Date of Opening: July 2, 2003
Sara Tower, 1st floor, 11/A Toyenbee Circular Road, Motijheel C/A, Dhaka 1000
Tel: 716 0910(Dir), 716 0913-5
Fax: 716 0912
E-mail: ibb.sara@dhakabank.com.bd

DBL Network
continued

Joypara Branch, Dohar
Manager: Abdulla Al- Mamun, AVP
Date of Opening: November 30, 2005
Munshi Super Market (1st Floor), 1083
Joypara, Dohar, Dhaka 1330
Tel : 776 8160
E-mail: joypara@dhakabank.com.bd

Khilgaon Branch
Manager, Md. Sanaur Rahman, SAVP
Date of Opening: March 29, 2010
389/B, 1st Floor, Khilgaon, Dhaka 1219
Tel: 721 5881-2
Fax: 721 5883
E-mail: khilgaon@dhakabank.com.bd

Mirpur Branch
Manager: Aftab Ahmed Chowdhury, SVP
Date of Opening: June 7, 2009
Plot No-01, 1st & 2nd Flr, Road No-05
Block# A, Section # 10, Mirpur, Dhaka 1216
Tel: 805 1559-60
Fax: 805 1561 Ext.-107
E-mail: mirpur@dhakabank.com.bd

Rajanagar Branch
Manager: Ajit Gomes, SAVP
Date of Opening: June 17, 2012
Smriti Plaza (1st floor), Rajanagar
Sirajdikhan, Munshigonj 1540
Cell: 01841-394977, 01938-834137
01711-394977
E-mail: rajanagar@dhakabank.com.bd
Fax: 805 1561 Ext.-107
E-mail: mirpur@dhakabank.com.bd

Bangshal Branch
Manager: Md. Tipu Sultan, SVP
Date of Opening: December 6, 1995
88, Shahid Syed Nazrul Islam Sharani
(1st & 2nd flr), Dhaka 1100
Tel: 711 0463, 711 3748, 717 5275
Fax: 955 8451

Board Bazar Branch
Manager: Mr. Asifur Rahman, SAVP
Date of Opening: November 8, 2006
Board Bazar, Gazipur 1704
Tel: 929 3595-6
Fax: 929 3595-106
E-mail: boardbazar@dhakabank.com.bd

Dhanmondi Model Branch
Manager: Shabbir Ahmad, SVP
Date of Opening: June 28, 2011
Ground floor, Plot No. 275/G, Road No. 27 (old),Shahid Shekh Kamal Sharani
Dhanmondi R/A, Dhaka 1205
Tel: 910 3651(Dir.), 910 3652-53
Fax: 910 3654
E-mail: dhanmondi.model@dhakabank.com.bd

Gulshan Branch
Manager: Akhlaqur Rahman, VP
Date of Opening: September 13, 2004
Plot# 7 Block# SE (D), 24 Gulshan Avenue
Gulshan-1, Dhaka 1212
Tel: 881 6442, 882 5113, 989 7431
Fax: 988 1026
E-mail: gulshan@dhakabank.com.bd

Islampur Branch
Manager: A.S.M. Kamrul Huda, SAVP
Date of Opening: January 12, 1998
6-7, Islampur Road, Islampur
Dhaka 1100
Tel: 739 2942, 739 3980-1
Fax: 739 2942
E-mail: islampur@dhakabank.com.bd

Karwan Bazar Branch
Manager: Md. Mostaque Ahmed, SVP
Date of Opening: November 16, 2000
Summit Centre (1st Floor), 18
Karwan Bazar, Dhaka 1215
Tel: 811 9025, 911 8001, 913 4323
Fax: 812 5764
E-mail: karwanbazar@dhakabank.com.bd

Konabari Branch
Manager: Md. Maksumul Ahmed, SAVP
Date of Opening: December 28, 2006
146/147 (1st Floor) BSCIC
Konabari, Gazipur 1704
Tel: 929 8701, 929 8821
Fax: 929 8701-8
E-mail: konabari@dhakabank.com.bd

Moghbazar Branch
Manager: Shahed Mahmud, AVP
Date of Opening: September 11, 2006
70, Outer Circular Road, (1st & 2nd Floor)
Moghbazar, Dhaka 1217
Tel: 833 1945-7
Fax: 833 1948
E-mail: moghbazar@dhakabank.com.bd

Savar Bazar Branch
Manager: Mr. Salim Ahmed Milon, SAVP
Date of Opening: August 25, 2008
Alam Plaza (1st Floor), 122/3 Jaleshwor
Savar Bazar Bus Stand
Savar, Dhaka 1340
Tel: 774 3435
Fax: 774 3434
E-mail: savar@dhakabank.com.bd

CHITTAGONG REGION
Mr. AKM Shahnawaj, SEVP & Regional Manager, RM Office, Chittagong

Agrabad Branch
Manager: Md. Muhibbul Abrar Choudhury, EVP
Date of Opening: January 20, 1996
Chamber House, 38, Agrabad C/A
Chittagong 4000
Tel: 031-252 3420-2, 031-252 4618
Fax: 031-252 4871
E-mail: agrabad@dhakabank.com.bd
Tel: 900 8998
Fax: 905 5118

DBL Network
continued

Chakaria Branch
Manager: Muhammad Sarwer Kamal, AVP
Date of Opening: March 30, 2011
Taher Plaza, (1st & 2nd floor) Chiringa old bus stand, Chakaria, Cox's Bazar 4740
Tel: 0342-256350-1
Fax: 0342-256352
E-mail: chakaria@dhakabank.com.bd

Fatikchhari Branch
Manager: S. M. Mohammad Ali, FVP
Date of Opening: March 24, 2011
College Gate, 1st floor
Fatikchhari College, Fatikchhari
Chittagong 4350
Tel: 03022-56322
Fax: 03022-56320
E-mail: fatickchori@dhakabank.com.bd

Halishahar Branch
Manger: Mohammad Sirajul Islam, VP
Date of Opening: December 29, 2009
1st Floor, 14/A, Block -G
Port Connecting Road
Halishahar Housing Estate, Chittagong 4216
Tel: 031-251 8923-4
Fax: 0312-518 922
E-mail: halishahar@dhakabank.com.bd

Jubilee Road Branch
Manager: Nurul Arshad Chowdhury, SVP
Date of Opening: September 15, 1997
Liberty Tower, 183, Jubilee Road
Chittagong 4000
Tel: 031-630184-5
Fax: 031-630187
E-mail: jubilee@dhakabank.com.bd

Patiya Branch
Manager in-charge: Sonjoy Talukder, AVP
Date of Opening: December 27, 2009
A.S Rahat Ali High School Market
1st Floor, Thana Road, Patiya
Chittagong 4370
Tel : 0303-556447-8
Fax: 0303-556449
E-mail: patiya@dhakabank.com.bd

Anderkilla Branch
Manager in-charge: Ms. Tahera Begum,SAVP
Date of Opening: November 28, 2012
Mozahar Bhaban (1st & 2nd floor)
222/223, Abdus Sattar Road
Anderkilla Rahmatgonj, Chittagong 4000
Tel: 031-286 9710-2
Fax: 031-286 9713
E-mail: anderkilla@dhakabank.com.bd

Comilla Branch
Manager: Md. Mazharul Islam, VP
Date of Opening: December 27, 2009
20 Kandirpar Moor, 1st Floor,
Comilla 3500
Tel. 081-61646
Fax: 081-61647
E-mail: comilla@dhakabank.com.bd

Feni Branch
Manager: Shah Emran, SAVP
Date of Opening: November 18, 2007
City Plaza, 132, S.S.K. Road, Feni 3900
Tel. 0331-63541
Fax: 0331-63542
E-mail: feni@dhakabank.com.bd

Hathazari Branch
Manager: Shahidun Nabi Khan, SAVP
Date of Opening: September 3, 2006
Sobhan Plaza, 1st Floor, Kachari Road
Hathazari, Chittagong 4330
Tel: 031-260 1528, 0443-449 3217
Fax: 031-260 1529
E-mail: hathazari@dhakabank.com.bd

Khatungonj Branch
Manager: Md. Mozammal Hoque Chowdhury, SEVP
Date of Opening: August 12, 1996
291, Khatungonj Road. Khatungonj
Chittagong 4100
Tel: 031-622132-3
Fax: 031-622130
E-mail: khatungonj@dhakabank.com.bd

Sonaimuri Branch
Manager in-charge: Md. Akter Hossain Sorker, AVP
Date of Opening: October 2, 2005
Tofael Shopping Mall (1st Floor), Sonaimuri Bazar, Noakhali 3827
Tel: 0322-751132
Fax: 0322-751142
E-mail: sonaimuri@dhakabank.com.bd

CDA Avenue Branch
Manager in-charge: Mohammed Asiful Hoque Chowdhury, SAVP
Date of Opening: December 28, 2005
787/A Avenue Centre (1st Floor)
East Nasirabad, Chittagong 4000
Tel: 0312-850950, 0312-850951-52
Fax: 0312850953
E-mail: cdaavenue@dhakabank.com.bd

Cox's Bazar Branch
Manager: Syed Mafiz Uddin Ahmed, FVP
Date of Opening: December 15, 2005
Rakshit Market (1st Floor), Main Road
Laldighirpar, Cox's Bazar 4700
Tel: 0341-51015, 0341-63931
Fax: 0341-63164
E-mail: coxsbazar@dhakabank.com.bd

Gohira Branch
Manager: Mr. Kazi Jassim Uddin, SAVP
Date of Opening: May 24, 2012
1st floor Chowmuhoni, Gohira, Raozan
Chittagong 4343
Tel: 03026-56485, 03026-56486
Fax: 03026-56487
E-mail: Gohira@dhakabank.com.bd

Islamic Banking Branch, Muradpur
Manager: K.B.M. Ismail Chowdhury, SAVP
Date of Opening: May 22, 2004
AH Paragon, 282, CDA Avenue, Muradpur
Panchliash, Sholokbohor, Chittagong 4212
Tel: 031-255 8166, 031-654266
Fax: 031-655766
E-mail: ibb.agrabad@dhakabank.com.bd

DBL Network
continued

New Market Br, Chittagong
Manager: Mr. Towfiqul Islam, SAVP
Date of Opening: December 28, 2010
06, Jubilee Road, 1st floor
Chittagong 4000
Tel: 031-621242
Fax: 031-621244
E-mail: newmarket.ctg@dhakabank.com.bd

NARAYANGONJ REGION

B.B. Road Branch
Manager: Monirul Islam, FVP
Date of Opening: July 2, 2007
127, 1st floor, B.B Road
Narayangonj 1400
Tel: 764 6658, 764 6668
Fax: 763 0017
E-mail: bbroad@dhakabank.com.bd

Narayangonj Branch
Manage: Saimur Pervez, SVP
Date of Opening: December 3, 1997
Sattar Tower, 50, S.M Maleh Road
(1st & 2nd Floor), Tanbazar
Narayangonj 1400
Tel: 763 0427, 763 0439, 764 8314
Fax: 763 1864
E-mail: narayangonj@dhakabank.com.bd

Bhulta Branch
Manager in-charge: Mr. Mohammad Siddiqur Rahman, SAVP
Date of Opening: December 23, 2009
Noor Mansion Market, 1st Floor
Bhulta, Rupgonj, Narayangonj 1462
Cell: 01730 317848, 01730 343836
E-mail: bhulta@dhakabank.com.bd

Pagla Bazar Branch
Manager: Mohammed Abdul Hannan Bhuiyan, SAVP
Date of Opening: August 31, 2008
Alhaj Afsar Karim Bhaban (1st Floor)
Paglabazar, Fatullah, Narayangonj 1421
Tel: 768 1288, 768 1299
Fax: 768 1289
E-mail: paglabazar@dhakabank.com.bd

Madhabdi Branch
Manager: Mr. Md. Afjal Hossain, AVP
Date of Opening: November 8, 2001
8, Bank Road, Madhabdi Bazar
Narsinghdi 1604
Tel: 944 6681,944 6686
Fax: 944 6680
E-mail: madhabdi@dhakabank.com.bd

Araihazar Branch
Manager in-charge: Masud Rana, SAVP
Date of Opening: December 22, 2013
Shuptasha Bhaban (1st & 2nd Floor)
Plot 01, Thana Road
Araihazar Bazar, Narayangonj
Tel: 01730 326985, 01726 694015
E-mail: araihazar@dhakabank.com.bd

SYLHET REGION
Mr. Syed Ahsanur Reza, SVP & Regional Manager, RM Officce, Sylhet

Goalabazar Branch
Manager: Suman Banik, SAVP
Date of Opening: December 27, 2006
Rahman Complex, (1st Floor) Goalabazar, Osmaninagar, Sylhet 3124
Tel: 08242-56296,
Fax: 08242-56410
E-mail: goalabazar@dhakabank.com.bd

Madina Market Branch
Manager: Shyamal Kanti Das, AVP
Date of Opening: August 30, 2012
Mahmud Complex (1st floor)
1400, Madina Market, West Pathantula
Sylhet 3100
Tel: 0821-728471 (Di), 0821-728472
Fax: 0821-728473
E-mail: madina.market@dhakabank.com.bd

Habiganj Branch
Manager: Mohammed Sadrul Islam, AVP
Date of Opening: August 8, 2010
Khaza Garden City, 1st Floor, 3903
Town Hall Road, Hobigonj 3300
Tel: 0831-62693
Fax: 0831-62694
E-mail: hobigonj@dhakabank.com.bd

Moulvibazar Branch
Manager: Mr. Mohammad Abu Bakar Siddik, SVP
Date of Opening: December 12, 2004
S.R. Plaza (1st Floor), 1151/3
M. Saifur Rahman Road
Paschim Bazar, Moulvibazar 3200
Tel: 0861-62173-4
Fax: 0861-62175
E-mail: moulvibazar@dhakabank.com.bd

Laldighirpar Branch
Manager: Mr. Md. Azad Uddin, FVP
Date of Opening: September 8, 1998
960, Laldighirpar, Sylhet 3100
Tel: 0821-721116-9
Fax: 0821-721120
E-mail: laldighirpar@dhakabank.com.bd

Uposhahar Branch
Manager: Mr. Fazle Ahmed Rabbi, FVP
Date of Opening: August 25, 2008
House# 10, Road# 32, Block-D, Uposhahar
Shahjalal, Sylhet 3100
Tel: 0821-283 1780
Fax: 0821-283 1781
E-mail: uposhahar@dhakabank.com.bd

RAJSHAHI REGION

Belkuchi Branch
Manager: Mr. Md. Shahadat Hossain, FVP
Date of Opening: April 24, 2003
Jamuna Shopping Complex
Mukundaganti Bazar, Belkuchi
Sirajgonj 6740
Tel: 07522-56280, 07522-56428,
Fax: 07522-56280,
E-mail: belkuchi@dhakabank.com.bd

Rajshahi Branch
Manager: Md. Abul Hasnat, VP
Date of Opening: November 23, 2005
73, Ganak Para, Rajshahi 6100
Tel: 0721-812330-1
Fax: 0721-812331
E-mail: rajshahi@dhakabank.com.bd

DBL Network
continued

Shahjadpur Branch
Manager: Md. Rofiqul Islam, SAVP
Date of Opening: November 11, 2012
Hamid Market (1st floor), 38 Dariapur
Shahjadpur, Sirajgonj 6770
Tel: 07527-64076
Fax: 07527-64075
E-mail: shahajadpur@dhakabank.com.bd

Bogra Branch
Manager: Md. Kollol Hossain, SAVP
Date of Opening: November 24, 2005
712/789, Kabi Nazrul Islam Road
Jhawtola, Bogra 5800
Tel: 051-69813
Fax: 051-69815
E-mail: bogra@dhakabank.com.bd

Rangpur Branch
Manager: Avijit Roy, AVP
Date of Opening: December 26, 2006
Rangpur Zilla Muktijodha Complex Bhaban
Shaheed Muktar Elahi Shorani
Station Road, Rangpur
Tel: 0521-61494
Fax: 0521-61494
E-mail: rangpur@dhakabank.com.bd

Sirajgonj Branch
Manager: Md. Munir Hossain, AVP
Date of Opening: August 8, 2010
55, Chamber House, 1st floor
Plot No. S.A-486, S. S. Road
Sirajgonj 6700
Tel: 0751-64508-9
Fax: 0751-64508
E-mail: sirajgonj@dhakabank.com.bd

Dinajpur Branch
Manager in-charge: Shihab Jahangir, SPO
Date of Opening: May 24, 2012
Rawshon Tower, 44/42 (1st floor)
North Munsipara Road, Dinajpur 5200
Tel: 0531-66365, 0531-66366,
Fax: 0531-66367
E-mail: dinajpur@dhakabank.com.bd

Saidpur Branch
Manager: Md. Salah Uddin Khan, SAVP
Date of Opening: October 25, 2007
Gouri Plaza (1st Floor)
Shaheed Dr Zikrul Haque Road, Saidpur
Tel: 0531-66365, 0531-66366
Fax: 0531-66367
E-mail: dinajpur@dhakabank.com.bd

OTHERS

Barisal Branch
Manager: Mr. Abdul Malek Howlader, VP
Date of Opening: March 18, 2010
86, Talukder Mansion
Sadar Road, Barisal 8200
Tel: 0431-61772, 0431-217 7166
Fax: 0431- 61644
E-mail: barisal@dhakabank.com.bd

Jessore Branch
Manager in-charge: Mr. G M Nazrul Islam, SPO
Date of Opening: January 26, 2011
Rashid Center, 7/A, 1st Floor
R.N Road, Jessore 7400
Tel: 0421-60301
Fax: 0421-68102
E-mail: jessore@dhakabank.com.bd

Satkhira Branch
Manager: Md. Hamidullah, SAVP
Date of Opening: December 28, 2006
Plot No: 12266-8, Bara Bazar
Thana Road, Satkhira Sadar
Satkhira 9400
Tel: 0471-63647
Fax: 0471-63925
E-mail: satkhira@dhakabank.com.bd

Bhairab Bazar Branch
Manager: Md. Mortuza Ali, SAVP
Date of Opening: March 20, 2011
166, (Ground & 1st floor) Kalibari Road
Bhairab Bazar, Kishoregonj 2350
Tel: 02-947 1337-8
Fax: 02-947 1339
E-mail: bhairab@dhakabank.com.bd

KDA Avenue Branch, Khulna
Manager: Arif Kamal Chowdhury, FVP
Date of Opening: December 20, 2009
2B, KDA Avenue, Khulna 9100
Tel. 041-721437, 041-730075
Fax: 041-2833987
E-mail: kdaavenue@dhakabank.com.bd

Faridpur Branch
Manager: Soumitro Kumar Saha, SAVP
Date of Opening: May 22, 2012
1st & 2nd floor, 90, Chakbazar, Thana moar
Faridpur 7800
Tel: 0631-67290, 0631-67291
Fax: 0631-67292
E-mail: faridpur@dhakabank.com.bd

Kishoregonj Branch
Manager incharge: Mr. Kazi Al-Amin, AVP
Date of Opening: April 9, 2012
Chartterjee Market, (1st & 2nd floor)
154 Natun Bazar, Ishakha Road
Kishoregonj 2300
Tel: 0941-51008, 0941-51010
Fax: 0941-51009
E-mail: kishoregonj@dhakabank.com.bd

Chandaikona Branch
Manager: Mr. Md. Tariqul Islam, AVP
Date of Opening: December 26 2013
Happy Store Bhaban (1st Floor)
Bazar Road, Chandaikona Bazar
Raigonj, Sirajgonj
Routing 085880432, Ip:302-01/02
E-Mail: chandaikona@dhakabank.com.bd

Pabna
Mr. Ashiqur Rahman, SAVP & Manager in-charge
Date of Opening: December 24, 2013
Munshi Complex, 136 Hazi Abdul Gani Road
Pabna Pouroshova, Pabna
Cell: 01730326983
Email: pabna@dhakabank.com.bd

DBL Network
continued

SME SERVICE CENTERS

CEPZ SME Service Center

Mr. Md. Waliullah Khan
AVP & in-charge

Date of Opening: December 30, 2009
Zone Service Complex, CEPZ
South Halishahar, Chittagong 4223
Tel: 031-741613
Fax: 031-741614
E-mail: cepz@dhakabank.com.bd

Goran SME Service Center

Mr. Md. Mobarak Hossain
AVP & Incharge

Date of Opening: August 18, 2008
179, 1st Floor, North Goran, Khilgaon
Dhaka 1219
Cell: 01730 097259
Tel: 721 3476
E-mail: goran@dhakabank.com.bd

Shewrapara SME Service Center

Mr. Md. Zakaria Shahriar
Senior Officer & In-charge

Date of Opening: December 27, 2008
1036, Shewrapara (1st Floor)
Mirpur, Dhaka 1216
Cell: 01730 336987
Tel: 900 0336
E-mail: shewrapara@dhakabank.com.bd

OFF-SHORE BANKING UNIT

Off-shore Banking Unit, DEPZ

Date of Opening: May 22, 2006
Zone Service Building, Room # 48-51
DEPZ, Ganakbari, Savar, Dhaka 1349
Tel: 778 9671, 778 8861
Fax: 778 9672
E-mail: depz@dhakabank.com.bd

Off-shore Banking Unit, CEPZ

Date of Opening: May 22, 2006
Zone Service Building, Room # 48-51
DEPZ, Ganakbari, Savar, Dhaka 1349
Tel: 778 9671, 778 8861
Fax: 778 9672
E-mail: depz@dhakabank.com.bd

KIOSK

New Market KIOSK

Mr. Muhiuddin Mohammad Saleh
PO & In-charge

Date of Opening: August 18, 2008
189, Dhaka New Market
Dhaka 1205
Cell: 961 2144
E-mail: newmarket@dhakabank.com.bd

BILL/CASH COLLECTION BOOTH

Bhulta

Bhulta Branch
Sawghat, Bhulta, Rupgonj
Narayangonj

Konabari

Konabari

Board Bazar-1

Board Bazar Branch

Fantasy Kingdom

Fantasy Kingdom

Board Bazar-2

Board Bazar Branch

Gulshan Circle-1

Mohakhali Branch

DBL Executives

Managing Director
Khondker Fazle Rashid
Additional Managing Director
Niaz Habib
Deputy Managing Director
Neaz Mohammad Khan
Sajjad Hussain
Emranul Huq
Senior Executive Vice Presedent
Arham Masudul Huq
Shamshad Begum
Md. Shakir Amin Chowdhury
M. Shujaur Rahman
Khan Shahadat Hossain
Md. Mozammal Hoque Chowdhury
A K M Shahnawaj
Executive Vice Presedent
Md. Asadul Azim
Md. Muhibbul Abrar Choudhury
Azad Shamsi
Md. Sirajul Hoque
Mostaque Ahmed Khan
S. A. F. A. Musabbir
Senior Vice President
Md. Mostaque Ahmed
Syed Abdul Quader
Aftab Ahmed Chowdhury
Md. Tipu Sultan
Manik Lal Biswas
Darashiko Khasru
Sheikh Abdul Bakir
Md. Munzoor Mursheed
Nurul Arshad Chowdhury
Shabbir Ahmad
Saimur Pervez
Syed Ahsanur Reza
Md. Fakhrul Islam
Md. Ziaur Rahman
Mukarram Hossain Chowdhury
Shah Azizul Islam
Andre Kemal Rahim
Mujib Ahmad Siddiqui
Salahud Din Ahmed
Vice President
Md. Mazharul Islam
Syed Faisal Omar
Mohammad Sirajul Islam
Md. Abul Hasnat
Md. Abu Sina
Abdul Malek Howlader
Mir Saidul Islam
Md. Shaukat Ali Khan
Kazi Arif-ur Rahman
Mirza Ismail Hossen
Mohammad Mokhlesuzzaman Khan
Md. Wahidur Rahman Chowdhury
Akhlaqur Rahman
Md. Fakhrul Abedin
Zinnat Sultana
Chowdhury Nazmul Ahsan
Mustafa Husain
A. T. M. Monzurul Hoque
Syed Akhlaque Hossain
Mohammad Ali
H. M. Mostafizur Rahaman
Md. Shahjahan Miah
First Vice President
Mehedi Zaman Khan
Md. Ahsanullah
Kazi Zafar Hasan
Md. Shahadat Hossain
Ismat Ara
Md. Abu Sufian Talukder
Syed Mafiz Uddin Ahmed
S. M. Mohammad Ali
Chowdhury Sher Zaman
Mesbah Uddin Kutubi
Md. Abdul Muhyemen
Fazle Ahmed Rabbi
Md. Azad Uddin
Monirul Islam
A. K. M Ahsan Kabir

DBL Executives
continued

Muhammad Sohel Shahriar Akhand
A H M Morshed
Khan Md. Moshiur Rahman
Arif Kamal Chowdhury
Azfar Ahmed
Senior Assistant Vice President
Shaila Parvin
Moshfeque Alam Khan
Mahzabeen Khan
Md. Hamidullah
Mohammad Badrul Alam Shariar
Md. Abdul Motaleb Miah
Mohammad Asif Hossain
Khairuddin Ahmed
Md. Monirul Alam
Abu Jahid Ansary
Md. Kamaruzzaman
Md. Mostafa Khaled Bin Ali
Shah Emran
Mohammad Mahbubul Alam Chowdhury
Zahedul Matin
Mohammad Asiful Hoque Chowdhury
Ismat Ara Begum
Md. Kollol Hossain
Abu Md. Sabbir Hassan Chowdhury
Mohammad Dedarul Alam
Meher Nigar Khan
Md. Salah Uddin Khan
Md. Badiul Alam
Ajit Gomes
Mohammad Khalequzzaman Chowdhury
Hussain Muktadir Rafi
Mohammad Humayun Kabir
Mohammad Kamruzzaman
Mohammed Abdul Halim
Md. Katebur Rahman
Mesbah Uddin Saleh
Mohammad Asrafuzzaman Mia
Mohammad Ainul Haque
Mohammad Siddiqur Rahman
Tanvir Ahmed

Salim Ahmed Milon
Mohammed Abdul Hannan Bhuiyan
Md. Tanvir Hassan
Md. Kamal Uddin
Asifur Rahman
Md. Sanaur Rahman
S. M. Mahbubul Alam
Eishita Ali
Subrata Kumer Saha
Masud Rana
A. K. M. Monirul Islam
Zakia Sultana
Kamrul Aziz Nippon
Md. Towfiqul Islam
Soumitro Kumar Saha
K. M. Faisal Faruqui
Mohammad Zakir Hossain
Md. Mohibullah Khan
Md. Kamrul Hassan Talukder
Kazi Mustafizur Rahman
Kazi Abu Monayem Md. Zohair
Suman Banik
K. B. M. Ismail Chowdhury
Md. Maksumul Ahmed
Tahera Begum
Shahidun Nabi Khan
Parvez Rifat Ahmed
Zashimul Alam Chowdhury
A. N. M. Zahed
Rowshan Ara Begum
Md. Mahbubur Rahman
Farjana Parveen
Mahmudur Rahman
Sujit Kumar Podder
Luna Jasmin
A. S. M. Kamrul Huda
Mehreen Islam
Rashed Imam
Sultana Fahmida
Md. Rafiqul Hoque
Syeda Sowkat Ara

DBL Executives
continued

Senior Assistant Vice President
Afroza Akhter
Syed Ashraful Alam
Dewan Istak Ahmed
Munija Bashir
Md. Altamas
Istiaque Ahmed
Mohammad Eahia Miah
Mahboob Ahmed
Md. Mortuza Ali
Mohammad Shawkat Jamil
Mohammed Sarwar Hossain
Mohammad Abu Bakar Siddik
Zia Uddin Ahmed
Mohammed Ayub Ali
Kazi Jassim Uddin
Md. Rofiqul Islam
Ahmed Arefin
Md. Zulfiquar Ali

Report of the Board of Directors
DBL Securities Limited



It is expected that after months of frosty character prevailing in the capital market, 2014 will be the year of recovery but existing instable political condition may take a toll on overall growth of the economy.

DBL Securities Management Team

Mr. Niaz Habib, Acting Managing Director
Mr. Mohammad Ali, FCA, Senior Vice President & Chief Operating Officer
Mr. Md. Kamrul Aziz, First Vice President
Mr. Mohammad Samiul Haque, Assistant Vice President
Mr. Forhad Hossain Khandaker, ACMA, Assistant Vice President
Mr. Md. Abdullah Abu Syade, Senior Principal Officer

Dear Shareholders,

It is indeed a great pleasure and privilege on the part of the Board of Directors to present the Annual Report and the Audited Financial Statements of your Company for the year ended 31 December 2013 together with the Auditors' Report thereon, for your kind consideration and approval. Additional disclosures and explanations relating to certain issues have been given by the Directors, which they consider relevant and vital to ensure transparency and good governance practices. It is our firm conviction that the report will give an insight into the Company's performance and future strategies.

World Economy

After a struggling year passed by largest economic zones in 2012, global growth was expected to build momentum gradually in the year 2013. This expectancy is based on the anticipation regarding the recovery of advanced economy and improvement in emerging economy. 2013 goes down as a year when the global economy endured massive fiscal restraint and still managed to keep its head above water. By late 2013, the momentum in the global economy improved, and the downside risks to the outlook had diminished. With that said, the global economy is improving due in large part to a recovery in Europe, a brighter outlook in China and Japan, and improved U.S. prospects for 2014. Despite the temporary setback from the closure of the federal government, signs of an improving U.S. economy are lifting both consumer sentiment and stock market values. The components of the U.S. economy that appear to have benefited most from the federal government's stimulus program and this stimulus also has enabled the U.S. economy to gradually regain most of the 8.7 million jobs lost during the financial crisis. Economic fundamentals in Europe have improved in 2013. Europe is beginning to look more attractive than it has for many years. Growth, while modest, is showing new signs of life in Germany and to some degree in France. Even the peripheral countries are looking less vulnerable than they have in the past, as evidenced by the surprising growth reported by Portugal. On a broader front, such optimism is indicated by rising Consumer Confidence and Industrial Production figures within many of the Eurozone countries, providing evidence of improving economic fundamentals in the area.

Bangladesh Economy

In 2013 major domestic and external sector indicators are under significant pressure as political tensions and associated nationwide strikes (hartals) have intensified since February 2013 in the lead up to national election, which is due by January 2014. Though at the midpoint of this year, macro-stabilization achievements and progress on structural reform had been strong but political uncertainty and nationwide strikes are taking a toll on economic activity, with highly affected private investment. In spite of all the instabilities intensified around the local socio-political scenario, country's International reserves have doubled, underlying inflation has steadily eased, and public debt has declined in 2013. Progress has been made in lowering poorly targeted subsidies, raising development spending, laying the foundation for tax revenue increases, improving public financial and debt management, and strengthening financial supervision. Meanwhile, Bangladesh's two-decade trend of poverty reduction continues and good progress has been made toward the country's Millennium Development Goals. Bangladesh achieves Ba3 (Moody's) stable rating and BB- (S&P) sovereign rating with stable outlook for 4th consecutive years in 2013. Still Bangladesh has way to go in ensuring good governance and reduction of corruption. A spate of industrial accidents, particularly surrounding the garment industry, has dented the country's reputation as a low-cost garment producer. Lax government oversight of worker safety has left the industry subject to intense international scrutiny, with the US suspending, albeit with a limited scope, trade benefits to Bangladesh. As stated by the Rating agency Moody's, the timely held elections couldn't do much to lessen the continued strikes and political tensions that may adversely affect economic growth & investor sentiment.

Macroeconomic Environment

GDP

Provisional data from the Bangladesh Bureau of Statistics (BBS) shows a GDP growth rate of 6.03 percent in fiscal year 2013, which were 6.2 in fiscal year 2012. Global growth was expected to be 2.30 percent while the average for Eurozone was projected at -0.5 percent. GDP growth, however, experienced downtrend from last fiscal year's 6.2 percent mainly due to the shrinking economic activities in response to yearlong political unrest over establishing a transitional government to oversee the election period. The government has set a real GDP growth target of 7.2 percent for fiscal year 2014 which is regarded as an unrealistic one by local and international economist in current scenario. Though this growth expectation hinges on a sharp rise in investments, improvement in infrastructure and power situation as well as global economic scenario, analysts find this projection will edge down to 5.7 percent due to slow agricultural and industrial growth. Moreover the yearlong political unrest results in immense reduction of investment activities which eventually bring down the economic growth forecast of Bangladesh.

Remittance & Forex Reserve

Remittances sent by Bangladeshis abroad continue to climb till the end of 2013 compared to 2012 however the month to month growth is negative for last three months of current year. The rising remittance in 2012 was climbing mainly on increased number of wage earners which is slow down a bit in 2013. This is due to several reasons such as not finding any new destination for wage earners, devaluation of Dollar against Taka and more importantly uncertain social condition remained within the country. Foreign exchange reserves in 2013 reached a new milestone on the end of November, crossing the $18 billion mark. The reserve has reached such a height following remittances sent by expatriate Bangladeshis. Increase in the export income also helped in boosting it, but decreased import cost of capital machinery is the most talked issue which darkens the bright side of apex high foreign exchange reserve.

Inflation

Average consumer inflation showed the downtrend in initial months in 2013 but crawled back to its previous position from which it started at the beginning of this year. The point to point inflation remains 7.35% at the end of 2013 which was 7.14% at the end of December, 2012. Although supply disruptions drove up food inflation in recent months, nonfood inflation (a better indicator of underlying pressures) has

declined steadily and is continuing to trend lower as a result of tighter policies, a slowing economy, and currency appreciation. The non-food inflation decreases substantially and stands at 4.88% in December, 2013 which was 10.03% at the end of last year. However the recent inflation data shows an uptrend in food inflation due to supply disruption in recent times which is caused by enormous political crisis around the country. With successive hikes in fuel and power prices, food inflation stands at 9.00% in December 2013 which was 5.28% in 2012.

Export

Export earnings during 2012-13 increased by 4% to $23.76 billion from $22.84 billion in 2011-12. Exports in the first five months of FY 2013-14 totaled $11.96 billion compared with $10.13 billion over the same period of last financial year. In total export earnings, RMG sector contributes 80.6% alone where Knitwear accounts for 45.7% and Woven items account for 35%. The prominent destination of our exports is still USA but we experienced downtrend in total export proceeds in the year under review compared to preceding years. USA accounts for 18.7% of total export proceeds in FY12-13 whereas exports to USA were 19.6% in FY11-12 of our total export. Export earnings from Germany (the 2nd top destination for our export) marked a fall from 16.4% in FY12-13 to 15.8% in FY11-12. EPZ performance in FY12-13 is quite satisfactory as total earnings stand at $3.83 billion from $3.42 billion in FY11-12. EU, our most important export destination still fights hard to overcome from its recessionary environment which makes it hard for us to accelerate export earnings. In addition to that withdrawal of GSP facility by USA, image crisis due to rana plaza tragedy pose a threat to our overall export sector. This fiscal year is the most challenging for our export as recent political turmoil creates enormous pressure on export order processing by producers.

Import

Import growth reduces again during FY12-13 by 3.73 percent compared to 2011-12 and stands at $34.91 billion as opposed to $35.12 billion. Sluggish growth of import payments in the current fiscal year can be attributable to lower food grain imports due to existing high food stocks, excellent domestic harvests and restrained monetary policy. Import of capital machinery is still on its low end during FY12-13 which is $1.88 billion down from $1.97 billion in FY11-12. Negative growth in LC opening indicates that import payment may not shoot up in near future to put pressure on BOP and exchange rate. Import of food grains decreases to $0.74 billion in FY12-13 from $0.86 billion in FY11-12. The import of petroleum products and crude oil remains almost same in FY12-13 as FY11-12 and stands at $4.86 billion.

Capital Market

The Dhaka Stock Exchange (DSE) & Chittagong Stock Exchange (CSE) experienced little recovery throughout the year after two (02) years of amid slowdown. 2013 can be regarded as the rescue year for our capital market after having passed its worst days at the early of the year. The benchmark index, DSE General Index (DGEN), was put an end to its journey after the introduction of DSE Bluechip index (DSEX). This index dropped to 3438.9 from its introductory point of 4055.9 but regained its strength at the end of 2013 with close value of 4136.3. Market capitalization which was about USD 24 billion at the end of December 2012, stood at USD 27 billion on December 30, 2013. Market liquidity improved too, with average daily turnover of BDT 43 billion in 2013, as compared to about BDT 37 billion in 2012. The Asian Development Bank's (ADB) disbursed the first installment of formerly declared USD 300 million in loan for Bangladesh's capital market development increased liquidity. But uncertainty regarding political scenario and several scams in banking sector lead the market in shaky position several times. Country's two bourses were gone through a major reform process, Demutualization, after the 'Demutualization Act, 2013' passed by the parliament in April, 2013. This will enable stock exchanges to separate the ownership from its management structure and ensure transparency in operation. The premier regulatory body of capital market, Bangladesh Securities and Exchange Commission elevated to category 'A' among all the commission around the world which are the members of internationally recognized organization IOSCO. Sixteen new securities — fourteen equity stocks and two mutual fund — raised BDT 11.54 billion from the country's capital market through initial public offerings in 2013 which was BDT 11.86 billion in 2012. Most of them had performed better in post IPO market. The market closed with hope of further recovery in 2014 winged on the expected sustainable political & economic condition.

State of the Company's Affair

DBL Securities Limited (DBSL) has been conducting the business in its own name from February 13, 2011. It offers state of the art brokerage services to its local and foreign clients, which include Cash trading, Margin trading, Other DP related services. DBSL has extended its services to different areas in and outside of Dhaka through six (06) designated branches.

Infrastructure & Facilities

DBSL possesses a remarkable level of Infrastructures including advanced broker software, Own mail server, efficient Human Resources, Quality Service and many other facilities. At present, we have the following infrastructure and facilities:

Particulars	Unit
TREC License	2
Dealership License	2
Number of Workstations	31
No. of Authorized Representatives	31
No. of Branches	6

Client Base

DBSL has a large client base of around 7,000 accounts in which almost 5000 accounts are regular in trade. Both Individual and institutional clients are maintaining their account with DBSL. Moreover DBSL has number of Foreign and NRB clients who have sizable portfolio investment.

Financial Performance

With the persistent effort of all divisions and employees, gloomy performance in the overall financial sector, DBL Securities Limited

(DBSL) successfully posted profit in 2013. Company's total operating profit is BDT 200.06 Million in 2013 which is 5.54 percent down from the previous year. This decrease in profit was resulted from lower interest income from margin loan because most of the interests are transferred to interest suspense A/C. DBSL earns sizable income from its dealer operation in this year. The gain from investment in shares is BDT 102.19 Million in 2013 compared to only BDT 24.11 Million in year 2012. DBSL's income from brokerage commission has experienced uptrend irrespective of dull daily market turnover. Company's Net profit stands in BDT 54.09 Million in 2013, which was BDT 87.22 Million in previous year. This decrease in net profit figure is the result of increase in provision amount.

Operating Performance

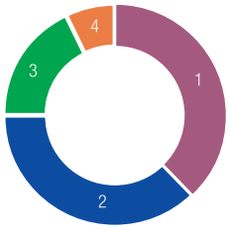
Amount in Million Taka

Particulars	2013	2012	Growth (%)
Brokerage Commission Income	96.93	88.11	10.01%
Portfolio Investment Income	102.20	24.11	323.89%
Interest Income on Margin Loan	48.08	140.34	(65.74%)
Fees & Other Income	17.19	17.34	(0.84%)
Total Operating Income	264.41	269.91	(2.00%)

The Company earned a Gross Income of BDT 264.41 Million in 2013 which was BDT 269.91 Million in year 2012. The major heads of income of DBSL are Net brokerage commission, interest income on FDR, STD account, Margin loan and Gain from portfolio investment and income from CDBL fees and charges.

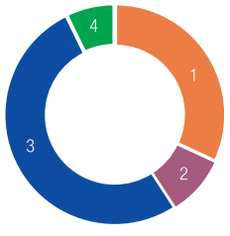
During 2013 income from all major heads increased notably as compared to the previous year except Interest income on Margin Loan. The total income of BDT 264.41 million comprised of BDT 102.20 Million (38 percent) as Portfolio Income, followed by BDT 96.93 Million (37 percent) as Brokerage Commission Income, Interest Income on Margin Loan of BDT 48.08 Million (18 per cent) and Fees and charges of BDT 17.19 Million (7 per cent).

Head wise Income in distribution 2013 %



1	Portfolio Income	38
2	Brokerage Commission Income	37
3	Interest Income on Margin Loan	18
4	Fees & Other Income	7

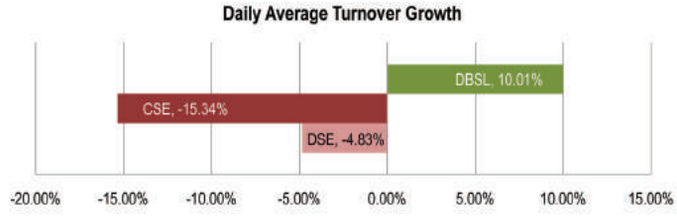
Head wise Income in distribution 2012 %



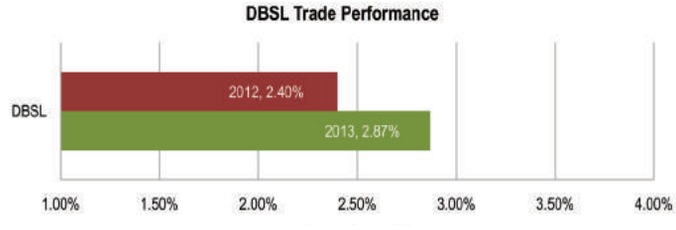
1	Brokerage Commission Income	32
2	Portfolio Income	9
3	Interest Income on Margin Loan	52
4	Fees & Other Income	7

Growth in Trade Volume and Brokerage Commission

Brokerage Commission is directly correlated with trade volume in Stock Exchanges. The more the trade volume is the higher the brokerage commission will be and vice-versa. The comparative Trade performance both of the exchanges and the company are depicted in the below Chart:



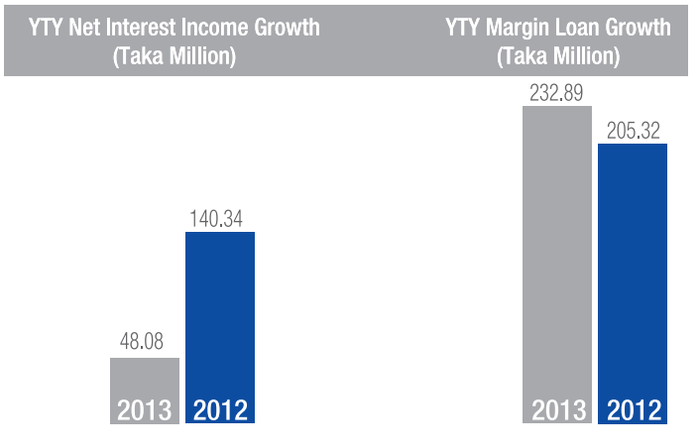
The market trade performance declined again in 2013 compared to the year 2012 but the Daily average trade volume generated by DBSL outperformed the market scenario. DBSL's total trade volume increased by 10.01% in 2013 due to intensive effort by the management for keeping a sizable market share. As a result the market share captured by DBSL clinched to 2.87% in year 2013 from 2.40% in year 2012.



Growth in Margin Loan and Interest Income

The company started providing loan facilities to its valued clients on selective basis from the last part of 2005-2006. The loan facilities are provided against various securities after following the instructions of the regulatory body SEC time to time. DBSL has 818 margin clients with portfolio value of BDT. 4,264 Million. As earlier discussed, the interest income from margin loan dropped due to increased amount in interest suspense A/C. this is because the downfall of market had negative effect on the overall portfolio value.

As on 31 December 2013, outstanding loan provided to the clients stood at BDT. 2,692.54 Million, whereas it was BDT 2,343.32 Million in 2012 and interest earned from the loan during year 2013 is BDT 48.08 Million, which was BDT 140.34 Million respectively in the previous year. Margin loan posted 14.90% positive growth and Net Interest Income decreased by 65.74% in 2013. This happens also because DBSL wanted to shift its focus from interest income to generating more brokerage commission and investment income.



Impact of Exchanges Demutualization

Both of the Stock Exchanges have been demutualized in compliance with the Exchanges Demutualization Act 2013. As per the provision of the Exchange Demutualization Act 2013 and in accordance with the Bangladesh Securities and Exchange Commission (BSEC) approved Demutualization Scheme, Dhaka Stock Exchange Ltd. (DSE) allotted total 7,215,105 ordinary Shares at face value of Tk.10.00 each in favor of the company in November 2013 and Chittagong Stock Exchange Ltd. (CSE) allotted total 4,287,330 ordinary Shares at face value of Tk.10.00 each in October 2013 against the membership of DSE and CSE respectively. Out of the above DSE transferred 2,886,042 shares and CSE transferred 1,714,932 shares directly to the credit of the Beneficiary Owner's account of the company. The rest shares were credited to blocked accounts as per provisions of the Exchange Demutualization Act 2013. As there is no active market for shares of DSE and CSE, we have shown the value at original cost of our investment.

Ratio Analysis

DBSL has managed to book daily average Trade Volume of BDT 123.78 Million in the year 2013 compared to BDT 100.91 Million in the year 2012 with Dhaka Stock Exchange Limited in spite of dull trend in overall trade scene. This figure has posted a significant growth of 22.66% in the year 2013. DBSL captured 3.09% of market share in DSE in 2013 compared to 2.40% in 2012. The market share of CSE decreased but couldn't affect much because of overall low turnover in CSE. The Earning per Share declined due to bottom line figure of income statement which was the result of heavy increase in interest suspense a/c. In addition to this other profitability ratios have fallen due to increase of provision.

		2013	2012
i.	**Activity Ratio**		
	Daily Average Trade Volume with DSE	123.78	100.91
	Daily Average Trade Volume with CSE	3.05	6.09
	Market Share in DSE (%)	3.09%	2.40%
	Market Share in CSE (%)	0.73%	1.24%
ii.	**Profitability Ratio**		
	Earnings Per Share (EPS)	0.35	0.56
	Return on Equity (%)	3.20	5.38
	Return on Assets (%)	1.32	2.45
	Return on Capital Employed (%)	8.13	9.82
iii.	**Liquidity Ratio**		
	Current Ratio	3.56	6.94
	Quick Ratio	0.42	1.05
iv.	**Financial Ratio**		
	Asset - Liability Ratio	1.62	1.80
	Total Debt - Equity Ratio	1.61	1.25

Expenditure

In the year 2013, the total operating expenditure stood at BDT 64.34 Million as compared to BDT 58.05 Million in 2012, showing an increase of 10.83 percent. Major operating expenses were Salary and allowances of BDT 30.94 million in 2013, increased from BDT 27.30 million in 2012 and Rent expenses remained unchanged and stood at BDT 13.54 Million in 2013. The company made required provision for income tax of BDT 48.91 Million against probable tax liability, BDT 61.13 Million on account of provision for margin loan and BDT 34.76 Million against diminution in value of investments. Although overall expenditures have increased, the extent of increment was very insignificant compared to normal growth and inflation rate. This was possible because the management kept strict control over them.

Dividend

Despite the fact that the Company earned an EPS of Tk. 0.35 in 2013, in order to strengthen the financial position of the company, the Board of Directors of the company did not recommend any dividend for the year 2013.

Observance of BAS, BFRS & Applicable Laws

Company keeps accounting records, which disclose with reasonable accuracy the financial position of the Company and it is the responsibility of the directors to ensure that the financial statements comply with the

Companies Act, 1994 and the Securities and Exchange Rules, 1987. The Directors also confirm that the financial statements have been prepared in accordance with the Bangladesh Accounting Standards, Bangladesh Financial reporting Standards and other applicable rules and regulations.

Accounting Policies And Maintenance of Books of Accounts

The Directors consider that in preparing the Financial Statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates and that all International Accounting Standards as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) have been followed. In preparing financial statements, information has been obtained from the books of accounts, which have been maintained properly as required by the applicable rules and regulations.

Internal Control

The internal control system provides reasonable assurance against material misstatements, losses and fraud and of the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate rules and regulations and best practices and the identification and management of business risk. Our internal control unit is supported by professional staffs who conduct periodic audits of all aspects of DBSL's operations. The Board retaining ultimate responsibility for its operations, though has delegated the review of the effectiveness of the system of internal controls to the Audit Committee.

Auditors

Pursuant to Section 210 of the Companies Act, 1994, the Company's statutory auditors M/S. ACNABIN, Chartered Accountants was appointed as the independent auditor of the Company in the third Annual General Meeting held on 14 March 2013. The auditor will retire in the fourth Annual General Meeting. Being eligible, the Auditors have expressed their willingness to continue their office for the year 2014. The Auditors have completed their fourth year of audit and hence eligible for re-appointment.

Directors' Responsibilities of Preparation of Financial Statements

The Directors are responsible for preparing the Annual Report and Company's financial statements in accordance with applicable laws and regulations. The Board confirms that the Financial Statements have been prepared under the applicable laws and regulations and as per requirements of regulatory authorities.

Directors' Meeting & Attendance

During the year ended 31 December 2013 4 (four) meetings were held. During this year, all of the Directors serving on the Board attended are more than 95 percent of the aggregate of the total number of meetings of the Board of Directors.

Directors' Appointment & Reappointment

The Company has eleven (11) Directors in the Board including the Acting Managing Director. Pursuant to the provisions of the Companies Act, 1994, one third of the Directors, except the Acting Managing Director, shall retire by rotation in every general meeting. Accordingly four (4) Directors of the Company will retire at the 4th Annual General Meeting and they expressed their willingness to be reappointed.

Outlook

The "Outlook" part in this document is based on the DBSL's views & expectations and thus the actual outcome is not certain. Stakeholders should consider the above-noted factors when reviewing these sections. The Board remains very excited with the prospects of DBL Securities Limited. We will maintain our growth and diversity in our revenue and earning flows. We are working hard to bring innovative approaches into regular business operations as well as mixing up the resources we have to fetch the maximum output from existing opportunities. Expenses will be vigilantly handled and initiatives will be taken to improve customer satisfaction. The DBSL's net interest income is expected to increase as robust effort has been taken for realization of accrued interest. Growth in brokerage commission income will be accelerated and provisions for credit losses will remain relatively stable in 2014. It is expected that after months of frosty character prevail in the capital market, 2014 will be the year of recovery but existing instable political condition may take a toll on overall growth of the economy. In 2014, we expect that all departments would experience a transformation and contribute to the overall profitability of DBSL. We will devote our full efforts to accomplish the target to reward our shareholders and the community in coming year.

Acknowledgement

On behalf of the Board of Directors, I would like to express my gratitude to our customers, business partners and shareholders for their continuous support and confidence in DBL Securities Limited. A special note of appreciation goes to the Management team and all the employees for their devotion, integrity, hard work and professionalism. My sincere thanks also go to Securities and Exchange Commission, Bangladesh Bank, Dhaka and Chittagong Stock Exchanges, retail & institutional investors, who were the partners in the growth of this Company for their invaluable assistance, support, guidance and counsel.



Reshadur Rahman
Chairman



Auditors' Report

Auditors' Report

Auditors' Report to the Shareholders of Dhaka Bank Limited

We have audited the accompanying consolidated financial statements of Dhaka Bank Limited and its subsidiaries (the "Group") as well as the separate financial statements of Dhaka Bank Limited (the "Bank"), which comprise the consolidated balance sheet and the separate balance sheet as at 31 December 2013, 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 a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements and Internal Controls

Management is responsible for the preparation of consolidated financial statements of the Group and also separate financial statements of the Bank that give a true and fair view in accordance with Bangladesh Financial Reporting Standards as explained in note 2 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements of the Group and also separate financial statements of the Bank that are free from material misstatement, whether due to fraud or error. The Bank Companies 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements of the Group and separate financial statements of the Bank. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements of the Group and separate financial statements of the Bank, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of consolidated financial statements of the Group and separate financial statements of the Bank that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements of the Group and also separate financial statements of the Bank.

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

Opinion

In our opinion, the consolidated financial statements of the Group and also 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 2013, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards as explained in note 2.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, the Securities and Exchange Rules 1987, the Bank Companies Act, 1991 and the rules and regulations issued by Bangladesh Bank, we also report the following:

(a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

(b) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the consolidated financial statements of the Group and the 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 Financial Statements and Internal Control:

  i) internal audit, internal control and risk management arrangements of the Group and the Bank (as disclosed in note 2 of the financial statements) appeared to be materially adequate;

  ii) 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 Bank and its related entities;

(c) financial statements of all subsidiaries of the Bank have been audited by other auditors and have been properly reflected in the consolidated financial statements;

(d) 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;

(e) the consolidated balance sheet and consolidated profit and loss account of the Group and the separate balance sheet and separate profit and loss account of the Bank dealt with by the report are in agreement with the books of account;

(f) the expenditure incurred was for the purposes of the Bank's business;

(g) 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 with related guidance issued by Bangladesh Bank;

(h) adequate provisions have been made for advances which are, in our opinion, doubtful of recovery;

(i) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;

(j) the information and explanation required by us have been received and found satisfactory; and

(k) we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 3,752 person hours for the audit of the books and accounts of the Bank.



Dhaka, 16 March, 2014

KAZI ZAHIR KHAN & CO.
Chartered Accountants

Dhaka Bank Limited and its Subsidiary
Consolidated Balance Sheet
As at 31 December 2013

	Notes	2013 Taka	2012 Taka
PROPERTY AND ASSETS			
Cash	03(a)	**11,900,762,425**	**10,934,170,296**
Cash in Hand (including foreign currencies)		1,609,002,280	1,307,608,902
Balance with Bangladesh Bank & Sonali Bank (including foreign currencies)		10,291,760,145	9,626,561,394
Balance with Other Banks & Financial Institutions	04(a)	**2,692,952,439**	**4,920,675,945**
In Bangladesh		1,927,287,468	3,636,221,243
Outside Bangladesh		765,664,971	1,284,454,702
Money at Call and Short Notice	05	**338,900,000**	**669,200,000**
Investments	06(a)	**20,240,852,234**	**19,540,194,015**
Government		16,009,301,980	15,775,407,762
Others		4,231,550,254	3,764,786,253
Loans & Advances	07(a)	**100,364,424,554**	**90,782,816,594**
Loans, Cash Credit & Over Draft etc.		98,150,571,358	88,405,277,260
Bills Discounted and Purchased		2,213,853,196	2,377,539,334
Premises and Fixed Assets	08(a)	**2,538,497,507**	**1,904,407,294**
Other Assets	09(a)	**7,300,718,533**	**4,841,479,738**
Non-Banking Assets	10	**23,166,033**	**23,166,033**
Total Assets		**145,400,273,725**	**133,616,109,915**
LIABILITIES & CAPITAL			
Liabilities			
Borrowings from Other Banks, Financial Institutions and Agents	11	**3,649,917,871**	**5,696,877,888**
Deposits and Other Accounts	12	**115,981,165,413**	**107,427,151,290**
Current Accounts & Other Accounts		10,171,783,633	10,816,848,734
Bills Payable		991,276,689	1,355,657,995
Savings Bank Deposits		8,870,151,906	7,123,752,609
Term Deposits		95,947,953,185	88,130,891,952
Non Convertible Subordinated Bond	13	**2,000,000,000**	**2,000,000,000**
Other Liabilities	14(a)	**11,724,374,595**	**8,705,769,560**
Total Liabilities		**133,355,457,879**	**123,829,798,738**
Capital / Shareholders' Equity			
Paid-up Capital	15	5,414,409,190	4,667,594,130
Minority Interest	15(a)	21,968	16,486
Statutory Reserve	16	4,181,375,888	3,572,572,204
General Reserve	17	139,877,943	346,546,164
Asset Revaluation Reserve	18	648,455,000	648,455,000
Revaluation Reserve on Investment	19	311,620,853	34,611,362
Surplus in Profit and Loss Account	20(a)	1,349,055,004	516,515,831
Total Shareholders' Equity		**12,044,815,846**	**9,786,311,177**
Total Liabilities & Shareholders' Equity		**145,400,273,725**	**133,616,109,915**

Dhaka Bank Limited and its Subsidiary
Consolidated Balance Sheet
As at 31 December 2013

	Notes	2013 Taka	2012 Taka
OFF BALANCE SHEET ITEMS			
CONTINGENT LIABILITIES:			
Acceptances and Endorsements	21	12,304,828,570	15,907,069,233
Letter of Credit		11,023,698,214	10,023,135,254
Letter of Guarantee		13,891,546,477	10,643,108,587
Bills for Collection		5,717,930,781	7,823,711,568
Other Contingent Liabilities	04(a)	2,530,870,689	868,159,580
Total:		**45,468,874,731**	**45,265,184,222**
OTHER COMMITMENTS:			
Documentary credit and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total:		-	-
Total off- Balance Sheet Exposures including Contingent Liabilities		**45,468,874,731**	**45,265,184,222**

These financial statements should be read in conjunction with the annexed notes 1 to 46(a)

Niaz Habib
Managing Director
Current Charge

Reshadur Rahman
Director

Altaf Hossain Sarker
Director

Abdul Hai Sarker
Chaiman

Auditors' report to the shareholders
See annexed report of date

Dhaka, 16 March 2014

KAZI ZAHIR KHAN & CO.
Chartered Accountants

Dhaka Bank Limited and its Subsidiary
Consolidated Profit & Loss Account
for the year ended 31 December 2013

	Notes	2013 Taka	2012 Taka
Operating Income			
Interest Income/Profit Received	23(a)	15,179,221,577	13,368,826,985
Interest/Profit paid on Deposits & Borrowings	24(a)	11,822,881,725	10,598,442,925
Net Interest Income		**3,356,339,852**	**2,770,384,060**
Income from Investments	25(a)	1,695,510,179	1,388,483,871
Commissions/Fees, Exchange Earnings & Brokerage	26(a)	1,207,466,062	1,191,960,075
Other Operating Income	27(a)	415,426,101	263,495,013
TOTAL OPERATING INCOME (A)		**6,674,742,194**	**5,614,323,019**
Operating Expenses			
Salary & Allowances:	28(a)	1,513,862,196	1,211,198,996
Rent, Taxes, Insurance, Lighting etc.	29(a)	368,265,377	281,089,332
Legal & Professional Expenses	30(a)	13,370,989	9,926,961
Postage, Stamp, Telecommunication etc.	31(a)	57,206,068	54,093,191
Stationery, Printing, Advertisement etc.	32(a)	135,594,530	104,708,150
Chief Executive's Salary & Allowances	33	12,340,000	12,101,500
Directors' Fee & Meeting Expenses	34(a)	3,459,752	2,931,268
Audit Fees	35	805,000	805,000
Depreciation of Bank's Assets	36(a)	155,901,089	82,512,083
Repair & Maintenance of Bank's Assets	37(a)	77,405,076	73,358,305
Other Expenses	38(a)	442,874,781	346,362,837
TOTAL OPERATING EXPENSES (B)		**2,781,084,858**	**2,179,087,623**
Profit / (Loss) Before Provision (C) = (A - B)		**3,893,657,336**	**3,435,235,396**
Provision for Loan	39	57,050,512	1,685,376,923
Provision for Off Balance Sheet Exposure	40	7,938,263	31,483,131
Provision for Diminution in Value of Investments	41	584,582,559	65,939,102
Other Provisions	14.5(a)	95,900,373	58,346,557
Total Provision (D)		**745,471,707**	**1,841,145,713**
Total Profit / (Loss) before Tax (C - D)		**3,148,185,629**	**1,594,089,683**
Provision for Current Tax	14.6(a)	1,146,415,949	804,576,210
Provision for Deferred Tax	14.6(b)	20,274,502	883,847
Net Profit / (Loss) after Tax :		**1,981,495,178**	**788,629,626**
Retained Surplus Brought Forward from Previous Year		516,515,831	1,510,644,675
		2,498,011,009	**2,299,274,301**
Distribution :			
Statutory Reserve	16	608,803,684	287,964,779
General Reserve	17	126,703,225	178,125,018
Minority Interest	15(a)	5,482	8,722
Dividend		413,443,614	1,316,659,951
Retained Surplus		**1,349,055,004**	**516,515,831**
Consolidated Earning per Share (CEPS) (Restated)	42(a)	**3.66**	**1.46**

Niaz Habib
Managing Director
Current Charge

Reshadur Rahman
Director

Altaf Hossain Sarker
Director

Abdul Hai Sarker
Chaiman

Auditors' report to the shareholders
See annexed report of date

Dhaka, 16 March 2014

KAZI ZAHIR KHAN & CO.
Chartered Accountants

Dhaka Bank Limited and its Subsidiary
Consolidated Cash Flow Statement
for the year ended 31 December 2013

	Notes	2013 Taka	2012 Taka
Cash Flow From Operating Activities			
Interest/Profit receipts		15,284,179,850	13,258,224,076
Interest/Profit payments		(11,786,093,808)	(10,586,607,003)
Dividend receipts		44,734,627	25,123,245
Fee and commission receipts		941,723,974	940,590,662
Payments to employees		(1,482,926,276)	(1,183,902,853)
Payments to suppliers		(205,025,405)	(166,707,038)
Income taxes paid		(849,771,031)	(1,185,825,573)
Receipts from other operating activities	43(a)	(159,715,914)	282,035,325
Payments for other operating activities	44(a)	(908,130,399)	(731,458,519)
Operating profit before changes in current assets & liabilities		**878,975,618**	**651,472,322**
Increase/Decrease in operating assets and liabilities:			
Purchase/sale of trading securities		45,190,773	(8,010,475,975)
Loans and advances to customers		(9,581,607,960)	(14,156,992,911)
Other assets	45(a)	(2,197,407,042)	(167,918,786)
Deposits from other banks		207,052,493	138,466,567
Deposits from customers		8,346,961,629	22,011,796,037
Other liabilities account of customers		106,274,404	80,888,904
Other liabilities	46(a)	1,789,093,022	(1,134,167)
Net cash flow from operating activities (A)		**(405,467,063)**	**546,101,991**
Cash Flow From Investing Activities			
Proceeds from sale of securities		1,547,941,866	1,336,821,179
Purchase of securities		(119,124,347)	(1,040,543,590)
Purchase of property, plant & equipment		(789,991,302)	(265,604,031)
Sale of property, plant & equipment		1,414,700	808,248
Purchase/sale of subsidiary		-	50
Net cash used in investing activities (B)		**640,240,917**	**31,481,856**
Cash Flow From Financing Activities			
Borrowing from other banks		(2,046,960,017)	3,148,638,301
Dividends paid		-	(179,522,851)
Net cash flow from financing activities (C)		**(2,046,960,017)**	**2,969,115,450**
Net increase/(Decrease) in cash (A+B+C)		**(1,812,186,163)**	**3,546,699,297**
Effects of exchange rate changes on cash & cash equivalent		222,830,286	106,292,070
Opening cash & cash equivalent as at 1 January		16,527,392,841	12,874,401,474
Closing cash & cash equivalent as at 31 December		**14,938,036,964**	**16,527,392,841**
Closing cash & cash equivalents			
Cash in Hand		1,609,002,280	1,307,608,902
Balance with Bangladesh Bank & Sonali Bank		10,291,760,145	9,626,561,394
Balance with other Banks & Financial Institutions		2,692,952,439	4,920,675,945
Money at Call & Short Notice		338,900,000	669,200,000
Prize Bond		5,422,100	3,346,600
Total		**14,938,036,964**	**16,527,392,841**

These financial statements should be read in conjunction with the annexed notes 1 to 46(a)

Niaz Habib
Managing Director
Current Charge

Reshadur Rahman
Director

Altaf Hossain Sarker
Director

Abdul Hai Sarker
Chaiman

Dhaka, 16 March 2014

KAZI ZAHIR KHAN & CO.
Chartered Accountants

Dhaka Bank Limited and its Subsidiary
Consolidated Statement of Changes in Equity
for the year ended 31 December 2013

Particulars	Paid up Capital	Minority Interest	Statutory Reserve	General Reserve	Asset Revaluation Reserve	Revaluation Reserve on Investment	Profit and Loss Account	Total
Balance as at 1 January 2013	4,667,594,130	16,486	3,572,572,204	346,546,164	648,455,000	34,611,362	516,515,831	9,786,311,177
Changes in accounting policy	-	-	-	-	-		-	-
Restated balance	**4,667,594,130**	**16,486**	**3,572,572,204**	**346,546,164**	**648,455,000**	**34,611,362**	**516,515,831**	**9,786,311,177**
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	-	277,009,491	-	277,009,491
Currency transaction differences	-	-	-	-	-	-	-	-
Net gains and losses not recognized in the income statement	**-**	**-**	**-**	**-**	**-**	**311,620,853**	**-**	**-**
Share Capital of subsidiary company	-	-	-	-	-	-	-	-
Adjustment with retained earnings	-	-	-	-	-	-	-	-
Net Profit for the year	-	-	-	-	-	-	1,981,495,178	1,981,495,178
Stock dividend paid during the year	-	-	-	(333,371,446)	-	-	(413,443,614)	(746,815,060)
Cash dividend paid during the year							-	-
Stock dividend paid by subsidiary company	-	-	-	-	-	-		-
Changes in Reserve	-	-	608,803,684	126,703,225	-	-	(735,506,909)	-
Issuance of Bonus Shares	746,815,060	-	-	-	-	-	-	746,815,060
Minority Interest	-	5,482	-	-	-	-	(5,482)	-
Balance as at 31 December 2013	**5,414,409,190**	**21,968**	**4,181,375,888**	**139,877,943**	**648,455,000**	**311,620,853**	**1,349,055,004**	**12,044,815,846**

Niaz Habib
Managing Director
Current Charge

Reshadur Rahman
Director

Altaf Hossain Sarker
Director

Abdul Hai Sarker
Chaiman

Dhaka, 16 March 2014

Kazi Zahir Khan & Co.
KAZI ZAHIR KHAN & CO.
Chartered Accountants

Dhaka Bank Limited
Balance Sheet
As at 31 December 2013

	Notes	2013 Taka	2012 Taka
PROPERTY AND ASSETS			
Cash	03	**11,900,627,925**	**10,933,972,796**
Cash in Hand (including foreign currencies)		1,608,867,780	1,307,411,402
Balance with Bangladesh Bank & Sonali Bank (including foreign currencies)		10,291,760,145	9,626,561,394
Balance With Other Banks & Financial Institutions	04	**2,464,187,135**	**4,828,293,993**
In Bangladesh		1,698,522,164	3,543,839,291
Outside Bangladesh		765,664,971	1,284,454,702
Money at Call and Short Notice	05	**338,900,000**	**669,200,000**
Investments	06	**18,756,939,948**	**18,403,921,383**
Government		16,009,301,980	15,775,407,762
Others		2,747,637,968	2,628,513,621
Loans & Advances	07	**99,595,883,469**	**90,140,284,573**
Loans, Cash Credit & Over Draft etc.		97,382,030,273	87,762,745,239
Bills Discounted and Purchased		2,213,853,196	2,377,539,334
Premises and Fixed Assets	08	**2,518,488,968**	**1,879,473,973**
Other Assets	09	**8,810,436,943**	**6,263,214,012**
Non-Banking Assets	10	**23,166,033**	**23,166,033**
Total Assets		**144,408,630,421**	**133,141,526,763**
LIABILITIES & CAPITAL			
Liabilities			
Borrowings from Other Banks, Financial Institutions and Agents	11	**3,649,917,871**	**5,696,877,888**
Deposits and Other Accounts	12	**115,981,165,413**	**107,427,151,290**
Current Accounts & Other Accounts		10,171,783,633	10,816,848,734
Bills Payable		991,276,689	1,355,657,995
Savings Bank Deposits		8,870,151,906	7,123,752,609
Term Deposits		95,947,953,185	88,130,891,952
Non Convertible Subordinated Bond	13	**2,000,000,000**	**2,000,000,000**
Other Liabilities	14	**10,890,638,241**	**8,334,275,111**
Total Liabilities		**132,521,721,525**	**123,458,304,289**
Capital / Shareholders' Equity			
Paid-up Capital	15	5,414,409,190	4,667,594,130
Statutory Reserve	16	4,181,375,888	3,572,572,204
General Reserve	17	139,877,943	346,546,164
Assets Revaluation Reserve	18	648,455,000	648,455,000
Revaluation Reserve on Investment	19	311,620,853	34,611,362
Surplus in Profit and Loss Account	20	1,191,170,022	413,443,614
Total Shareholders' Equity		**11,886,908,896**	**9,683,222,474**
Total Liabilities & Shareholders' Equity		**144,408,630,421**	**133,141,526,763**

Dhaka Bank Limited
Balance Sheet
As at 31 December 2013

	Notes	2013 Taka	2012 Taka
OFF BALANCE SHEET ITEMS			
CONTINGENT LIABILITIES:			
Acceptances and Endorsements	21	12,304,828,570	15,907,069,233
Letter of Credit		11,023,698,214	10,023,135,254
Letter of Guarantee		13,891,546,477	10,643,108,587
Bills for Collection		5,717,930,781	7,823,711,568
Other Contingent Liabilities		2,530,870,689	868,159,580
Total:		**45,468,874,731**	**45,265,184,222**
OTHER COMMITMENTS:			
Documentary credit and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total:		-	-
Total off- Balance Sheet Exposures including Contingent Liabilities		**45,468,874,731**	**45,265,184,222**

These financial statements should be read in conjunction with the annexed notes 1 to 46(a)

Niaz Habib	**Reshadur Rahman**	**Altaf Hossain Sarker**	**Abdul Hai Sarker**
Managing Director	Director	Director	Chaiman
Current Charge			

Auditors' report to the shareholders
See annexed report of date

Dhaka, 16 March 2014

KAZI ZAHIR KHAN & CO.
Chartered Accountants

Dhaka Bank Limited
Profit & Loss Account
for the year ended 31 December 2013

	Notes	2013 Taka	2012 Taka
Operating Income			
Interest Income / Profit Received	23	15,131,141,289	13,228,483,834
Interest / Profit paid on Deposits & Borrowings	24	11,822,881,725	10,598,442,925
Net Interest Income		**3,308,259,564**	**2,630,040,909**
Income from Investments	25	1,616,937,538	1,388,483,871
Commissions / Fees and Exchange Earnings	26	1,093,341,022	1,084,942,824
Other Operating Income	27	391,791,638	239,377,385
TOTAL OPERATING INCOME (A)		**6,410,329,762**	**5,342,844,989**
Operating Expenses			
Salary & Allowances:	28	1,482,926,276	1,183,902,853
Rent, Taxes, Insurance, Lighting etc.	29	354,748,442	267,957,754
Legal & Professional Expenses	30	13,241,364	9,580,516
Postage, Stamp, Telecommunication etc.	31	56,607,962	53,531,641
Stationery, Printing, Advertisement etc.	32	134,486,079	102,904,881
Chief Executive's Salary & Allowances	33	12,340,000	12,101,500
Directors' Fee & Meeting Expenses	34	2,956,763	2,700,400
Audit Fees		690,000	690,000
Depreciation of Bank's Assets	36	150,116,619	76,902,827
Repair & Maintenance of Bank's Assets	37	69,169,506	67,969,390
Other Expenses	38	439,456,997	341,227,863
TOTAL OPERATING EXPENSES (B)		**2,716,740,008**	**2,119,469,625**
Profit / (Loss) Before Provision (C) = (A - B)		**3,693,589,754**	**3,223,375,364**
Provision for loan	39	57,050,512	1,685,376,923
Provision for Off Balance Sheet Exposure	40	7,938,263	31,483,131
Provision for Diminution in Value of Investments	41	584,582,559	65,939,102
Other Provisions	14.5	-	752,315
Total Provision (D)		**649,571,334**	**1,783,551,471**
Total Profit / (Loss) before Tax (C - D)		**3,044,018,420**	**1,439,823,893**
Provision for Current Tax	14.6	1,096,530,432	738,415,500
Provision for Deferred Tax	14.6.1	20,811,057	-
Net Profit / (Loss) after Tax :		**1,926,676,931**	**701,408,393**
Retained Surplus Brought Forward from Previous Year		**413,443,614**	**1,434,784,969**
		2,340,120,545	**2,136,193,362**
Distribution :			
Statutory Reserve	16	608,803,684	287,964,779
General Reserve	17	126,703,225	178,125,018
Dividend		413,443,614	1,256,659,951
Retained Surplus		**1,191,170,022**	**413,443,614**
Earning per Share (EPS) (Restated)	42	**3.56**	**1.30**

Niaz Habib
Managing Director
Current Charge

Reshadur Rahman
Director

Altaf Hossain Sarker
Director

Abdul Hai Sarker
Chaiman

Auditors' report to the shareholders
See annexed report of date

Dhaka, 16 March 2014

Kazi Zahir Khan & Co.
KAZI ZAHIR KHAN & CO.
Chartered Accountants

Dhaka Bank Limited
Cash Flow Statement
for the year ended 31 December 2013

	Notes	2013 Taka	2012 Taka
Cash Flow From Operating Activities			
Interest/Profit receipts		15,236,099,562	13,117,880,925
Interest/Profit payments		(11,786,093,808)	(10,586,607,003)
Dividend receipts		44,734,627	25,123,245
Fee and commission receipts		825,951,074	833,573,411
Payments to employees		(1,482,926,276)	(1,183,902,853)
Payments to suppliers		(205,025,405)	(166,707,038)
Income taxes paid		(849,771,031)	(1,185,825,573)
Receipts from other operating activities	43	434,936,600	383,646,478
Payments for other operating activities	44	(847,924,047)	(677,449,778)
Operating profit before changes in current assets & liabilities		**1,369,981,296**	**559,731,814**
Increase/Decrease in operating assets and liabilities:			
Purchase/Sale of trading securities		45,190,773	(8,010,475,975)
Loans and advances to customers		(9,455,598,896)	(14,156,992,911)
Other assets	45	(2,537,375,685)	(160,569,992)
Deposits from other banks		207,052,494	138,466,567
Deposits from customers		8,346,961,629	22,011,796,037
Other liabilities account of customers		106,274,404	80,888,904
Other liabilities	46	1,374,866,882	51,704,709
Net cash flow from operating activities (A)		**(542,647,103)**	**514,549,153**
Cash Flow From Investing Activities			
Proceeds from sale of securities		1,547,941,866	1,336,821,179
Purchase of securities		(119,124,347)	(872,548,728)
Purchase of property, plant & equipment		(789,131,614)	(253,449,765)
Sale of property, plant & equipment		1,414,700	808,249
Purchase/sale of subsidiary		-	50
Net cash used in investing activities (B)		**641,100,605**	**211,630,985**
Cash Flow From Financing Activities			
Borrowing from other banks		(2,046,960,017)	3,148,638,302
Dividends paid		-	(179,522,851)
Net cash flow from financing activities (C)		**(2,046,960,017)**	**2,969,115,451**
Net increase / (Decrease) in cash (A+B+C)		**(1,948,506,515)**	**3,695,295,589**
Effects of exchange rate changes on cash & cash equivalent		222,830,286	106,292,070
Opening cash & cash equivalent as at 1 January		16,434,813,389	12,633,225,730
Closing cash & cash equivalent as at 31 December		**14,709,137,160**	**16,434,813,389**
Closing cash & cash equivalents			
Cash in Hand		1,608,867,780	1,307,411,402
Balance with Bangladesh Bank & Sonali Bank		10,291,760,145	9,626,561,394
Balance with Other Banks & Financial Institutions		2,464,187,135	4,828,293,993
Money at Call & Short Notice		338,900,000	669,200,000
Prize Bond		5,422,100	3,346,600
Total		**14,709,137,160**	**16,434,813,389**

These financial statements should be read in conjunction with the annexed notes 1 to 46(a)

Niaz Habib
Managing Director
Current Charge

Reshadur Rahman
Director

Altaf Hossain Sarker
Director

Abdul Hai Sarker
Chaiman

KAZI ZAHIR KHAN & CO.
Chartered Accountants

Dhaka, 16 March 2014

Dhaka Bank Limited
Statement of Changes in Equity
for the year ended 31 December 2013

Particulars	Paid up Capital	Statutory Reserve	General Reserve	Asset Revaluation Reserve	Revaluation Reserve on Investment	Profit and Loss Account	Total
Balance as at 1 January 2013	4,667,594,130	3,572,572,204	346,546,164	648,455,000	34,611,362	413,443,614	9,683,222,474
Changes in accounting policy	-	-	-	-	-	-	-
Restated balance	**4,667,594,130**	**3,572,572,204**	**346,546,164**	**648,455,000**	**34,611,362**	**413,443,614**	**9,683,222,474**
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	277,009,491	-	277,009,491
Currency transaction differences	-	-	-	-	-	-	-
Net gains and losses not recognized in the income statement	**-**	**-**	**-**	**-**	**311,620,853**	**-**	**-**
Net Profit for the year	-	-	-	-	-	1,926,676,931	1,926,676,931
Stock dividend paid during the year	-	-	(333,371,446)	-	-	(413,443,614)	(746,815,060)
Cash dividend paid during the year	-	-	-	-	-		-
Changes in Reserve	-	608,803,684	126,703,225	-	-	(735,506,909)	-
Issuance of Bonus Shares	746,815,060	-	-	-	-	-	746,815,060
Balance as at 31 December 2013	**5,414,409,190**	**4,181,375,888**	**139,877,943**	**648,455,000**	**311,620,853**	**1,191,170,022**	**11,886,908,896**

Niaz Habib
Managing Director
Current Charge

Reshadur Rahman
Director

Altaf Hossain Sarker
Director

Abdul Hai Sarker
Chaiman

Dhaka, 16 March 2014

KAZI ZAHIR KHAN & CO.
Chartered Accountants

Dhaka Bank Limited
Liquidity Statement

(Asset and Liability Maturity Analysis)
As at 31 December 2013

Particulars	Upto 01 month	1 - 3 months	3 - 12 months	1 - 5 years	More than 5 years	Total
Assets:						
Cash in Hand	11,900,627,925	-	-	-	-	11,900,627,925
Balance with Other Banks and Financial Institutions	1,013,787,483	-	1,450,399,652	-	-	2,464,187,135
Money at Call and Short Notice	338,900,000	-	-	-	-	338,900,000
Investments	2,753,060,068	-	3,953,648,327	6,967,417,445	5,082,814,108	18,756,939,948
Loans and Advances	25,507,968,568	25,803,216,397	29,415,548,338	15,816,101,084	3,053,049,082	99,595,883,469
Fixed Assets	-	-	-	495,453,328	2,023,035,640	2,518,488,968
Other Assets	1,037,662,773	-	4,416,927,566	1,835,196,268	1,520,650,336	8,810,436,943
Non-Banking Assets	-	-	-	23,166,033	-	23,166,033
Total Assets	**42,552,006,817**	**25,803,216,397**	**39,236,523,883**	**25,137,334,158**	**11,679,549,166**	**144,408,630,421**
Liabilities:						
Borrowing from Bangladesh Bank, Other banks, Financial Institutions and Agents	-	-	(3,041,124,540)	(608,793,331)	-	(3,649,917,871)
Deposits & Other Accounts	(11,178,579,463)	(14,467,347,944)	(68,747,597,958)	(14,064,749,546)	(7,522,890,502)	(115,981,165,413)
Other Liabilities	(2,197,043,817)	-	(8,693,594,424)	-	(2,000,000,000)	(12,890,638,241)
Capital & Reserve	-	-	-	(11,886,908,896)	-	(11,886,908,896)
Total Liabilities	**(13,375,623,280)**	**(14,467,347,944)**	**(80,482,316,922)**	**(26,560,451,773)**	**(9,522,890,502)**	**(144,408,630,421)**
Net Liquidity Gap	**29,176,383,537**	**11,335,868,453**	**(41,245,793,039)**	**(1,423,117,615)**	**2,156,658,664**	**-**
Cumulative Liquidity Gap	**29,176,383,537**	**40,512,251,990**	**(733,541,049)**	**(2,156,658,665)**	**-**	**-**

Highlights on the overall activities of the Bank

Sl. No.	Particulars	2013	2012	Change in %
1	Paid-up Capital	5,414,409,190	4,667,594,130	16
2	Total Capital	14,816,839,331	12,948,164,134	14
3	Capital surplus / (deficit) **(Note - 15.9)**	2,565,301,404	865,390,953	196
4	Total Assets	144,408,630,421	133,141,526,763	8
5	Total Deposits	115,981,165,413	107,427,151,290	8
6	Total Loans and Advances	99,595,883,469	90,140,284,573	10
7	Total Contingent Liabilities and Commitments	45,468,874,731	45,265,184,222	0
8	Credit Deposit Ratio (%)	84.22	83.91	0
9	Percentage of Classified Loans against total Loans and Advances (%)	4.15	6.28	(34)
10	Profit after Tax and Provision	1,926,676,931	701,408,393	175
11	Amount of Classified Loans during the year	4,136,686,070	5,656,314,315	(27)
12	Provisions kept against Classified Loans	2,185,734,892	2,497,888,643	(12)
13	Provision Surplus / (Deficit)	854,575,191	-	-
14	Cost of Fund [Deposit Cost & Overhead Cost] (%)	12.33	12.46	(1)
15	Interest Earning Assets	117,624,192,005	110,159,484,794	7
16	Non-Interest Earning Assets	26,784,438,416	22,982,041,969	17
17	Return on Investment (ROI) [%]	8.70	9.92	(12)
18	Return on Assets (ROA) [%]	1.39	0.59	135
19	Income from Investments	1,616,937,538	1,388,483,871	16
20	Earning per Share (Taka)	3.56	1.30	175
21	Net Income per Share (Taka)	3.56	1.30	175
22	Price Earning Ratio (Times)	5.28	16.50	(68)

01. Status of the Bank and Principal Activities:

The Dhaka Bank Limited (the "Bank") was incorporated in Bangladesh as a public limited company with limited liability as on 06 April, 1995 under the Companies Act, 1994 and commenced commercial operation on 05 July, 1995. The Bank went for the public issue of shares on 18 November, 1999 and its shares are listed with the Stock Exchanges of Bangladesh. Now it has 74 branches all over Bangladesh which includes 49 urban and 25 rural branches, an offshore banking unit at EPZ, Dhaka, 03 SME Service Centers. The Bank has a subsidiary company in the name of DBL Securities Limited with 6 Branches in Dhaka, Chittagong and Sylhet. Out of the above, two branches of the bank are run under Islamic Shariah, the modus operandi of which is substantially different from other non-Islamic branches.

The principal place of business is the registered office at 100, Motijheel Commercial Area, Biman Bhaban, Dhaka-1000, Bangladesh. The principal activities carried out by the Bank include all kinds of commercial banking activities/services to its customers through its branches, SME service centers and electronic delivery channels in Bangladesh. The Bank has been holding 99.99% shares of DBL Securities Limited, a subsidiary company of Dhaka Bank Limited. The membership of Dhaka Stock Exchange and Chittagong Stock Exchange of Dhaka Bank Limited transferred in the name of this subsidiary company. The ownership of shares of Central Depository of Bangladesh Limited (CDBL) also transferred in the name of this subsidiary company.

The Bank has a dedicated philanthropic unit named Dhaka Bank Foundation which has been operating since 28 July, 2004.

a) Conventional Banking:

The principal activities of the bank are to provide all kinds of commercial banking services to its customers through its branches and SME Centers.

b) Islamic Banking:

The Bank operates Islamic Banking in two branches designated for this purpose in complying with the rules of Islamic Shariah. A separate balance sheet, income statement and a statement of profit paid on deposits are shown in **Annexure–I** and the figures appearing in the annexure have been incorporated in the respective heads of these financial statements as recommended by the Central Shariah Board for Islamic Banks in Bangladesh. A separate unit for Islamic Banking has been formed in Head Office to monitor and comply the rules of Islamic Shariah and other Regulatory bodies.

c) Off-shore Banking Unit:

The Off-shore banking unit is a separate business unit of Dhaka Bank Limited and maintains its accounting records in USD from which accounts are prepared according to the Bank Companies Act 1991, Bangladesh Accounting Standards and other applicable directives issued by Bangladesh Bank. The Bank obtained the Offshore Banking Unit permission vide letter no. BRPD(P)744(92)/2005-2181 dated June 18, 2005. The Bank commenced the operation of its Offshore Banking Unit with effect from May 10, 2006.

d) SME Service Center:

The main functions of SME Service Centers are to render services only for receiving application, disbursement, monitoring, and recovery of SME/Retail loans. They also serve the customers for opening of account, payments of foreign remittance etc.

e) Central Processing Center (CPC):

Dhaka Bank has established the Central Processing Center for Trade & Credit Operations. The center maintains its accounting records in the general ledger of the respective branches. The import/Export related processing & Credit Operations are centrally controlled and monitored by the CPC for efficient and effective decision-making and reduction of cost as well.

f) DBL Securities Limited and Dhaka Bank Investment LTD:

i) As per decision of the 153rd meeting of the Board of Directors of Dhaka Bank Limited, a separate subsidiary company in the name of DBL Securities Limited formed to carry out the stock broker and stock dealer activities of Capital Market Services Division of the Bank.

ii) As per decision of the 190th meeting of the Board of Directors of Dhaka Bank Limited, a subsidiary company in the name and style of "Dhaka Bank Investment Limited" formed with Authorized Capital of Tk. 2,000,000,000.00 and Paid-up Capital of Tk. 250,000,000.00 to conduct Merchant Banking Activities. The company will start its operation in 2014.

02. Significant Accounting Policies and basis of preparation of the Financial Statements:

2.1 Basis of accounting:

Statement of compliance:

The financial statements of the Bank and its subsidiaries (the "Group") are made up to 31 December each year, and are prepared under the historical cost convention, except land which is shown at revaluation amount and certain investments which are measured at fair/market value as per the guideline of the Bangladesh Bank. The financial statements are prepared in accordance with the first schedule of Bank Companies Act, 1991, BRPD Circular No. 14 dated 25 June 2003, other Bangladesh Bank circulars, International Accounting Standards and International Financial Reporting Standards adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) as Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Listing Regulations of the Stock Exchanges, the Securities and Exchange Rule 1987

and other laws and rules applicable in Bangladesh. In case the requirement of Bangladesh Bank differs with those of BAS/BFRS, the requirement of Bangladesh Bank have been applied.
The operations of Islamic Banking branches are accounted for in accordance with Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions for which a separate set of books and records are being maintained.

Use of estimates and judgments:

The preparation of the financial statements in conformity with BAS and BFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected.
Significant areas of estimation uncertainty and critical judgments are applied in connection with calculation of loans and advances.

2.2 Basis of Consolidation:

The consolidated financial statements include the financial statements of Dhaka Bank Limited, the Offshore Banking Unit and DBL Securities Limited, the subsidiary company of Dhaka Bank Limited, made up to the end of the financial year.

The consolidated financial statements have been prepared.

A Banking software system 'FLEXCUBE' produces consolidated Balance Sheet and Profit & Loss Account including Offshore Banking and Islamic Banking operation. These consolidated records are maintained at the Head Office of the Bank based on which these financial statements have been prepared.

2.3 Cash and Cash Equivalents:

Cash and cash equivalents include notes and coins in hand, unrestricted balances held with Bangladesh Bank and highly liquid financial assets which are subject to insignificant risk of changes in their fair value and are used by the Bank Management for its short-term commitments. The Cash held in Automated Teller Machine (ATM) reflects the initial loading amount which has been adjusted with the ATM Settlement Account for true reflection in the Books of Accounts.

2.4 Loans and Advances and Provision thereon:

Interest is calculated on daily product basis but charged and accounted for quarterly on accrual basis. Interest on classified loans is kept in interest suspense account as per Bangladesh Bank guidelines, and such interest is not accounted for, until the same is recovered from borrowers. Interest is not charged on Bad/ Loss loans as per guidelines of Bangladesh Bank.

Provision for Loans and Advances is made on the basis of year end review by the Management and of instructions contained in Bangladesh Bank BRPD Circular No. 14 dated 23.09.2012, BRPD Circular No. 19 dated 27.12.2012 and BRPD Circular No. 05 dated 29.05.2013. A provision of Tk. 64,988,775 has been made during the year 2013 which has been found to be adequate. The total volume of non-performing loan is Tk. 4,136,686,069 as of 31.12.2013. The provisioning rates are given below:

Business unit		UC	SMA	SS	DF	BL
		Prov (%)	Prov (%)	Prov (%)	Prov (%)	Prov (%)
Consumer	House Building and Professional	2%	2%	20%	50%	100%
	Other than House Building and Professional	5%	5%	20%	50%	100%
Brokerage Houses/ Merchant Banks/ Stock Dealers against shares		2%	2%	20%	50%	100%
Small and Medium Enterprises		0.25%	0.25%	20%	50%	100%
Agriculture		5%	--	5%	5%	100%
Others		1%	1%	20%	50%	100%

Loans and Advances are written off to the extent that i. there is no realistic prospect to recovery ii. Against which legal cases are pending for more than five years as per guidelines of Bangladesh Bank. However, write off will not reduce the claim against the borrower. Detailed records for all such write off accounts are being maintained in separate register.

2.5 Investments:

Investments are initially recognized at cost, including acquisition charges associated with the investment. Premiums are amortized and discount accredited, using the effective or historical yield method. Accounting treatment of government treasury securities and bonds (categorized as HFT or/and HTM) is made following Bangladesh Bank DOS Circular Letter No. 05, dated 26 May 2008. The valuation methods of investments used are:

a) Held to Maturity (HTM):

Investments which have fixed or determinable payments and are intended to be held to maturity, are classified as held to maturity. These investments are subsequently measured at amortized cost, less any provision for impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition. Any gain or loss on such investments is recognized in the statement of income when the investment is derecognized or impaired.

b) Held for Trading (HFT):

The securities under this category are the securities acquired by the bank with the intention to trade by taking advantages of short term price/interest movement, and the securities those are classified as HFT by the banks held in excess of SLR (net of CRR) at a minimum level. Investments classified in this category are principally for the purpose of selling or repurchasing on short trading or if designated as such by the management. In this category, investments are measured in fair value and any change in the fair value i.e. profit or loss on sale of securities in HFT category is recognized in the statement of income.

Value of Investment have been enumerated as follows:

Particulars	Applicable Accounting
Held for Trading (T Bills, T Bonds, etc.)	Fair value
Held to Maturity (T Bills, T Bonds etc.)	Amortized value
Prize Bond	Cost Price
Shares	Lower of cost or market value

c) Investment in Listed Shares and Securities:

These securities are bought and held primarily for the purpose of selling them in future or hold for dividend income. These are reported at cost. Unrealized gains are not recognized in the profit and loss account. But provision for diminution in value of investment is provided in the financial statements which market price is below the cost price of investment as per Bangladesh Bank guideline (note-6.2.a).

d) Investment in Unquoted Shares and Securities:

Investment in unlisted securities is reported at cost under cost method **(see Annexure-B).**

e) Investment in Subsidiary:

Investment in subsidiaries is accounted for under the cost method of accounting in the Bank's financial statements in accordance with the Bangladesh Accounting Standard i.e. BAS-28. Accordingly, investments in subsidiaries are stated in the Bank's Balance Sheet at cost, less impairment losses if any.

2.6 Property, plant and equipment and Depreciation:

Property, plant & equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the Bank and the cost of the assets can be reliably measured.
i) All fixed assets are stated at cost less accumulated depreciation as per BAS-16. The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.
ii) The Bank recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the company and the cost of the item can be measured reliably. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance, is normally charged off as revenue expenditure in the period in which it is incurred.
iii) Depreciation is charged on straight-line method at the following rates on cost of assets from the month of their purchase as per revised policy with effect from the year 2012.

Name of the Assets	Rate of Depreciation
Land	Nil
Building	2.50% p.a.
Furniture & Fixtures	10.00% p.a.
Office Appliances & Equipment	20.00% p.a.
Computer and Software	20.00% p.a.
Vehicles	20.00% p.a.

2.7 Impairment of Assets:

The policy for all assets or cash-generating units for the purpose of assessing such assets for impairment is as follows:

The Bank assesses at the end of each reporting period or more frequently if events or changes in circumstances indicate that the carrying value of an asset may be impaired, whether there is any indication that an asset may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the bank makes an estimate of the assets recoverable amount. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount by debiting to profit and loss account.

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may be impaired.

2.8 Asset Revaluation Reserve:

Dhaka Bank Limited re-valued the entire class of Land during the year 2011 by an independent valuation firm according to Paragraph 36 of BAS-16 as per approval of the Board of Directors of the Bank. As per BRPD Circular No.10 dated 24 November, 2002, the amount of asset revaluation reserve after revaluation of bank's asset will be eligible upto 50% for the treatment of the supplementary capital (Tier-II). **[For detail please see Note-18].**

2.9 Other Assets:

Other assets include all balance sheet accounts not covered specifically in other areas of the supervisory activity and such accounts may be quite insignificant in the overall financial condition of the Bank.

2.10 Receivables:

Receivables are recognized when there is a contractual right to receive cash or another financial asset from another entity.

2.11 Non-Banking Assets:

Non-banking assets are acquired on account of the failure of a debtor to repay the loan in time after receiving the decree from the Court regarding the right & title of mortgaged property during the year 2010. The value of the properties has been incorporated in the books of accounts on the basis of third party valuation report.

2.12 Leasing:

Leases are classified as Finance Lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as Operating Leases.

a) The Bank as Lessor:

Amounts due from leases under finance lease are recorded in the assets side of the Balance Sheet at the amount of the bank's net investment in the leases. Finance lease rental income is allocated to accounting periods so as to reflect a constant periodic rate of return on the bank's net investment outstanding in respect of the leases. No depreciation has been charged for such lease in the account.

b) The Bank as Lessee:

Assets held under finance leases are recognized as assets of Bank at fair value at the date of acquisition or if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a Finance Lessee obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Assets held under Finance Leases are depreciated over their expected useful lives on the same basis as owned assets.

2.13 Share Capital:

The Ordinary shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets.

2.14 Statutory Reserve:

The Bank Companies Act, 1991 requires the Bank to transfer 20% of its current year's profit before tax to reserve until such reserve equals to its paid up capital.

2.15 Minority interest in subsidiaries:

Minority interest in business is an accounting concept that refers to the portion of a subsidiary company's stock that is not owned by the parent company. The magnitude of the minority interest in the subsidiary company is always less than 50% of outstanding shares, else the company would cease to be a subsidiary of the parent.

2.16 Non Convertible Subordinated Bond:

The Bank issued Redeemable Non Convertible Subordinated Bond of Tk. 2,000,000,000.00 as Supplementary Capital (Tier-2) of the Bank for a term of 07 (seven) years to strengthen the capital base of the Bank on the consent of Bangladesh Securities and Exchange Commission Vide Letter No. SEC/CI/CPLC-10/2001-256 dt.09.09.2010.

2.17 Deposits and Other Accounts:

Deposits by customers and banks are recognized when the Bank enters into contractual provisions of the arrangements with the counterparties, which is generally on trade date and initially measured at the consideration received.

2.18 Borrowings from Other Banks, Financial Institutions and Agents:

Borrowed funds include call money deposits, borrowings, re-finance borrowings and other term borrowings from banks. These are stated in the balance sheet at amounts payable. Interest paid/ payable on these borrowings is charged to the profit and loss account.

2.19 Interest Suspense Account:

Interests on classified loans were not taken into income account. The amount was credited to Interest Suspense Account. Interest/ profit on classified advances is accounted for on a cash receipt basis.

2.20 Retirement benefits to the employees:

a) Provident Fund-Provident Fund benefits are given to the employees of the bank in accordance with the locally registered Provident Fund Rules. The Commissioner of Income Tax, Tax Zone-5, Dhaka has approved the provident fund as a recognized provident fund as per section 2(1) of part-B of the first schedule of Income Tax Ordinance, 1984. The recognition took effect from 1st July 1996. All confirmed employees of the Bank are contributing 10% of their basic salary as subscription of the fund. The Bank also contributes equal amount of the employees' contribution to the fund. Interest earned from the investments is credited to the members account annually.

b) Superannuation Fund-The bank operates a Superannuation Fund Trust by a Board of Trustees consisting of seven members. The death–cum survival benefits are given to the employees as per the eligibility narrated in the Trust Rules. The fund got recognition from the National Board of Revenue (NBR) effect from 1st January 2001 under section 3 & 4 of part- A of first schedule of Income Tax Ordinance 1984. The Bank contributes to the fund annually as per Superannuation Fund Rules of the bank.

c) Gratuity–The bank operates an Employee Gratuity Fund Trust by a Board of Trustees consisting of six members. All confirmed employees who have been in the service of the bank for a minimum of five years without break, should be eligible to have the benefit under the gratuity scheme. The Gratuity Trust Rules got recognized from the National Board of Revenue (NBR) effect from 25.04.2006 under section 2 & 3 of part-C of first schedule of Income Tax Ordinance 1984. The bank has started making provision against gratuity from the year 2004.

2.21 Revenue Recognition:

The revenue during the year is recognized as following which satisfy all conditions of revenue recognition as prescribed by **BAS 18 "Revenue Recognition".**

a) Interest Income/Profit Received-The interest/profit receivable on unclassified loans and advances/investments is recognized quarterly on accrual basis. Interest/profit on classified advances is accounted for on a cash receipt basis.

Interest on Credit Card outstanding is calculated on daily product but charged on monthly basis. Interest charged on Credit Card up to 28 December 2013. Monthly bill of Credit Card issued on 28th day of each month.

b) Investment Income-Interest income on investments is recognized on accrual basis.

c) Fees and Commission Income-Fees and commission income arises on services provided by the Bank and recognized on a cash receipt basis. Commission charged to customers on letter of credit and letter of guarantee are credited to income at the time effecting the transactions.

d) Dividend Income-Dividend income from shares is recognized at the time when it is realized.

e) **Interest/Profit paid and other expenses**-The interest/profit paid on deposits, borrowings and other expenses are recognized on accrual basis.

2.22 Foreign Currency Transactions:

a) Functional and presentational currency-Financial statements of the Bank are presented in Taka, which is the Bank's functional and presentational currency.

b) Foreign currency transactions-Foreign currency transactions are converted into equivalent Taka currency at the ruling exchange rates on the respective date of such transactions as per BAS-21 "The Effects of Changes in Foreign Exchange Rates".

Assets and liabilities as at 31 December, 2013 in foreign currencies are converted into Taka currency at the average of the prevailing selling and buying rates of the relevant foreign currencies at that date except "Balances with other Banks and Financial Institutions" which have been converted as per directives of Bangladesh Bank vide its circular no. BRPD 717/2004-959 dated 21 November, 2004.

Differences arising through buying and selling transactions of foreign currencies on different dates of the year have been adjusted by debiting/crediting to the Revaluation Account.

c) Commitment-Commitments for outstanding forward foreign exchange contracts (SWAP) disclosed in these Consolidated Financial Statements and Financial Statements are translated at contracted rates. Contingent liabilities/commitments for letter of credit, letter of guarantee and acceptance denominated in foreign currencies are expressed in Taka terms at the rates of exchange ruling on the balance sheet date.

2.23 Taxation:

a) Provision for Taxation:
The Bank is considered as a publicly traded company as per the Income Tax Ordinance, 1984. Provision for Current Income Tax has been made at the existing rate of 42.50% as prescribed in the Finance Act, 2013 of the business income of the Bank after considering some of the taxable add backs of income and disallowances of expenditures.

b) Deferred Tax:
Deferred tax arises due to temporary difference deductible or taxable for the events or transaction recognized in the income statement. Deferred tax assets are the amount of income taxes recoverable in future periods in respect of deductible temporary differences. Deferred tax liabilities are the amount of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted at the balance sheet date. The Bank has recognized deferred tax in accordance with the Bangladesh Accounting Standard (BAS)-12.

2.24 Earning per Shares (EPS):

Earning per share has been calculated in accordance with **BAS 33 "Earnings per Share"** which has been shown on the face of Profit and Loss Account. This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year. Previous year's figures have been adjusted as per guidelines of BAS 33.

2.25 Off-balance sheet items & Provisions:

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

2.26 Cash Flow Statement:

Cash Flow Statement is prepared principally in accordance with **BAS 7 "Cash Flow Statement"** and under the guidelines of Bangladesh Bank BRPD Circular No.14 dated 25th June, 2003. The cash flow statement shows the structure of changes in cash and cash equivalents during the financial year. It is broken down into operating activities, investing activities and financial activities.

2.27 Statement of Changes in Equity:

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

Particulars	Basis used
Balance with Other Banks and Financial Institutions	Maturity Term
Investments	Respective Maturity Terms
Loans and Advances	Repayment schedule basis
Fixed Assets	Useful life
Other Assets	Realization/Amortization basis
Borrowing from Other Banks, Financial Fnstitutions and Agents	Maturity/Repayment terms
Deposits and Other Accounts	Maturity term
Other Liabilities	Payments/Adjustments schedule basis

2.28 Statement of Liquidity:

The liquidity statement has been prepared in accordance with the remaining maturity grouping of the value of the assets and liabilities as on 31 December 2013 and under the guidelines of Bangladesh Bank BRPD Circular No.14 dated 25th June 2003.

2.29 Reconciliation of inter-bank/books of Accounts:

Books of accounts in regard to inter-bank (in Bangladesh and outside Bangladesh) and inter-branch are reconciled and no material difference was found which might effect the financial statements significantly.

Un-reconciled entries in case of inter-branch transactions as on the reporting date are not mentionable due to the time gap before finalizing the same.

2.30 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 substantially.

2.31 Post Balance Sheet events:

No material events had occurred after Balance Sheet date, which could affect the values reported in the financial statements.

2.32 Memorandum Items:

Memorandum items are maintained to have control over all items of importance and for such transactions where the Bank has only a business responsibility and no legal commitment. Bills for collection, Savings Certificates, Wage Earner Bonds and other fall under the memorandum items. However, Bills for Collection is shown under contingent liabilities as per Bangladesh Bank's format for reporting.

2.33 Approval of Financial Statements:

The financial statements were approved by the Board of Directors on 16 March, 2014.

2.34 General:

a) Wherever considered necessary figures of previous year have been rearranged to conform to current year's presentation.
b) The expenses, irrespective of capital or revenue nature, accrued/due but not paid have been provided for in the books of the bank.
c) Figures appearing in these financial statements have been rounded off to the nearest Taka.

2.35 Number of Employees:

The number of employees engaged for the whole year or part thereof was 1450 (Male- 1,123 & Female-327). The Bank recruited 55 numbers of staff during the year. Attrition rate is 4.07% in 2013 compared to 2.13% in 2012.

2.36 Risk Management:

The financial sector of emerging economies like that of Bangladesh is undergoing a monumental and persistent change. The premier reasons for this rapid evolution are increased interaction with world economies, diversification of services and products of the clients which are of newer genre and advancement of intra-division initiatives of the financial organizations for achievement of enhanced efficiency. The resultant effect for the financial sector is a newer facet of risk phenomena, which are unique at source and requires innovative approach to deal with.

Dhaka Bank is addressing these ever-developing risk phenomena through a coordinated model of identifying the sources, assessment and control mechanism of the following core risks-•

- Credit Risk;
- Asset & Liability/Balance Sheet Risk;
- Foreign Exchange Risk;
- Internal Control & Compliance Risk;
- Money Laundering Risk;
- Information and Communication Technology Risk.

The prime objective of the risk management is that the bank takes credit and business risks while safeguarding the Bank's interest from the possibility of losses, financial or otherwise. The Bank's risk management ensures internal control and compliance are adhered by all branches and divisions of Head Office. The Bank has Management Committee (MANCOM), Asset Liability Committee (ALCO), Cost Containment Committee and Credit Risk Management Committee for assessment of credit risk, foreign exchange risk, market risk, money laundering risk, reduction of operating cost etc. at Head Office level on regular basis. Above that, the Executive Committee and Audit Committee comprising of members of the Board of Directors conduct the Risk Assessment at Board level.

Credit Risk:

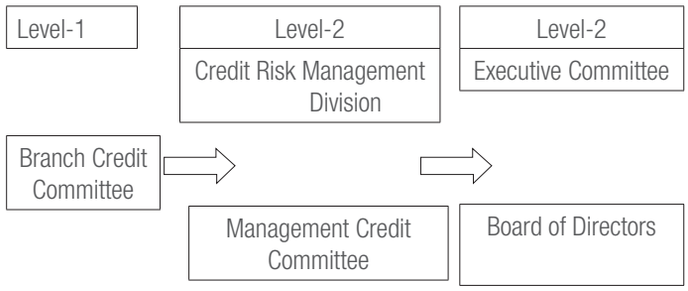
Credit Risk, broadly adverted as the uncertainty to meet financial obligations as per agreed terms and condition by the borrowers during the tenor of the credit facilities, occupies the largest constituent in the risk spectrum of financial institutions. Efficacy in credit risk management is demanded to secure the bank's asset quality as well as market reputation. Credit Risk Management largely controls the risk appetite of financial institutions as an effective risk management process of the credit facilities brings up the constancy of the growth even in the dire market situation.

Dhaka Bank has formulated 2 (two) phases in managing credit risk as depicted below:

Pre Approval Phase:

- Identifying the sources of risk;
- Assessment of the magnitude of the risk;
- Devising the terms and condition to control the risk (if feasible and supported by the Credit Risk Management Policy of the Bank).

Credit Risk Management Process Flow at Pre Approval Phase:



Post Approval Phase:

- Implementation of risk control process i.e. documentation and securitization;
- Supervision of extended facilities;
- Identification of the Red Flag borrowers;
- Addressing the Red Flag borrowers according to the prevailing regulatory framework.

Recent Development in Credit Risk Management:

One of the recent developments in the Bank's credit risk management has been the adoption of a revised Credit Risk Management Policy that acknowledges the metamorphosis of the stimulants of credit risk and contriving the scheme to curb the affect of the evolved scenario. The epitome of the revised Credit Risk Management policy is-

- Segregation of the clientele base of the Bank under purview of the existing regulatory framework and client's portfolio.
- Re-script bank's lending strategy i.e. expansion or contraction to various industry.
- Re-fixing the industry-wise exposure ceiling in view of the industry life cycle, economic importance and repayment record.
- Revision of the product-wise i.e. Demand, Continuous and Term Loan exposure cap.
- Restructure of the approving authority related to different types credit facilities.

Market Risk:

(i) Foreign Exchange Risk:

To address the issue of Foreign Exchange Risk Management, all foreign exchange activities has been segregated between Front and Back Office. The issue is being addressed through various techniques so that no exposure is uncovered in any time. Dhaka Bank follows all prudential procedures for covering foreign exchange risks as per guidelines of Bangladesh Bank. Treasury Division always monitors the market scenario of risks and manages the foreign exchange operations in a way so that earnings are not hampered against any adverse movement in market prices. The foreign exchange risk is at minimum level as all the transactions are carried out on behalf of the customers against L/Cs and foreign remittances. All Nostro accounts are reconciled on monthly basis and outstanding entry beyond 30 days is reviewed by the management for its settlement.

(ii) Interest Rate Risk:

Interest rate risk may arise either from trading portfolio or non-trading portfolio. The trading portfolio of the Bank consists of Government treasury bills and bonds of different maturities. Interest risk arises from mismatches between the future yield of an asset and their funding costs. Asset Liability Committee of the Bank regularly monitors the interest rate movement and Treasury division actively manages the Balance Sheet gap profitability on a regular basis.

(iii) Equity Risk:

Equity risk arises from movement in market value of equities held. The risks are monitored by the Basel II Implementation Unit of the Bank under a well-defined prudent investment framework.

Liquidity risk/ Assets Liability Management

Dhaka Bank formed Assets Liability Committee (ALCO) in March 2003. The ALCO comprises of the Managing Director, Additional Managing Director, Deputy Managing Directors, Head of Treasury, Head of Credit, Head of Retail Banking Division, Head of Risk Management Division, & Head of Finance and Accounts Division. ALCO regularly reviews issues like Interest Rates trends, Foreign Exchange position, Risk, Rates of Interest on Deposit and Advances, liquidity requirements of the bank, maturities mismatch position of Asset and Liabilities, Cost of Deposits, Net Interest margin etc. and takes appropriate action.

Reputation risk arising from inadequate prevention of Money Laundering:

Money laundering risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. Nominated anti money laundering compliance officers in branches report to Chief Anti Money Compliance Officer (who is also the Deputy Managing Director) in head office on any suspicious transaction. Steps are taken to have transaction profile before opening any account. Bank has prepared its money-laundering manual for applications. Training has been continuously given to all officers and executives for developing awareness and skill for identifying suspicious transactions/activities.

Internal Control and Compliance Risk:

With the advent of globalization vis-à-vis technological changes, banking has become more and more diversified. As the banking function entails high risk, effective internal control system, good corporate governance, transparency and accountability have become more important for banking sector worldwide. Internal control system identifies the risk inherent in the process, adopts mitigation measures and ensures compliance thereof.

As per guidelines issued by Bangladesh Bank, Dhaka Bank established an organizational structure which allows segregation of duties among key functional units. Internal Control & Compliance Division (ICCD) has been reconstructed into 3 (three) units, i.e., (i) Compliance Unit, (ii) Monitoring Unit and (iii) Audit & Inspection Unit.

Internal Control & Compliance

- Integral part of the daily activities of a bank;
- Identifies the risks associated with the process followed in the effectiveness and efficiency of operations;
- Risk of compliance with applicable laws, regulations and internal policies;
- In order to mitigate the risks, effective internal controls are developed and monitored along with the Compliance Standards.

The Compliance Unit ensures that bank complies with all regulatory requirements while conducting its business. They maintain liaison with the regulators at all level and notify the other units regarding regulatory changes.

The Monitoring Unit monitors the operational performance of various branches. They collect relevant data and analyze those to assess the risks of individual unit. In case they find major deviation they recommend to the Head of ICCD for sending Audit & Inspection Team for thorough review.

To achieve these objectives Dhaka Bank is gradually moving towards risk based internal audit to evaluate the risk management system and control procedures prevailing in various areas of its operation. Dhaka Bank already introduced risk based internal audit and continues the same with necessary improvements when felt necessity. In risk based audit, the audit team evaluates the level of inherent risk of individual borrower as well as the level of a particular branch on the basis of a risk matrix. The Audit Committee of the Board subsequently reviews all audit/inspections reports and instructed to take corrective measures.

Information & Communication Technology Risk

Financial information are mostly processed and delivered through technology platform. So banks operations and service continuity fully depend on strong, reliable, dependable and secured technology. This inherently contained the risk of security breach, disaster and data pollution. The Information Systems/Information Technology Audit Unit conducts audits to evaluate the system's efficacy and security protocols, in particular, to evaluate the Bank's ability to protect its information assets and properly dispense information to authorized parties. The Information Security/Information Technology audit focuses on determining risks that are relevant to information assets, and in assessing & suggesting controls in order to reduce or mitigate these risks to acceptable level considering long term approach.

2.37 Audit Committee of the Board of Directors

i) Particulars of Audit Committee

The Audit Committee of the Board was duly constituted by the Board of Directors of the Bank in accordance with the BRPD Circular Letter No. 08 dated June 19, 2011 issued by Bangladesh Bank. The Committee was formed comprising 4 (four) members of the Board.

Sl. No.	Name	Status with Bank	Status with Committee	Educational Qualification
1	Mr. Syed Abu Naser Bukhtear Ahmed	Independent Director	Chairman	MBA
2	Mr. Khondoker Jamil Uddin	Director	Member	BSS, MSS MPhil
3	Mr. Md. Amirullah	Director	Member	Intermediate
4	Mr. Tahidul Hossain Chowdhury	Director	Member	Bachelor of Arts

ii) Meeting held with Audit Committee

During the year, the Audit Committee of the Board conducted ten meetings to undertake various functions including reviewing financial statements in compliance with the Bangladesh Bank. The discussed issues are as follows:

- Self Assessment of Anti-Fraud Internal Controls under DOS Circular Letter No. 17 dated November 07, 2012 of Bangladesh Bank.
- Audit Plan for the year 2013.
- Summary of Loan Classification and Provision as on December 31, 2012
- Consideration and Recommendation of Annual Accounts (Audited) along with the report of the Auditors and Directors thereon for the year ended 31st December 2012.
- Consideration and Recommendation of Quarterly Consolidated Financial Statements (Un-audited) including subsidiary Company of the Bank for the period ended 31st March 2013 and 30th September 2013.
- Consideration and Recommendation of Half-yearly Consolidated Financial Statements (Un-audited) including subsidiary Company of the Bank for the period ended 30th June 2013.
- Submission of Quarterly (31.03.2013, 30.06.2013 and 30.09.2013) Statement of Self-Assessment of Anti-Fraud Internal Controls under DOS Circular Letter No.17 dated November 07, 2012 of Bangladesh Bank.
- Status of Consumer Loan Accounts.
- Proposal for approval of the revised CREDIT RISK MANAGEMENT POLICY of the Bank.
- Proposal for approval of different formats for Assessing Credit Applications.
- Review of Stress Testing Report.
- Stress Testing Report of Dhaka Bank Limited for the 2nd quarter ended June 30, 2013.
- Summary of Loan classification and provision as on 31.03.2013, 30.06.2013 and 30.09.2013.

- **Basel-II Implementation:**

a. Approval of statement on "Internal Capital Adequacy Assessment Process (ICAAP)-2012 of the Bank" under Supervisory Review Process (SRP) for the year ended December 31, 2012.

b. Re-formation of SRP Team & Power Delegation to SRP Team.

- Submission of Audit Reports along with its Latest Compliance Status of Different Branches of Dhaka Bank Limited.

iii) Steps taken for implementation on effective internal control procedure of the Bank:

The Committee placed its report regularly to the Board of Directors of the Bank mentioning its review results and recommendations on internal control system, compliance of rules and regulations and establishment of good governance within the organization.

2.38 Shariah Supervisory Committee:

The name of Shariah Council Committee has been changed as Shariah Supervisory Committee according to BRPD Circular No.15 dated 09.11.2009 of Bangladesh Bank. The Executive Committee of the Board of Directors constituted the Shariah Supervisory Committee of Dhaka Bank Limited. The members are as follows:

Sl. No.	Name	Status with Bank	Status with Committee	Educational Qualification
1.	M. Azizul Huq	-	Chairman	M.A (Economics)
2.	Prof. Mowlana Mohammad Salah Uddin	-	Member	Kamil, MA (Islamic Studies)
3.	Md. Mokhlesur Rahman	-	Member	Kamil, MA (Islamic Studies)
4.	Hafez Mowlana Abdul Gaffar	-	Member	Barrister at Law
5.	Khondker Fazle Rashid*	Managing Director	Member	MBA from IBA, Dhaka University
6.	Barrister Khan Mohammad Shameem Aziz	-	Member	Bar at Law
7.	Md.Sirajul Hoque	Executive Vice President & Head of Islamic Banking Division, Head Office	Member Secretary	B.Com (Hons) M.Com (Accounting)

*The Term of Mr. Khondker Fazle Rashid, Managing Director expired on February 23, 2014. Mr. Niaz Habib, Additional Managing Director has taken over the charge of the bank as Managing Director (current charge) with effect from February 24, 2014.

During the year 2013, the following issues were discussed in the meetings:

- Implementation Process of Income Sharing Ratio (ISR) to the Mudaraba Depositors.
- Shariah based investment product for the customers of DBL Securities Limited.
- Approval of Final Rates on various Mudaraba deposits on the basis of weightage.
- Discussion on Shariah Inspection Report of 2 Islamic Banking Branches (IBB) as on date 30.06.2013.
- Approval of Shariah Supervisory Committee Opinion for publishing in Annual Report 2012.
- Implementation of Shariah in various transactions of IBBs.
- Other shariah related issues.

2.39 Information about Segment Reporting:

The bank operates under the following business segments:

Particulars	Conventional	Islamic	OBU	DBL Securities	Total
Total Operating Income	17,569,237,813	534,994,625	128,979,049	264,412,432	18,497,623,919
Allocated Expenses	13,887,290,286	585,907,941	66,423,507	64,344,849	14,603,966,583
Operating Profit (Before Tax & Provision)	3,681,947,527	(50,913,316)	62,555,542	200,067,583	3,893,657,336
Total Provision (Loans/ Advances & Others)	649,571,334	-	-	95,900,373	745,471,707
Profit Before Tax	3,032,376,193	(50,913,316)	62,555,542	104,167,210	3,148,185,629
Provision for Income Tax	1,117,341,490	-	-	49,348,961	1,166,690,451
Net Profit	1,915,034,703	(50,913,316)	62,555,542	54,818,249	1,981,495,178
Segment Assets	134,442,629,021	6,464,173,520	17,827,942	4,475,643,243	145,400,273,725
Segment Liabilities	134,442,629,021	6,464,173,520	17,827,942	4,475,643,243	145,400,273,725

The operations of these segments are specifically identified by Income, expenses, assets and Liabilities. Based on such allocation, segment balance sheet as at 31 December 2013 and segmental profit and loss account for the year ended 31 December 2013 have been prepared.

2.40 Compliance report on Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS):

Name of the BAS/BFRS	BAS/ BFRS no	Status
Presentation of Financial Statements	1	Applied*
Cash Flow Statement	7	Applied
Accounting Policies, Changes in Accounting estimates & errors	8	Applied
Events after the Balance Sheet Date	10	Applied
Income Taxes	12	Applied
Segment Reporting	14	Applied
Property Plant & Equipment	16	Applied
Leases	17	Applied
Revenue	18	Applied
Employee Benefits	19	Applied
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Accounting for Investments	25	Applied
Accounting & Reporting by Retirement Benefit Plans	26	Applied
Consolidated & Separate Financial Statements	27	Applied
Financial Instruments: Presentation	32	Applied*
Earnings Per Share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied
Financial Instruments: Recognition and Measurement	39	Applied*
Investment Property	40	Applied
BFRS 5 – Non-current Assets Held for Sale and Discontinued Operations	5	Applied
BFRS 7 – Financial Instruments: Disclosures	7	Applied*
BFRS 8 – Operating Segments	8	Applied

* In order to comply with certain specific rules and regulations of the local Central Bank (Bangladesh Bank) which are different to BAS/BFRS, some of the requirements specified in these BAS/ BFRSs are not applied.

03	Cash	2013 Taka	2012 Taka
3.1	**Cash in Hand**		
	In Local Currency (Bangladesh Bank Note & Government Note)	1,557,126,611	1,247,093,472
	In Foreign Currencies	51,741,169	60,317,930
3.2	**Balance with Bangladesh Bank**	**1,608,867,780**	**1,307,411,402**
	In Local Currency		
	Conventional		
	Al-Wadiah Current Account	6,846,751,669	5,644,642,254
		248,181,744	477,705,899
	In Foreign Currencies	7,094,933,413	6,122,348,153
		3,112,219,657	3,432,320,683
	Balance with Sonali Bank as agent of Bangladesh Bank	10,207,153,070	9,554,668,836
		84,607,075	71,892,558
		10,291,760,145	**9,626,561,394**
	Total	**11,900,627,925**	**10,933,972,796**
3.3	**Statutory Deposits**		

Cash Reserve Ratio and Statutory Liquidity Ratio have been calculated and maintained as per Section 33 of the Bank Companies Act 1991 and BCD Circular No.13 dated 24.05.1992, BRPD Circular No.12 dated 20.09.1999 & BRPD Circular No.22 dated 06.11.2003, BRPD Circular No. 12 dated 25.08.2005, MPD Circular No. 04, dated 01.12.2010 and MPD Circular No.05 dated 01.12.2010.

3.3.1	**Cash Reserve Ratio (CRR)**		
	(6% of Average Demand and Time Liabilities)		
	Required Reserve	6,892,729 ,848	6,135,038,700
	Actual reserve maintained	7,129,505,149	6,535,316,110
	Surplus	**236,775,301**	**400,277,410**
	(%) held against requirement	**6.21%**	**6.12%**
3.3.2	**Statutory Liquidity Ratio (SLR)**		
	Conventional		
	(19% of Average Demand and Time Liabilities)		
	Required Reserve	21,147,712,120	18,767,096,100
	Actual reserve maintained	23,959,853,261	18,872,485,320
	Surplus	**2,812,141,141**	**105,389,220**
	(%) held against requirement	**21.53%**	**19.11%**
	Islamic Banking		
	(11.50% of Average Demand and Time Liabilities)		
	Required Reserve	411,134,522	399,792,325
	Actual reserve maintained	516,591,292	740,335,000
	Surplus	**105,456,770**	**340,542,675**
	(%) held against requirement	**14.45%**	**21.30%**
3.3.3	**Held for Statutory Liquidity Ratio**		
	Cash in Hand **(Note-3.1)**	1,608,867,780	1,307,411,402
	Balance with Bangladesh Bank and its agent Bank(s) **(Note-3.2)**	10,291,760,145	9,626,561,394
	Government Securities **(Note-6.1** excluding Assured Liquidity Support)	16,009,301,980	12,112,240,927
	Others	-	-
		27,909,929,905	**23,046,213,723**
3.4	**Maturity grouping of Cash**		
	On Demand	11,900,627,925	10,933,972,796
	Upto 1 month	-	-
	Over 1 month but not more than 3 months	-	-
	Over 3 months but not more than 6 months	-	-
	Over 6 months but not more than 1 year	-	-
	Over 1 year but not more than 5 years	-	-
	Over 5 years	-	-
		11,900,627,925	**10,933,972,796**

		2013 Taka	2012 Taka
03(a) Consolidated Cash			
(i) Cash in Hand			
Dhaka Bank Limited **(Note-3.1)**		1,608,867,780	1,307,411,402
DBL Securities Limited		134,500	197,500
		1,609,002,280	**1,307,608,902**
(ii) Balance with Bangladesh Bank			
Dhaka Bank Limited **(Note-3.2)**		10,291,760,145	9,626,561,394
DBL Securities Limited		-	-
		10,291,760,145	9,626,561,394
	Total	**11,900,762,425**	**10,934,170,296**
04 Balance With Other Banks & Financial Institutions			
In Bangladesh **(Note 4.1)**		1,698,522,164	3,543,839,291
Outside Bangladesh (Nostro Accounts) **(Note 4.2)**		765,664,971	1,284,454,702
	Total	**2,464,187,135**	**4,828,293,993**
4.1 In Bangladesh			
Form of Deposits			
4.1.1 Current Deposit			
Sonali Bank Limited		96,664,846	99,073,070
Janata Bank Limited		729,336	10,238,712
Southeast Bank Limited		209,941	94,807
Standard Chartered Bank (Visa Settlement)		7,836,653	5,168,181
Brac Bank Limited		10,285,005	8,499,116
Agrani Bank Limited		5,596,441	4,604,425
AB Bank Limited		27,567,438	11,205,616
Dutch Bangla Bank Limited		9,031,707	15,115,554
Islami Bank Bangladesh Limited		31,647,902	10,221,232
United Commercial Bank Limited		13,424,239	235,389
		202,993,508	**164,456,102**
4.1.2 Special Notice Deposit (SND)			
Janata Bank Limited		24,078,307	21,134,134
Dutch Bangla Bank Limited		20,184,012	29,986,989
Eastern Bank Limited		-	90,945
AB Bank Limited		765,296	311,452
National Bank Limited		101,389	245,669
		45,129,004	**51,769,189**
4.1.3 Fixed Deposit			
Commercial Banks			
Social Investment Bank Limited		400,000,000	600,000,000
Shahjalal Islami Bank Limited		200,000,000	200,000,000
Al-Arafah Islamic Bank Limited		400,000,000	400,000,000
IFIC Bank Limited		-	500,000,000
Eastern Bank Limited		-	600,000,000
National Bank of Pakistan		-	200,000,000
Woori Bank		161,600,000	82,000,000
		1,161,600,000	**2,582,000,000**
Financial Institutions			
Phoenix Finance and Investment Limited		203,799,652	170,614,000
Prime Finance & Investment Limited		-	170,000,000
Peoples Leasing Company Limited		65,000,000	315,000,000
Islamic Hajj Finance		20,000,000	90,000,000
		288,799,652	**745,614,000**
Total Fixed Deposits		**1,450,399,652**	**3,327,614,000**
	Total	**1,698,522,164**	**3,543,839,291**

		2013 Taka	2012 Taka
4.2	**Outside Bangladesh (Nostro Accounts)**		
	Standard Chartered Bank, New York	144,035,922	264,642,272
	Mashreq Bank, New York	13,006,349	40,054,477
	CITI Bank NA, New York	-	114,248,330
	Commerz Bank, Frankfurt	15,557,969	5,812,794
	Habib American Bank	22,673,833	62,166,559
	Standard Chartered Bank, New York, OBU	185,407,044	-
	Wachovia Bank NA, New York (Note-4.2.a)	(9,329,689)	169,346,950
	JP Morgan Chase Bank NA	33,360,523	41,434,343
	Standard Chartered Bank, Mumbai	32,635,057	24,657,797
	Sonali Bank, Kolkata	588,960	1,054,945
	AB Bank Mumbai	20,183,394	27,275,405
	Nepal Bangladesh Bank	566,437	1,756,684
	Sampath Bank, Srilanka	762,278	3,199,755
	Bhutan National Bank	4,991,433	5,142,494
	Bank of Bhutan	3,653,397	3,763,963
	Habib Metropolitan Bank Ltd. Pakistan	8,770,375	66,096,094
	Dhaka Bank OBU Nostro	155,300,000	320,000,000
	ICICI Bank Limited, India	9,956,770	8,358,378
	Mashreq Bank, Mumbai	26,530,850	55,885,725
	Union Bank of Switzerland	1,657,031	2,792,184
	Commerz Bank, Frankfurt	13,975,817	21,916,488
	Standard Chartered Bank, Frankfurt	32,492,990	5,181,953
	Unicredit S.P.A. Milano	5,275,238	6,738,104
	Commonwealth Bank of Australia, Sydney	5,703,699	6,956,955
	Standard Chartered Bank, Japan	4,497,718	11,599,791
	Standard Chartered Bank, London	12,677,853	9,249,189
	Bank of Nova Scotia	4,254,750	2,555,744
	Al-Rajhi Bank, Kingdom of Saudi Arabia	16,478,973	2,567,329
	Total	**765,664,971**	**1,284,454,702**

4.2.a Wachovia Bank NA, New York reflcts credit balance for Tk.9,329,689 due to non adjustment of entries in internal books against the lodgement of bills.

(Annexure -- A may kindly be seen for details)

4.3	**Maturity grouping of balances with other banks & financial institutions**		
	On demand	968,658,479	1,448,910,804
	Upto 1 month	45,129,004	51,769,189
	Over 1 month but not more than 3 months	-	1,500,000,000
	Over 3 months but not more than 6 months	1,161,600,000	1,290,000,000
	Over 6 months but not more than 1 year	288,799,652	422,000,000
	Over 1 year but not more than 5 years	-	30,000,000
	Over 5 years	-	85,614,000
	Total	**2,464,187,135**	**4,828,293,993**
04(a)	**Consolidated Balance With Other Banks & Financial Institutions**		
(i)	**In Bangladesh**		
	Dhaka Bank Limited **(note-4.1)**	1,698,522,164	3,543,839,291
	DBL Securities Limited	228,765,304	92,381,952
		1,927,287,468	**3,636,221,243**
(ii)	**Outside Bangladesh**		
	Dhaka Bank Limited **(note-4.2)**	765,664,971	1,284,454,702
	DBL Securities Limited	-	-
		765,664,971	**1,284,454,702**
	Total	**2,692,952,439**	**4,920,675,945**
05	**Money at Call and Short Notice**		
5.1	**Classification of Money at Call & Short Notice**		
	Commercial Banks **(Note 5.1.1)**	338,900,000	669,200,000
	Financial Institutions (Public & Private) **(Note 5.1.2)**	-	-
	Total	**338,900,000**	**669,200,000**

		2013 Taka	2012 Taka
5.1.1	**Commercial Banks**		
	AB Bank Limited	250,000,000	-
	BRAC Bank Limited	70,000,000	-
	National Bank of Pakistan	-	100,000,000
	Prime Bank Limited	-	250,000,000
	Eastern Bank Limited	-	200,000,000
	Southeast Bank Limited	-	100,000,000
	ICB Islamic Bank Limited	18,900,000	19,200,000
	Total	**338,900,000**	**669,200,000**
5.1.2	**Financial Institutions**	-	-
		-	-
	Total	**338,900,000**	**669,200,000**

ICB Islamic Bank Limited has been repaying their liabilities phase by phase under "The Oriental Bank Limited (Reconstruction) Scheme, 2007 as per Bangladesh Bank instructions vide Ref: BRPD(R-1)651/9(10)2007-446 dt.02.08.2007

5.2	**Maturity Grouping of Money at call & Short Notice**		
	On demand	320,000,000	650,000,000
	Upto 1 month	-	-
	Over 1 month but not more than 3 months	-	-
	Over 3 months but not more than 6 months	-	-
	More than 6 months but less than 1 year	-	-
	More than 1 year but less than 5 years	-	-
	More than 5 years	18,900,000	19,200,000
	Total	**338,900,000**	**669,200,000**
06	**Investments**		
6.1	**Government Securities**		
	Treasury Bills **(Note 6.2.1)**	3,953,648,327	3,139,536,737
	Treasury Bonds **(Note 6.2.2)**	11,800,231,553	8,719,357,590
	Government Islamic Bond	250,000,000	250,000,000
	Assured Liquidity Support	-	3,663,166,835
	Prize Bond	5,422,100	3,346,600
		16,009,301,980	**15,775,407,762**
6.2	**Other Investments**		
	Shares **(Note 6.2.3)**	2,557,637,968	2,429,957,751
	Zero Coupon Bonds **(Note-6.2.4)**	-	8,555,870
	Others **(Note-6.2.5)**	190,000,000	190,000,000
		2,747,637,968	**2,628,513,621**
	Total	**18,756,939,948**	**18,403,921,383**

The ICB Debenture amounting Tk.20,000,000.00 fully reedemed in the year 2012.

6.2.1	**Treasury Bills**		
	28 days Treasury Bills	-	-
	30 days Treasury Bills	-	-
	91 days Treasury Bills	139,082,544	499,095,497
	182 days Treasury Bills	362,325,237	1,357,206,904
	364 days Treasury Bills	3,452,240,546	1,283,234,336
		3,953,648,327	**3,139,536,737**
6.2.2	**Treasury Bonds**		
	2 years Bangladesh Government Treasury Bond	1,187,518,167	-
	5 years Bangladesh Government Treasury Bond	5,529,899,278	3,671,010,743
	10 years Bangladesh Government Treasury Bond	4,248,492,837	3,634,727,363
	15 years Bangladesh Government Treasury Bond	666,843,366	1,332,641,303
	20 years Bangladesh Government Treasury Bond	167,477,905	80,978,181
		11,800,231,553	**8,719,357,590**

		2013 Taka	2012 Taka
6.2.3	**Shares**		
	Quoted companies **(Note - 6.2.a)**		
	Private	2,331,637,968	2,229,957,751
	Unquoted companies		
	Acme Laboratories Limited	26,000,000	-
	Bangladesh Fund **(Note - 6.2.7)**	200,000,000	200,000,000
		2,557,637,968	**2,429,957,751**
6.2.4	**Zero Coupon Bond (at present value)** **Industrial Development Leasing Company of Bangladesh Limited**		
	Opening Balance	8,555,870	23,096,263
	Add: Interest accrued during the year	1,461,045	2,970,792
	Less: Redeemption during the year	10,016,915	17,511,185
	Reedemable value	**-**	**8,555,870**
	The Zero Coupon Bond has been redeemed fully during the year 2013.		
6.2.5	**Other Investments**		
	MTBL Subordinated Bond interest rate @12%	190,000,000	190,000,000
		190,000,000	**190,000,000**
6.2.a	**Book value of shares as on 31 December 2013 are as follows :**		
	Quoted Shares in		
	Bank		
	AB Bank Limited	44,976,738	44,937,260
	Bank Asia Limited	98,145,545	99,303,410
	Brac Bank Limited	65,257,211	48,806,015
	Eastern Bank Limited	18,343,526	16,732,321
	Jamuna Bank Limited	3,164,619	3,332,853
	Mercantile Bank Limited	120,916,706	117,335,405
	National Bank Limited	132,727,019	122,387,547
	One Bank Limited	88,486,042	93,550,126
	Prime Bank Limited	26,432,834	26,149,126
	Southeast Bank Limited	81,286,216	69,981,347
	Standard Bank Limited	51,291,559	51,291,559
	The City Bank Limited	64,276,522	62,999,883
	National Credit and Commerce Bank Limited	37,462,508	33,984,534
	The Trust Bank Limited	45,783,066	45,550,273
	The Premier Bank Limited	35,376,772	46,825,331
	NBFI		
	Bay Leasing & Investment Limited	29,985,577	31,787,591
	IDLC Finance Limited	-	2,707,232
	Peoples Leasing & Financial Services Limited	30,933,072	37,812,172
	United Leasing Company Limited	52,633,937	49,675,949
	Delta Brac Housing Finance Limited	2,058,156	-
	Insurance		
	Pragati Life Insurance Limited	-	-
	Prime Islami Life Insurance Limited	29,706,817	29,498,479
	Progressive Life Insurance Limited	15,182,723	11,980,050
	Rupali Insurance Company Limited	-	4,093,401
	Padma Islami Life Insurance Limited	-	2,119,662
	Eastland Insurance Company Limited	16,381,917	6,398,699
	City General Insurance Company Limited	688,365	594,614
	Meghna Life Insurance Company Limited	29,382,049	-
	United Insurance Limited	11,304,367	10,996,209

	2013 Taka	2012 Taka
Fuel, Power & Oil		
Dhaka Electric Supply Company Limited	-	100,076,732
Khulna Power Company Limited	61,440,967	87,093,632
Mobil Jamuna BD Limited	15,629,777	-
Power Grid Company of Bangladesh Limited	8,389,296	31,239,135
Summit Power Limited	42,370,369	48,873,995
Jamuna Oil Company Limited	-	46,670,392
Meghna Petroleum Limited	-	109,491,710
Padma Oil Company Limited	-	80,205,875
Titas Gas Transmission and Distribution Co. Limited	10,597,442	11,465,319
Engineering		
Aftab Automobiles Limited	40,963,042	-
Quasem Drycell Limited	31,144,426	-
BSRM Steels Limited	68,901,322	109,020,474
Pharmaceuticals		
ACI Limited	54,157,290	38,161,927
ACI Formulations Limited	-	77,429
Square Pharmaceuticals Limited	-	29,489,832
Renata Limited	103,910,431	-
Orion Pharma Limited	64,018,988	-
Beximco Pharmaceuticals Limited	26,287,064	24,743,892
Cement		
MI Cement Limited	166,553,742	32,044,544
Ceramic		
SP Ceramics Limited	12,865,284	11,688,820
Investment		
1st BSRS Mutual Fund	42,314,007	27,361,701
IAMCL 1st NRB	-	208,635
EBL NRB Mutual Fund	54,620,337	54,153,831
Investment Corporation of Bangladesh	2,387,333	6,879,511
ICB AMCL First Mutual Fund	13,737,635	13,737,635
IFIL Islami Mutual Fund	5,838,977	3,973,348
MBL 1st Mutual Fund	53,090,986	50,688,926
Textile		
Malek Spinning Mills Limited	-	150,136
R.N Spinning Mills Limited	-	11,400,332
Saiham Cotton Mills Limited	-	4,828,768
Square Textile Limited	57,720,123	20,151,505
Envoy Textiles Limited	-	10,572,979
Micsellaneous		
S. Alam Cold Rolled Steels Limited	-	2,245,552
Renwick jajneswar & Co.(BD) Limited	-	83,570
Keya Cosmetics Limited	11,980,712	13,321,796
Bangladesh Submarine Cable Company Limited	-	8,119,140
Apex Adelchi Footwear Limited	-	142,740
The Dacca Dyeing & Manufacturing Co. Limited	1,831,746	4,235,467
Eastern Housing Limited	-	4,920,720
Unique Hotels and Resorts Limited	49,421,345	42,742,350
Berger Paints Limited	84,405,790	-
Bata Shoe Company BD. Limited	2,134,818	-
Linde Bangladesh Limited	1,912,487	-
Bangladesh Export Import Co. Limited	110,828,369	118,864,353
	2,331,637,968	**2,229,957,751**

(Details of Investment in shares may kindly be seen in Annexure -- B)

6.2.7 Bangladesh Fund

The Bank invested Tk.200,000,000 in the subscription of 2,000,000 number of units of Tk.100 each of Bangladesh Fund to ICB AMCL as per the decision in the meeting of The Executive Committee of the Board of Directors.

		2013 Taka	2012 Taka
6.3	**Investment in Securities are classified as per Bangladesh Bank Circular**		
	Held for Trading (HFT)		
	28 days Treasury Bills	-	-
	30 days Treasury Bills	-	-
	91 days Treasury Bills	139,082,545	499,095,497
	182 days Treasury Bills	362,325,237	974,472,980
	364 days Treasury Bills	439,359,768	588,710,196
	5 years Bangladesh Government Treasury Bond	1,325,207,967	2,619,910,743
	10 years Bangladesh Government Treasury Bond	45,523,023	341,788,264
	15 years Bangladesh Government Treasury Bond	-	795,457,923
		2,311,498,540	**5,819,435,603**
	Held to Maturity (HTM)		
	28 days Treasury Bills	-	-
	30 days Treasury Bills	-	-
	91 days Treasury Bills	-	-
	182 days Treasury Bills	-	382,733,924
	364 days Treasury Bills	3,012,880,779	694,524,139
	2 years Bangladesh Government Treasury Bond	1,187,518,167	-
	5 years Bangladesh Government Treasury Bond	4,204,691,309	1,051,100,000
	10 years Bangladesh Government Treasury Bond	4,202,969,814	3,292,939,098
	15 years Bangladesh Government Treasury Bond	666,843,366	537,183,381
	20 years Bangladesh Government Treasury Bond	167,477,905	80,978,181
		13,442,381,340	**6,039,458,723**
		15,753,879,880	**11,858,894,326**
6.4	**Assets pledged as security**		
	Assets in the amounts shown below were pledged as security for the following liabilities		
	Liabilities to bank	**-**	**3,306,755,000**
	Liabilities to customers	-	-
		-	3,306,755,000
	Following assets were pledged as security for the above mentioned liabilities		
	Claim on banks	-	3,663,166,835
	Claim on customers	-	-
		-	**3,663,166,835**
6.5	**Maturity Grouping of Investments**		
	On demand	2,753,060,068	2,623,304,351
	Upto 1 month	-	3,663,166,835
	Over 1 month but not more than 3 months	-	-
	Over 3 months but not more than 6 months	139,082,544	499,095,497
	More than 6 months but less than 1 year	3,814,565,783	2,648,997,110
	Over 1 year but not more than 5 years	6,967,417,445	2,710,904,932
	Over 5 years	5,082,814,108	6,258,452,658
		18,756,939,948	**18,403,921,383**
06(a)	**Investments**		
(i)	**Government Securities**		
	Dhaka Bank Limited **(Note-6.1)**	16,009,301,980	15,775,407,762
	DBL Securities Limited	-	-
		16,009,301,980	**15,775,407,762**
(ii)	**Other Investments**		
	Dhaka Bank Limited **(Note-6.2)**	2,747,637,968	2,628,513,621
	DBL Securities Limited	1,483,912,286	1,136,272,632
		4,231,550,254	3,764,786,253
	Total	**20,240,852,234**	**19,540,194,015**

			2013 Taka	2012 Taka
07	**Loans & Advances**			
7.1	**Loans & Advances Loans, Cash Credits & Overdrafts etc.**			
	In Bangladesh			
	Secured Overdraft/Quard		24,480,505,671	22,536,308,702
	Demand Loan		-	394,429
	Cash Credit/Murabaha		9,481,551,172	9,910,700,316
	House Building Loan		1,507,470,663	1,486,198,276
	Transport Loan		862,168,123	841,504,529
	Term Loan		26,213,967,480	19,832,957,324
	Loan Against Trust Receipt		9,375,649,693	7,711,667,939
	Payment Against Documents		145,052,593	603,805,331
	Loan Against Imported Merchandize		269,800,074	267,645,189
	Loan Against Accepted Bills		577,005,816	1,231,948,441
	Packing Credit		135,563,661	91,827,347
	Lease Finance/Izara **(Note - 7.4)**		2,330,609,559	2,680,733,073
	Credit Card		213,290,107	221,113,586
	Retail Loan		1,748,976,143	1,821,128,758
	Other Loans (Including Bai-Muajjal)		20,040,419,518	18,524,811,999
			97,382,030,273	87,762,745,239
	Outside Bangladesh		-	-
			97,382,030,273	**87,762,745,239**
7.2	**Bills Purchased & Discounted**			
	Payable in Bangladesh			
	Inland bills purchased & discounted		2,001,310,151	2,099,625,370
	Payable outside Bangladesh			
	Foreign bills purchased & discounted		212,543,045	277,913,964
			2,213,853,196	**2,377,539,334**
		Total	**99,595,883,469**	**90,140,284,573**
7.3	**Residual maturity grouping of loans including bills purchased and discounted**			
	Repayable on Demand		25,507,968,568	14,497,407,351
	Upto 1 month		15,463,052,338	16,741,576,291
	Not more than 3 months		10,340,164,059	9,834,675,795
	More than 3 months but not more than 6 months		11,379,454,557	11,823,676,524
	More than 6 months but not more than 1 year		18,036,093,781	18,690,713,290
	More than 1 year but not more than 5 years		15,816,101,084	16,017,391,105
	More than 5 years		3,053,049,082	2,534,844,217
		Total	**99,595,883,469**	**90,140,284,573**
7.4	**Investment in lease / izara finance**			
	Lease rental receivable within 1 year		1,180,276,499	1,605,788,634
	Lease rental receivable more than 1 year		1,619,449,071	1,466,891,040
	Total lease/ izara rental receivable		**2,799,725,570**	**3,072,679,674**
	Less: unearned interest/profit receivable		469,116,011	391,946,601
	Net investment in lease/izara finance	**Total**	**2,330,609,559**	**2,680,733,073**
7.5	**Loans, advances and lease/investments under the following broad categories**			
	Loans		63,419,973,431	55,315,736,222
	Cash Credits		9,481,551,172	9,910,700,316
	Overdrafts		24,480,505,670	22,536,308,701
			97,382,030,273	87,762,745,239
	Bills Purchased and discounted **(Note-7.2)**		2,213,853,196	2,377,539,334
			99,595,883,469	**90,140,284,573**
7.6	**Loans on the basis of significant concentration including bills purchased & discounted**			
	Advances to allied concerns of Directors **(Note-7.6.1)**		2,994,378	-
	Advances to Chief Executive		1,001,882	1,978,021
	Advances to Other Senior Executives		140,559,759	106,076,826
	Advances to Customer's Group:			
	Agriculture loan		794,199,999	568,067,536
	Commercial lending		65,949,793,278	59,588,243,925
	Export financing		1,571,599,470	2,202,046,310
	Consumer credit scheme		1,466,864,436	2,115,806,088
	Small and Medium Enterprise (SME)		8,790,565,184	4,770,133,267
	Staff Loan		555,090,364	549,802,689
	Others		20,323,214,719	20,238,129,911
		Total	**99,595,883,469**	**90,140,284,573**

		2013 Taka	2012 Taka
7.6.1	The amount represents loan in the name of existing directors of the Bank.		
	Loans and advances allowed to each customer exceeding 10% of Bank's total Equity		
	Number of Customers	4	10
	Amount of outstanding loans*	10,456,061,389	18,440,421,368
	Classified amount thereon	-	-
	Measures taken for recovery	-	-

*The amount represents the sum of total loans (Both Funded & Non funded) to each customer exceeding 10% of total Equity of the bank as at 31 December 2013.
(Details are given in Annexure - C)

7.7	**Industry - wise loans including bills purchased & discounted**			
		Agriculture	794,199,999	568,067,536
		Pharmaceuticals	1,153,350,303	915,121,657
		Textile & Garment	20,515,904,794	17,968,914,850
		Chemical	1,832,580,902	2,324,418,239
		Food & alied	5,374,654,993	5,092,161,603
		Transport & Communication	4,124,423,134	4,725,889,233
		Electronics & Automobile	1,134,863,263	1,019,462,125
		Housing & Construction	12,581,922,749	11,893,602,599
		Engineering & Metal Industres including Ship Breaking	11,930,223,570	10,420,111,303
		Energy & Power	3,306,599,563	2,170,859,667
		Service	3,269,021,024	2,241,703,184
			66,017,744,294	59,340,311,996
		Others	33,578,139,175	30,799,972,577
		Total	**99,595,883,469**	**90,140,284,573**
7.8	**Geographical Location - wise Loans and Advances;**			
	Urban			
		Dhaka Region	62,248,552,209	57,779,379,030
		Chittagong Region	21,718,424,068	17,722,435,248
		South Region	2,026,570,277	1,820,479,050
		North Region	1,775,703,970	1,667,884,995
		Sylhet Region	650,686,351	761,159,487
		Other	4,511,780,238	3,713,369,497
			92,931,717,113	**83,464,707,307**
	Rural			
		Dhaka Region	3,887,993,156	4,306,974,274
		Chittagong Region	832,857,265	688,009,875
		South Region	-	-
		North Region	848,972,368	745,617,977
		Sylhet Region	113,391,248	111,246,404
		Other	980,952,319	823,728,736
			6,664,166,356	**6,675,577,266**
		Total	**99,595,883,469**	**90,140,284,573**
7.9	**Sector - wise loans**			
		In Bangladesh		
		Government & Autonomous bodies	162,671,103	209,104,480
		Financial Institutions (Public & Private)	754,054,138	976,226,825
		Other Public Sector	-	-
		Private Sector	98,679,158,228	88,954,953,268
			99,595,883,469	**90,140,284,573**
		Outside Bangladesh	-	-
		Total	**99,595,883,469**	**90,140,284,573**

				2013 Taka	2012 Taka
7.10	**Classification of loans & advances**				
	Unclassified (including staff loan)				
	Standard			94,448,061,154	83,834,338,393
	Special Mention Account			1,011,136,245	649,631,865
				95,459,197,399	**84,483,970,258**
	Classified				
	Sub-Standard			1,420,499,820	473,222,071
	Doubtful			153,604,651	903,946,622
	Bad or loss			2,562,581,599	4,279,145,622
				4,136,686,070	**5,656,314,315**
			Total	**99,595,883,469**	**90,140,284,573**
7.11	**A) Provision required for loans and advances**				
	Status	**Base for Provision**	**Rate %**		
	Unclassified	8,311,917,985	0.25	20,779,795	11,036,719
	Unclassified	82,143,647,048	1	821,436,470	755,536,622
	Unclassified	2,189,024,872	2	43,780,497	40,168,638
	Unclassified	1,106,819,245	5	55,340,962	59,984,957
	Special Mention Account	91,122,731	0.25	227,807	-
	Special Mention Account	869,647,879	1	8,696,479	-
	Special Mention Account	10,249,213	2	204,984	-
	Special Mention Account	40,116,423	5	2,005,822	32,481,593
				952,472,816	**899,208,529**
	Classified:				
	Sub-Standard	570,394,862	20	114,078,972	39,259,746
	Doubtful	44,672,786	50	22,336,393	311,186,290
	Bad or loss	1,198,530,561	100	1,198,530,561	2,147,442,607
				1,334,945,926	**2,497,888,643**
	Required provision for loans & advances			**2,287,418,742**	**3,397,097,172**
	Total provision maintained			**3,141,993,933**	**3,397,097,172**
	Excess/Short provision as at 31 December			**854,575,191**	**-**

Provision on classified loans amended as per Inspection Report submitted in Tripartite meeting by Bangladesh Bank and accordingly CL has been rectified.

	B) Provision required for Off-Balance Sheet Exposures				
	Status	**Base for Provision**	**Rate %**		
	Acceptances and Endorsements	12,304,828,570	1	123,048,286	159,070,692
	Letter of Credit	11,023,698,214	1	110,236,982	100,231,353
	Letter of Guarantee	13,891,546,477	1	138,915,465	106,431,086
	Required provision			**372,200,733**	**365,733,131**
	Total Provision Maintained			373,671,394	365,733,131
	Excess / (Short) Provision as at 31 December			**1,470,661**	-
7.12	**Securities against loans including bills purchased and discounted :**				
	a. Secured				
	Collateral of movable / immovable assets			92,135,171,098	81,000,182,912
	Local Banks & Financial Institutions guarantee			1,693,102,364	2,099,625,370
	Government Guarantee			-	-
	Foreign Banks Guarantee			212,5463,045	277,913,965
	Export documents			145,052,593	603,805,331
	Fixed Deposits Receipts				
	Own FDR			2,069,761,630	2,159,259,665
	FDR of Other Banks			119,557,182	157,854,161
	Government bonds			-	-
	Personal Guarantee			1,973,336,812	2,600,864,137
	Other Securities			1,247,358,744	1,240,779,032
				99,595,883,468	90,140,284,573
	b. Unsecured			-	-
			Total	**99,595,883,468**	**90,140,284,573**

		2013 Taka	2012 Taka
7.13	**Particulars of Loans and Advances:**		
(i)	Loans considered good in respect of which the bank company is fully secured;	52,394,672,081	46,894,744,618
(ii)	Loans considered good against which the banking company holds no security other than the debtor's personal guarantee;	1,312,697,166	1,641,145,289
(iii)	Loans considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtors;	47,366,171,784	42,305,273,170
(iv)	Loans adversely classified; provision not maintained thereagainst;	-	-
(v)	Loans due by directors or officers of the banking company or any of these either separately or jointly with any other persons;*	696,652,005	657,857,537
(vi)	Loans due from companies or firms in which the directors of the banking company have interests as directors, partners or managing agents or in case of private companies as members; **(See Note-7.6.1)**	2,994,378	-
(vii)	Maximum total amount of advances including temporary advance made at any time during the year to directors or managers or officers of the banking companies or any of them either separately or jointly with any other person;*	722,648,057	657,857,537
(viii)	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 have interests as directors, partners or managing agents or in the case of private companies as members; **(See Note-7.6.1)**	2,994,378	174,000
(ix)	Due from banking companies;	-	-
(x)	Amount of classified loan on which interest has not been charged, should be mentioned as follows:	-	-
a)	Decrease / increase in provision;	(948,912,046)	1,289,043,798
b)	Amount realized against loan previously written off;	106,202,574	54,342,054
c)	Amount of provision kept against loan classified as 'bad/ loss" on the date of preparing the balance sheet;	1,198,530,561	2,147,442,607
d)	Interest creditable to the Interest Suspense A/c;	-	-
(xi)	Cumulative amount of the written off loan;**	3,571,721,424	3,221,706,258

* The amount represents loan in the name of existing directors and officers of the Bank.

The detail of the amount of the written - off loans may be seen in the **Annexure - E

(The detail of Recovery of Loan previously written off may seen in the **Annexure - F)**

7.14	**Bills Purchased and Discounted**		
	Payable in Bangladesh	2,001,310,151	2,099,625,370
	Payable outside Bangladesh	212,543,045	277,913,964
	Total	**2,213,853,196**	**2,377,539,334**
7.14.1	**Maturity grouping of bills purchased & discounted**		
	Payable within 1 month	1,058,859,514	1,033,169,034
	Over 1 month but less than 3 months	917,204,715	831,549,110
	Over 3 months but less than 6 months	237,788,968	512,821,190
	6 months or more	-	-
	Total	**2,213,853,197**	**2,377,539,334**
07(a)	**Loans and Advances**		
	Dhaka Bank Limited **(Note-7)**	99,595,883,469	90,140,284,573
	DBL Securities Limited	768,541,085	642,532,021
	Total	**100,364,424,554**	**90,782,816,594**

		2013 Taka	2012 Taka
08	**Premises and Fixed Assets**		
	Own Assets		
	Land **(Note-8.1)**	1,575,296,953	1,122,630,776
	Building	447,738,687	310,913,545
	Furniture and Fixture including Office decoration	328,930,155	268,302,998
	Office Appliances & Equipment	448,850,307	327,531,385
	Computer	173,391,523	159,476,671
	Software	27,605,957	27,297,814
	Bank's Vehicle	50,536,731	47,065,510
		3,052,350,313	**2,263,218,699**
	Less: Accumulated depreciation	533,861,345	383,744,726
	Total	**2,518,488,968**	**1,879,473,973**

(Annexure -- D may kindly be seen for details)

8.1 Dhaka Bank has purchased 8.58 decimal (approx) land alongwith building at 39 Karwan Bazar Commercial Area, Dhaka-1265 at a cost of Tk.452,666,177.00 as per approval of the Board of Directors in its 191st meeting held on July 25, 2012. The Bank also obtained approval from the Bangladesh Bank Ref.BRPD(P-3)745(23)/2013-737 dated April 16,2013. All legal formalities of the aforementioned land has been completed during the year 2013.

8.2 The balance of leased assets have been fully adjusted upon completion of lease period in the year 2012 and recorded in the books of accounts at residual value.

08(a)	**Premises and Fixed Assets**		
	Dhaka Bank Limited **(Note-8)**	2,518,488,968	1,879,473,973
	DBL Securities Limited	20,008,539	24,933,321
		2,538,497,507	**1,904,407,294**
09	**Other Assets**		
a)	Investment in Shares of subsidiary companies;		
1	In Bangladesh **(Note: 9.1)**	1,499,999,940	1,499,999,940
2	Outside Bangladesh	-	-
b)	Stationery, stamps, printing materials etc.	67,749,473	55,109,394
c)	Advance rent;	243,287,949	268,100,016
d)	Prepaid expenses against advertisement;	25,005,632	16,698,009
e)	Interest/Profit accrued on Loans,investment but not collected, commission & brokerage receivable on shares and debenture and other income receivable; **(Note: 9.2)**	236,981,008	317,678,236
f)	Security deposit;	20,650,396	20,506,596
g)	Preliminary, formation and organization expenses, renovation / development expenses and prepaid expenses **(Note - 9.3)**	3,809,613,024	1,571,788,353
h)	Branch adjustments;(Net & Reconciled**) (Note - 9.4)**	34,290,480	9,302,112
i)	Suspense account; **(Note - 9.5)**	168,110,785	373,616,072
j)	Silver;	-	-
k)	Others **(Note - 9.6)**	2,704,748,256	2,130,415,284
	Total	**8,810,436,943**	**6,263,214,012**

9.1 Investment in shares of subsidiary companies (in Bangladesh)

As per approval of the Board of Directors in its 153rd meeting, a separate subsidiary company formed in the name of "DBL Securities Limited" with a paid up capital of Tk.150,000,000 crore divided into 15,000,000 shares of Tk.10.00 each wherein Dhaka Bank subscribed Tk.149,999,990 divided into 14,999,999 shares @Tk.10 each with 99.99% of contribution to Equity participation. Further, Tk.1,350,000,000 were injected by Dhaka Bank Limited as Fresh Capital during the year 2011. 05(five) new Directors were inducted in the Board of DBL Securities Limited by transferring 05(five) share certificates @Tk.10.00 each of DBL Securities Limited held by Dhaka Bank Limited.

9.2 Interest accrued and other receivable

Amount represents interest receivable with other banks, call loans, fees receivable, other receivable etc.

9.3 Amount paid in advance against opening of new branches, various types of insurance premiums, legal expenses, software maintenance etc,. It reflects the advance for Tk.2,222,447,279.00 as work in progress of Head Office Building at Gulshan and Kakrail and for Tk.1,361,853,695.00 for purchasing land & building at Plot-73, Block-B, Kemal Ataturk Avenue, Banani, Dhaka-1213, the legal formalities of which are yet to be done.

	2013 Taka	2012 Taka

9.4 Branch adjustment

Branch adjustment account represents outstanding amount of Inter-Branch and Head Office transactions at the Balance Sheet date.

9.5 Suspense account

Amount of Suspense Account represents amounts paid against renovation of different branches and other advance payments against various contracts.

9.6 Others

Advance Tax Paid **(Note - 14.6)**	1,835,196,268	1,744,651,794
Export Development Fund **(Net) (Note-9.6.1)**	-	241,615,880
Account Receivable Others **(Note - 9.6.2)**	869,551,988	144,147,610
Total	**2,704,748,256**	**2,130,415,284**

9.6.1 The amount of Tk.241,615,880.00 of Export Development Fund (EDF) reflects the net balance of EDF receivables from customers and EDF liabilities to Bangladesh Bank in 2012. During the year 2013, the balance of EDF has been incorporated under Loans & Advances according to the guidance of Bangladesh Bank.

9.6.2 Account Receivable Others

Bangladesh / Paribar Sanchaya Patra	12,002,639	40,275,610
Fees Receivable	954,010	5,210
Receivable from Share Sale Proceeds	15,858,287	40,746,312
Finance to AD Branches for Local Documentary Bill Purchased (LDBP) **(Note-9.6.2.a)**	307,901,216	-
Finance to AD Branches for Import Bill Discounting **(Note-9.6.2.b)**	279,784,630	-
Protestation Account	2,779,561	3,229,818
ATM Settlement Account	23,077,461	-
Receivables from Exchange Houses	3,845,635	2,466,910
Receivable from DBL Securities	223,348,549	57,423,750
Total	**869,551,988**	**144,147,610**

9.6.2.a In accordance with the FE Circular No.03 dated February 04, 2013 of Bangladesh Bank, Dhaka Bank discounted Tk.307,901,216.00 to facilitate the exporters of the Bank.

9.6.2.b In accordance with the BRPD Circular No.28 dated September 05, 2010 of Bangladesh Bank, Dhaka Bank's Off-shore Banking Unit (OBU) has been financing the importers who import at usance basis through Bank's Authorised Dealer (AD) branches.

9.7 Other Assets amounting to Tk.6,210,529,203 is non income generating assets.Full provision has been made against Protested Bill Account as per Bangladesh Bank Circular Ref; BRPD - 14 dated 25 June 2003 **(Note - 14.5)**. Some adjustment has been made in 2013 on realisation.

09(a) Consolidated Other Assets

Dhaka Bank Limited **(Note-9)**	8,810,436,943	6,263,214,012
Less: Investment in DBL Securities Limited	1,499,999,940	1,499,999,940
	7,310,437,003	4,763,214,072
Less: Stock Dividend from DBL Securities Limited in 2011	60,000,000	60,000,000
	7,250,437,003	4,703,214,072
DBL Securities Limited	50,281,530	138,265,666
Total	**7,300,718,533**	**4,841,479,738**

10 Non-Banking Assets

Land and Building	23,166,033	23,166,033
Machinery	-	-
Total	**23,166,033**	**23,166,033**

Dhaka Bank received a decree from the Court regarding right and title of mortgaged land along with building, which was mutated in the name of Dhaka Bank Limited. The value of the properties was incorporated in the books of accounts on the basis of third party valuation report provided by a surveyor company.

		2013 Taka	2012 Taka
11	**Borrowings From Other Banks, Financial Institutions & Agents**		
	In Bangladesh:		
	United Commercial Bank Limited	-	100,000,000
	The Trust Bank Limited	-	500,000,000
		-	**600,000,000**
	Repo Agreement	-	3,306,755,000
	Refinance from Bangladesh Bank		
	Small and Medium Enterprise	280,524,534	280,896,505
	Syndication	608,793,331	669,226,383
	Green Banking	245,000	-
	Export Development Fund **(See Note-9.6.1)**	1,960,355,006	-
	Islami Investment Bond's Fund	800,000,000	600,000,000
		3,649,917,871	**1,550,122,888**
	United Bank Limited-For Off-shore Banking Unit	-	240,000,000
	Total	**3,649,917,871**	**5,696,877,888**

Dhaka Bank Limited received Investment Bond's Fund from Bangladesh Bank against Mudaraba Term Deposit Receipt (MTDR) as per Bangladesh Bank Circular No.FRTMD(PDS)146/2004-15 dated 15.09.2004.

11.1 Security against borrowngs from Other Banks, Financial Institutions and Agents

-		3,546,755,000
Secured	3,649,917,871	2,150,122,888
Unsecured	**3,649,917,871**	**5,696,877,888**

11.2 Maturity grouping borrowings from other banks, financial institutions & agents

Repayable on demand;	-	600,000,000
Repayable within 1 month;	-	3,306,755,000
Over 1 month but within 3 months;	-	-
Over 3 month but within 6 months;	800,000,000	600,000,000
Over 6 months but within 1 year;	2,241,124,540	520,896,505
Over 1 year but within 5 years;	608,793,331	669,226,383
Over 5 years	-	-
Total	**3,649,917,871**	**5,696,877,888**

12 Deposits & Other Accounts

12.1 Non-Interest bearing Accounts

12.1.1 Current and Other Accounts

Current Account		
Foreign Currency Deposits	5,490,654,007	5,919,677,237
Margin under Letter of Credit	577,513,922	806,966,943
Margin under Letter of Guarantee	508,984,546	583,348,992
Deposits Awaiting Disposal	904,223,956	896,914,286
Sundry Deposit **(Note-12.1.1.a)**	378,804,370	660,680,218
	2,311,602,832	1,949,261,058
	10,171,783,633	**10,816,848,734**

12.1.1.a Sundry Deposit

F.C held against Back to Back L/C		
Sundry Creditors	2,084,093,102	1,713,060,970
Unclaimed Deposits	99,158,042	123,407,845
Risk Fund	60,059,252	41,773,073
Security Deposits for Locker	8,881,957	9,795,069
Advance Lease Rent	4,402,500	3,765,800
	55,007,979	57,458,301
	2,311,602,832	**1,949,261,058**

12.1.2 Bills Payable

Pay Order		
Demand Draft	840,148,485	1,163,912,485
	151,128,204	191,745,510
	991,276,689	**1,355,657,995**
Sub-Total		
Total	**11,163,060,322**	**12,172,506,729**

		2013 Taka	2012 Taka
12.2 Interest bearing Account			
12.2.1 Savings Deposits			
Savings Account		8,217,541,987	6,884,650,300
Mudaraba Savings Accounts		652,609,919	239,102,309
		8,870,151,906	**7,123,752,609**
12.2.2 Term Deposits			
Special Notice Deposits		5,597,196,038	4,760,699,076
Fixed Deposits		79,385,049,585	75,533,963,583
Deposit Pension Scheme		10,843,780,014	7,688,366,573
Gift Cheque		15,519,141	13,516,968
Marriage Deposit Scheme		498,407	2,297,451
Non Resident Foreign Currency Deposit (NFCD)		105,910,000	132,048,301
		95,947,953,185	**88,130,891,952**
Sub-Total		**104,818,105,091**	**95,254,644,561**
	Total	**115,981,165,413**	**107,427,151,290**
12.2.3 Deposits and Other Accounts			
Deposits from Banks		1,469,106,197	1,262,053,703
Deposits from Customers		114,512,059,216	106,165,097,587
		115,981,165,413	**107,427,151,290**
12.2.3.1 Deposits from Banks			
Current Deposits and Other Accounts		-	-
Savings Bank/Mudaraba		465,333,861	59,566,835
Special Notice Deposits		3,772,336	2,486,868
Fixed Deposits		1,000,000,000	1,200,000,000
		1,469,106,197	**1,262,053,703**
Deposits from Customers			
i) Current Deposits and Other Accounts			
Current Account		5,490,654,007	5,919,677,237
Foreign Currency Deposits		577,513,922	806,966,943
Margin under Letter of Credit		508,984,546	583,348,992
Margin under Letter of Guarantee		904,223,956	896,914,286
Deposits Awaiting Disposal		378,804,370	660,680,218
Sundry Deposit		2,311,602,832	1,949,261,058
		10,171,783,633	**10,816,848,734**
ii) Bills Payable			
Pay Order		840,148,485	1,163,912,485
Demand Draft		151,128,204	191,745,510
		991,276,689	**1,355,657,995**
Savings Deposits			
Savings Account		8,217,541,987	6,884,650,300
Mudaraba Savings Accounts		187,276,058	179,535,474
		8,404,818,045	**7,064,185,774**
Term Deposits			
Special Notice Deposits		5,593,423,702	4,758,212,208
Fixed Deposits		78,385,049,585	74,333,963,583
Deposit Pension Scheme		10,843,780,014	7,688,366,573
Gift Cheque		15,519,141	13,516,968
Marriage Deposit Scheme		498,407	2,297,451
Non Resident Foreign Currency Deposit (NFCD)		105,910,000	132,048,301
		94,944,180,849	**86,928,405,084**
		114,512,059,216	**106,165,097,587**
		115,981,165,413	**107,427,151,290**

		2013 Taka	2012 Taka
12.2.3.2	**Payable on Demand and Time Deposits**		
	a) Demand Deposits	5,490,654,007	5,919,677,237
	Current Account	887,015,191	712,375,261
	Savings Deposits (10%)	577,513,922	806,966,943
	Foreign Currency Deposits	508,984,546	583,348,992
	Margin under Letter of Credit	904,223,956	896,914,286
	Margin under Letter of Guarantee	378,804,370	660,680,218
	Deposits Awaiting Disposal	2,311,602,832	1,949,261,058
	Sundry Deposit	991,276,689	1,355,657,995
	Bills Payable	**12,050,075,513**	**12,884,881,990**
	b) Time Deposits	7,983,136,715	6,411,377,348
	Savings Deposits (90%)	5,597,196,038	4,760,699,076
	Special Notice Deposits	79,385,049,585	75,533,963,583
	Fixed Deposits	10,843,780,014	7,688,366,573
	Deposit Pension Scheme	15,519,141	13,516,968
	Gift Cheque	498,407	2,297,451
	Marriage Deposit Scheme	105,910,000	132,048,301
	Non Resident Foreign Currency Deposit (NFCD)	**103,931,089,900**	**94,542,269,300**
		115,981,165,413	**107,427,151,290**
12.3	**Maturity grouping of deposits and other accounts**		
	Other than Bank Deposits:	11,178,579,463	12,186,023,697
	Repayable on demand	13,998,241,747	11,822,397,982
	Repayable within 1 month	45,132,378,717	42,207,154,035
	Over 1 month but within 3 months	4,346,370,054	5,726,609,771
	Over 3 months but within 6 months	18,268,849,187	17,984,692,175
	Over 6 months but within 1 year	14,064,749,546	9,907,739,290
	Over 1 year but within 5 years	7,522,890,502	6,330,480,637
	Over 5 years but within 10 years	**114,512,059,216**	**106,165,097,587**
	Sub-total:		
	Inter-bank deposits:	-	-
	Repayable on demand	469,106,197	62,053,703
	Repayable within 1 month	-	-
	Over 1 month but within 3 months	1,000,000,000	1,200,000,000
	Over 3 months but within 6 months	-	-
	Over 6 months but within 1 year	-	-
	Over 1 year but within 5 years	-	-
	Over 5 years but within 10 years	**1,469,106,197**	**1,262,053,703**
	Sub-total: **Total**	**115,981,165,413**	**107,427,151,290**
12.4	**Sector wise Deposits**	2,002,429,000	2,350,077,000
	Government	7,261,214,000	7,786,369,000
	Public Sector	106,717,522,413	97,290,705,290
	Private sector **Total**	**115,981,165,413**	**107,427,151,290**
13	**Non Convertible Subordinated Bond**	**2,000,000,000**	**2,000,000,000**

The Bank issued Redeemable Non Convertible Subordinated Bond of Tk. 2,000,000,000 as Supplementary Capital (Tier-2) of the Bank for a term of 07 years to strengthen the capital base of the bank on the consent of BSEC vide letter no.SEC/CI/CPLC-10/2001-256 dt.09.09.2010. The redemption of the Bond will start from the year 2015. The Bond will be fully redeemed by the year 2017.

14	**Other Liabilities**		
	Accrued Interest	78,289,102	41,501,185
	Provision on loans and advances **(Note - 14.1)**	3,141,993,933	3,397,097,172
	Provision for Off Balance Sheet Exposure **(Note - 14.2)**	373,671,394	365,733,131
	Interest Suspense Account **(Note - 14.3)**	1,515,124,663	1,141,385,776
	Provision against Expenses **(Note - 14.4)**	86,922,699	44,263,282
	Provision for decrease in value of investments **(Note 41)**	775,763,769	191,181,210
	Provision for Other Assets **(Note - 14.5)**	3,229,818	3,229,818
	Fund for Dhaka Bank Foundation **(Note 38.1)**	30,747,661	14,543,675
	Provision for Income Tax **(Note - 14.6)**	2,862,920,241	2,525,616,366
	Provision for Deferred Tax **(Note - 14.6.1)**	20,890,606	79,549
	Tax deducted at source & payable	267,046,999	169,952,441
	Excise Duty Payable	73,589,755	64,409,909
	Other Account Payable **(Note - 14.7)**	1,660,447,601	375,281,597
	Total	**10,890,638,241**	**8,334,275,111**

		2013 Taka	2012 Taka
14.1 Provision for loans and advances:			
i) The Movement in specific provision for Bad and Doubtful Debts:			
Provision held at the beginning of the year		2,497,888,643	1,066,976,000
Specific provision	(+)	2,458,091,270	2,745,381,134
Fully provided debt written off	(-)	(1,175,326,899)	(1,079,089,692)
Provision no longer required	(-)	(1,594,918,122)	(235,378,799)
Provision held at the end of the year		**2,185,734,892**	**2,497,888,643**
ii) The movement in general provision on unclassified loans:			
Provision held at the beginning of the year		899,208,529	848,024,000
Additional provision for the year		57,050,512	51,184,529
Provision held at the end of the year		**956,259,041**	**899,208,529**
	Total	**3,141,993,933**	**3,397,097,172**
14.2 Provision for Off Balance Sheet Exposures			
Opening balance at the beginning of the year		365,733,131	334,250,000
Add: Addition during the year		7,938,263	31,483,131
Closing balance at the end of the year		**373,671,394**	**365,733,131**

Bank has made a provision of Tk.7,938,263 @ 1.00% on off balance sheet exposure (i.e. Acceptance & Endorsement, Letter of Credit & Letter of Guarantee) as per BRPD Circular number 10 dated 18.09.2007 from current years profit. The total amount of provision of Tk.373,671,394 is deemed to sufficient on requirement and will be treated as supplementary capital of the Bank.

14.3 Interest Suspense Account			
Balance at the beginning of the year		1,141,385,776	897,389,067
Amount transferred to "Interest Suspense" A/c during the year	(+)	996,446,211	663,224,010
Amount recovered in "Interest Suspense" A/c during the year	(-)	(554,552,643)	(110,312,628)
Amount written off during the year	(-)	(68,154,681)	(308,914,673)
Balance at the end of the year		**1,515,124,663**	**1,141,385,776**
14.4 Provision against Expenses			
Provision for Audit Fees		690,000	690,000
Provision for Superannuation Fund		2,500,000	2,500,000
Provision for LFA		-	324,420
Provision for Bonus		80,000,000	21,231,074
Provision for House Rent, Telephone, Utility, Risk Premium etc.		3,732,699	19,517,788
		86,922,699	**44,263,282**
14.5 Provision for Other Assets			
Balance at the beginning of the year		3,229,818	2,477,503
Add: Addition during the year		-	752,315
Balance at the end of the year		**3,229,818**	**3,229,818**
14.5(a) Consolidated Provision for Other Assets			
Dhaka Bank Limited **(Note-14.5)**		-	752,315
DBL Securities Limited		95,900,373	57,594,242
	Total	**95,900,373**	**58,346,557**

DBL Securities Limited has made provision for Tk.95,900,373 for unrealised loss against their own porfolio shares and margin loans as per Bangladesh Securities and Exchange Commission Circular No. SEC/CMRRCD/2009-193/154 dated 09 December 2013.

14.6 Provision for Income Tax			
Advance Tax			
Balance of Advance Income Tax at the beginning of the year		1,744,651,794	558,826,221
Paid during the year		849,771,031	1,185,825,573
Settlement for previous years		(759,226,557)	-
		1,835,196,268	**1,744,651,794**

	2013 Taka	2012 Taka
Provision		
Balance of provision including Deferred Tax at the beginning of the year	2,525,616,366	1,787,200,866
Provision made during the year :		
Current Tax	1,096,530,432	738,415,500
Settlement for previous years tax liability	(759,226,557)	-
	2,862,920,241	**2,525,616,366**

Provision for taxation has been made on accounting profit considering taxable allowances / disallowances as per Income Tax Ordinance 1984 amounting to Tk.1,096,530,432 as Current Tax Provision for the year 2013 (Assessment Year 2014-2015). This provision for corporate tax has been made as per estimate of the Bank's tax consultants. The tax provision is found adequate.

Assessment for the years from 1995 to 2006 have since been completed and Bank got Tax Clearence Certificate upto 2006 (Assesment year 2007-2008) from Tax Authority. But under section 120, the assessment for the year 2004, 2005 and 2006 had been re-opened and the Bank had filed appeal to the Honorable High Court. Bank filed an appeal against the assessment order for the year 2007, 2008 and 2009 to The Honorable High Court. The Bank filed an appeal to the Appellate Tribunal for 2010 and 2011. The Tax Return of the Bank for 2012 (Assessment year 2013-2014) has been submitted to Tax Authority on September 30, 2013, which is under assessment at DCT level. Details Tax position of the Bank in the **"Annexure-H"** with the report.

14.6.1 Deferred Tax

Deferred Tax Assets		
Balance at the beginning of the year	-	-
Add: Addition during the year	-	-
Balance at the end of the year		
Deferred Tax Liability		
Balance at the beginning of the year	79,549	79,549
Add: Addition during the year	20,811,057	-
Balance at the end of the year	**20,890,606**	**79,549**
Net Deferred Tax Liability	**20,890,606**	**79,549**

The Bank has calculated deferred tax as per BAS-12 and kept provision for Tk.20,811,057 as deferred tax liability for 2012 from the current year's profit.

14.6(a) Consolidated Provision for Current Tax

Dhaka Bank Limited **(note-14.6)**	1,096,530,432	738,415,500
DBL Securities Limited	49,885,517	66,160,710
	1,146,415,949	**804,576,210**

14.6(b) Consolidated Provision for Deferred Tax

Dhaka Bank Limited **(note-14.6)**	**20,811,057**	-
DBL Securities Limited	**(536,555)**	-
	20,274,502	-

14.7 Other Account Payable

3 month and 5 years Bangladesh/Pratirakhkha Sanchay Patra	6,926,160	3,014,370
Application, Processing, Membership & Utilisation Fee	5,812,552	1,932,900
Adjusting Account Credit	3,870,425	3,922,368
Export Proceeds Suspense	189,457,181	47,946,119
Vendors' Security Deposit	2,491,804	2,427,147
Finance from Bill DisBounting OBU **(Note-14.7.1)**	1,083,760,625	74,045,520
Compensation Income of Islamic Banking operations **(Note-14.7.2)**	5,844,828	13,247
Refinance by SWAP Woori Bank OBU **(Note-14.7.3)**	155,300,000	80,000,000
Import Payment Suspense	206,984,026	139,594,544
ATM Settlement Account	-	22,385,382
	1,660,447,601	**375,281,597**

14.7.1 Authorised Dealer Branches maintained cover fund of Tk.1,083,760,625.00 through Off-shore Banking Unit (OBU) to facilitate the exporters in accordance with FE Circular No.03 dated February 04,2013 of Bangladesh Bank.

14.7.2 The amount of Tk.5,844,828.00 represents profits on various overdue Investments of Islamic Banking operations, which has been maintained as per Shariah Principle.

14.7.3 Dhaka Bank signed agreement with Woori Bank Limited for refinancing facility on 29.12.2012.

		2013 Taka	2012 Taka
14(a)	**Consolidated Other Liabilities**		
	Dhaka Bank Limited **(note-14)**	10,890,638,241	8,334,275,111
	DBL Securities Limited	833,736,354	371,494,449
		11,724,374,595	**8,705,769,560**
15	**Share Capital**		
15.1	**Authorized**		
	1,000,000,000 ordinary shares of Tk.10 each	**10,000,000,000**	**10,000,000,000**

The Bank increased its authorized capital from Tk 6,000 million to Tk 10,000 million by passing a special resolution in the Bank's 4th Extra Ordinary General Meeting (EGM) held on July 04, 2010.

15.2 Issued, subscribed and paid up

The issued, subscribed and paid up capital of the bank as follows:

466,759,413 ordinary shares (2012:359,045,703 ordinary shares of Tk. 10.00 each) of Tk.10.00 each	4,667,594,130	3,590,457,030
74,681,506 ordinary shares (2012: 107,713,710 ordinary shares of Tk.10.00 each) of Tk.10 each issued as bonus shares	746,815,060	1,077,137,100
Total	**5,414,409,190**	**4,667,594,130**

The Bank has increased its paid up capital by issuance of 16% Bonus share i.e.74,681,506 odinary shares of Tk. 10.00 each as on 22, April 2013.

The Bank had denominated its face value of share at Tk. 10.00 per share instead of Tk. 100.00 of each share by passing a special resolution in the banks 4th EGM held on July 04, 2010.

15.3 Initial Public Offer (IPO)

Out of the total issued, subscribed and paid up capital of the bank 1,320,000 ordinary shares of Tk.100 each amounting to Tk.132,000,000 was raised through public offering of shares held in 24 February 2000.

15.4 Right Issue

The Bank has increased its paid up capital twice by issuance of 2:1 right share at par on April 15, 2003 and November 30, 2005 respectively.

15.5 History of Paid-up Capital

Accounting Year	Declaration	No.of share	Value in Capital	Cumulative
1995	Opening Capital	1,000,000	100,000,000	100,000,000
1996	10% Stock Dividend	100,000	10,000,000	110,000,000
1997	20% Stock Dividend	220,000	22,000,000	132,000,000
1998	9% Stock,10% Cash Dividend & Initial Public Offer (IPO)	118,800	11,880,000	275,880,000
1999	25% Cash	-	-	275,880,000
2000	25% Cash & 10% Stock Dividend	275,880	27,588,000	303,468,000
2001	25% Cash & 25% Stock Dividend	758,670	75,867,000	379,335,000
2002	20% Cash & (15,17,340 nos. right shares)	15,17,340	151,734,000	531,069,000
2003	15% Cash & 25% stock Dividend	1,327,672	132,767,200	663,836,200
2004	35% Stock & 1R:2	5,642,608	564,260,800	1,228,097,000
2005	5% Stock Dividend	614,048	61,404,800	1,289,501,900
2006	10% Cash & 20% Stock Dividend	2,579,003	257,900,300	1,547,402,300
2007	25% Stock Dividend	3,868,505	386,850,500	1,934,252,875
2008	15% Cash & 10% Stock Dividend	1,934,252	193,425,200	2,127,678,200
2009	25% Stock Dividend	5,319,195	531,919,500	2,659,597,800
2010	35% Stock Dividend	9,308,592	93,085,920	3,590,457,030
2011	5% Cash & 30% Stock Dividend	107,713,710	1,077,137,100	4,667,594,130
2012	16% Stock Dividend	74,681,506	746,815,060	5,414,409,190

15.6 Percentage of Shareholdings at 31 December 2013:

Particulars	2013		2012	
	% of holdings	Value of Shares (Tk.)	% of holdings	Value of Shares (Tk.)
1. Local Ownership				
Government	-	-	-	-
Banking Companies	12.1264	656,572,710	13.641	636,718,530
Financial Institutions	2.8156	152,446,450	4.033	188,229,810
Sponsors	45.4798	2,462,465,050	43.646	2,037,210,410
General Public	35.2295	1,907,469,870	34.507	1,610,662,830
Mutual Fund	0.5805	31,428,150	0.773	36,090,840
Unit Funds	0.2720	14,725,240	0.243	11,345,040
ICML A/C, Chittagong	-	-	0.059	2,743,090
ICB Account Holders	0.1237	6,697,080	0.116	5,441,620
ICB Head office (Investors A/c)	0.0944	5,112,330	0.308	14,384,160
ICB Unit Fund	0.0108	585,090	0.011	504,390
ICB Capital Managemet Limited, Rajshahi	-	-	0.082	3,845,630
Non-Resident Bangladeshi (NRB)	0.3545	19,196,020	0.396	18,458,440
ICB Mutual Fund	0.0085	460,920	0.009	397,350
ICB Investors A/C, Local Office	-	-	0.009	405,720
ICB Capital Management Limited	0.4104	22,219,380	-	-
Other Investor's A/C	2.4939	135,030,900	2.167	101,156,270
Sub Total	**100.00**	**5,414,409,190**	**100.00**	**4,667,594,130**
2. Foreign Ownership				
Financial Company	-	-	-	-
Individual Investors				
Sub Total	**-**	**-**	**-**	**-**
Total	**100.00**	**5,414,409,190**	**100.00**	**4,667,594,130**

15.7 Classification of shareholders by holding as on 31 December 2013:

Holdings	No. of share holders	Number of Shares	No. of share holders	Number of Shares
1 to 500 shares	27,852	4,333,433	25,646	4,142,632
501 to 5,000 shares	16,412	26,197,219	16,608	24,403,581
5,001 to 10,000 shares	1,246	8,500,521	1,179	8,279,799
10,001 to 20,000 shares	666	8,800,832	475	6,774,759
20,001 to 30,000 shares	221	5,181,189	129	3,160,715
30,001 to 40,000 shares	74	2,542,007	68	2,396,575
40,001 to 50,000 shares	62	2,758,068	46	2,039,323
50,001 to 100,000 shares	99	6,767,370	91	6,696,962
100,001 to 1,000,000 shares	136	41,332,624	137	46,357,258
1000001 & above shares	72	435,027,656	66	362,507,809
Total	**46,840**	**541,440,919**	**44,445**	**466,759,413**

15.8 Name of the Directors and their share holdings as on 31 decembar 2013:

Sl. No.	Name of Directors with Designation		2013		2012	
			No. of share	Value of share (Tk.)	No. of share	Value of share (Tk.)
1	Mr. Abdul Hai Sarker	Chairman	11,779,892	117,798,920	10,068,873	100,688,730
2	Mrs. Rokshana Zaman	Vice Chairperson	10,839,665	108,396,650	9,344,539	93,445,390
3	Mr. Mirza Abbas Uddin Ahmed	Director	33,398,010	333,980,100	28,791,388	287,913,880
4	Mr. Reshadur Rahman	Director	18,118,672	181,186,720	15,619,545	156,195,450
5	Mr. Altaf Hossain Sarker	Director	15,099,954	150,999,540	13,017,202	130,172,020
6	Mr. Mohammed Hanif	Director	16,492,625	164,926,250	14,217,781	142,177,810
7	Mr. Md. Amirullah	Director	10,830,105	108,301,050	9,336,298	93,362,980
8	Mr. Abdullah Al Ahsan	Director	10,831,039	108,310,390	9,337,103	93,371,030
9	Mr. Khondoker Monir Uddin	Director	15,549,458	155,494,580	13,404,706	134,047,060
10	Mr. Tahidul Hossain Chowdhury	Director	10,874,221	108,742,210	9,374,329	93,743,290
11	Mr. Jashim Uddin	Director	10,830,205	108,302,050	9,336,384	93,363,840
12	Mr. Khondoker Jamil Uddin	Director	10,830,055	108,300,550	9,336,255	93,362,550
13	Mr. Mirza Yasser Abbas	Director	19,941,535	199,415,350	17,190,979	171,909,790
14	Mr. Amanullah Sarker	Director	10,830,108	108,301,080	-	-
15	"Mr.Syed Abu Naser Bukhtear Ahmed	Independent Director "	-	-	-	-
16	Mr. Suez Islam	Independent Director	1,595,313	15,953,130	1,375,270	13,752,700
17	Mr. M. N. H. Bulu	Director	-	-	9,584,719	95,847,190
Total			**207,840,857**	**2,078,408,570**	**179,335,371**	**1,793,353,710**

N.B. Mr. Amanullah Sarker was not Director in 2012 while Mr. M. N. H. Bulu was not Director in 2013.

		2013 Taka		2012 Taka
15.9 Risk-weighted assets and Capital ratios as defined by the Basel Capital Accord				
Core Capital (Tier - I)				
Paid up Capital		5,414,409,190		4,667,594,130
Statutory Reserve		4,181,375,888		3,572,572,204
General Reserve		139,877,943		346,546,164
Surplus in Profit and Loss Account		1,191,170,022		413,443,614
		10,926,833,043		**9,000,156,112**
Suplementary Capital (Tier - II)				
General Provision		956,259,041		899,208,529
Provision for Off Balance Sheet Exposure		373,671,394		365,733,131
Asset Revaluation Reserve (50%) **[Note-2.8 and Note-18]**		324,227,500		324,227,500
Revaluation Reserve for HTM & HFT Securities (50%)		155,810,427		17,305,681
Non-convertible Subordinated Bond **(Note-15.9.1)**		1,600,000,000		2,000,000,000
	Total	**3,409,968,362**		**3,606,474,841**
A. Total Eligible Capital		**14,336,801,404**		**12,606,630,953**

15.9.1 An amount of Tk.400,000,000.00 of Non-Convertible Subordinated Bond has not been treated as Supplementary Capital (Tier-2) in 2013 according to the Risk Based Capital Adequacy (RBCA) guidelines of Bangladesh Bank issued in December 2010.

B. Risk Weighted Assets				
Credit Risk				
Balance sheet business		87,356,600,000		78,798,300,000
Off- Balance sheet business		15,167,000,000		24,549,800,000
		102,523,600,000		103,348,100,000
Market Risk		4,704,800,000		4,687,600,000
Operational Risk		10,464,600,000		9,376,700,000
Total Risk-weighted Assets		**117,693,000,000**		**117,412,400,000**
C. Required Capital on Risk Weighted Assets		**11,769,300,000**		**11,741,240,000**
D. Capital Surplus / (Shortfall) [A-C]		**2,567,501,404**		**865,390,953**
Total Capital Ratio (%)		**12.18%**		**10.74%**
Capital Requirement	**Required (%)**	**Held (%)**	**Required (%)**	**Held (%)**
Core Capital **(Tier-I)**	5.00	9.28%	4.50	7.67%
Supplementary Capital **(Tier - II)**	-	2.90%	-	3.07%

Capital Adequacy Ratio (CAR) has been calculated as per Basel-II BRPD Circular No.24 dated August 03, 2010.

15.9(a) Consolidated Risk-weighted assets and Consolidated Capital ratios as defined by the Basel Capital Accord

Core Capital (Tier - I)				
Paid up Capital		5,414,409,190		4,667,594,130
Minoriy Interest		21,968		16,486
Statutory Reserve		4,181,375,888		3,572,572,204
General Reserve		139,877,943		346,546,164
Surplus in Profit and Loss Account		1,349,055,004		516,515,831
	Total	**11,084,739,993**		**9,103,244,815**
Suplementary Capital (Tier-II)				
General Provision		956,259,041		899,208,529
Provision for Off Balance Sheet Exposure		373,671,394		365,733,131
Asset Revaluation Reserve (50%) **[Note-2.8 and Note-18]**		324,227,500		324,227,500
Revaluation Reserve for HTM & HFT Securities (50%)		155,810,427		17,305,681
Non-convertible Subordinated Bond **(See Note-15.9.1)**		1,600,000,000		2,000,000,000
	Total	**3,409,968,362**		**3,606,474,841**
A. Total Eligible Capital		**14,494,708,355**		**12,709,719,656**
B. Risk Weighted Assets				
Credit Risk				
Balance sheet business		88,115,300,000		79,043,700,000
Off- Balance sheet business		15,167,000,000		24,549,800,000
		103,282,300,000		**103,593,500,000**
Market Risk		4,704,800,000		4,687,600,000
Operational Risk		10,464,600,000		9,376,700,000
Total Risk-weighted Assets		**118,451,700,000**		**117,657,800,000**

	2013 Taka	2012 Taka
C. Required Capital on Risk Weighted Assets	**11,845,170,000**	**11,765,780,000**
D. Capital Surplus / (Shortfall) [A-C]	**2,649,538,355**	**943,939,656**
Total Capital Ratio (%)	**12.25%**	**10.80%**

Capital Requirement	**Required (%)**	**Held (%)**	**Required (%)**	**Held (%)**
Core Capital **(Tier-I)**	5.00	9.36%	4.50	7.73%
Supplementary Capital **(Tier - II)**	-	2.88%	-	3.07%

Capital Adequacy Ratio (CAR) has been calculated as per Basel-II BRPD Circular No.24 dated August 03, 2010.

15.10 Market Discipline Disclosures on Risk Based Capital (Basel II) is given in Annexure - J.

15(a) Minority Interest

Opening balance at the beginning of the year	16,486	7,764
Add: Addition during the period from net profit	5,482	8,722
Closing balance at the end of the year	**21,968**	**16,486**

16 Statutory Reserve

Opening balance at the beginning of the year	3,572,572,204	3,284,607,425
Add: Addition during the year from net profit	608,803,684	287,964,779
Closing balance at the end of the year	**4,181,375,888**	**3,572,572,204**

As per Section 24 of Bank Companies Act 1991, 20% of pre tax profit has been transferred to Statutory Reserve Account.

17 General Reserve

Opening balance at the beginning of the year	346,546,164	168,421,146
Add: Addition during the year from current year's profit	126,703,225	178,125,018
Less: Transferred to Capital Account for issuance of Bonus Shares for the year 2012	333,371,446	-
Closing balance at the end of the year	**139,877,943**	**346,546,164**

As per Rule, Bonus share / cash dividend may be issued out of surplus of the profit of the year. If there is any shortfall, that may be covered from General Reserve Account as per approval of the Board of Directors of the bank.

18 Assets Revaluation Reserve

Opening balance at the beginning of the year	648,455,000	648,455,000
Add: Addition during the year	-	-
Closing balance at the end of the year	**648,455,000**	**648,455,000**

Dhaka Bank Limited revalued the entire class of following mentioned Land during the year 2011 by an independent valuation firm according to Paragraph 36 of BAS-16 as per approval of the Board of Directors of the Bank.

Location	Area of Land	Value before Revaluation	Revalued Amount	Revaluation Reserve
71, Purana Paltan Line, VIP Road, Naya Paltan, Dhaka	16.50 decimal	51,545,000	700,000,000	648,455,000

		2013 Taka	2012 Taka
19	**Revaluation Reserve on Investment**		
	Revaluation Reserve for HTM Securities		
	Opening balance at the beginning of the year	20,763,575	49,440,924
	Add: Addition during the year	246,796,811	117,423,248
	Less: Adjustment during the year	(24,400)	(146,100,597)
	Closing balance at the end of the year	**267,535,985**	**20,763,575**
	Revaluation Reserve for HFT Securities		
	Opening balance at the beginning of the year	13,847,787	40,588,314
	Add: Addition during the year	880,910,651	218,507,710
	Less: Adjustment during the year	(850,673,570)	(245,248,237)
	Closing balance at the end of the year	**44,084,868**	**13,847,787**
		311,620,853	**34,611,362**

Interest income of HTM and HFT securities transferred to Revaluation Reserve Account as per Bangladesh Bank DOS Circular No. 05 dated 26.05.2008 of which 50% of revaluation reserve for HTM & HFT will be treated as Supplementary Capital.

20	**Profit & Loss Account**		
	Income		
	Interest, Discount and Similar Income	15,131,141,289	13,228,483,834
	Dividend Income	44,734,627	25,123,245
	Fee, Commission and Brokerage	825,951,074	833,573,411
	Gains less Losses arising from Dealing Securities	-	-
	Gains less Losses arising from Investment Securities	1,638,995,103	1,396,296,804
	Gains less Losses arising from dealing in Foreign Currencies	267,389,948	251,369,413
	Income from Non-banking Assets	-	-
	Other Operating Income	324,999,446	206,441,207
	Profit less Losses on Interest Rate Changes	-	-
		18,233,211,487	**15,941,287,914**
	Expenses		
	Interest, Fee and Commission	11,822,881,725	10,598,442,925
	Administrative Expenses	2,127,166,392	1,701,338,935
	Other Operating Expenses	439,456,997	341,227,863
	Depreciation on Banking Assets	150,116,619	76,902,827
		14,539,621,733	**12,717,912,550**
	Profit before Tax & Provision	**3,693,589,754**	**3,223,375,364**
20.1	**Profit & Loss Account Surplus**		
	Operating income as on 31 December	**3,693,589,754**	**3,223,375,364**
	Less: Provision for loans during the year	57,050,512	1,685,376,923
	Provision for Off Balance Sheet Item	7,938,263	31,483,131
	Provision for diminution in value of Investment	584,582,559	65,939,102
	Other Provisions	-	752,315
	Provision for Income Tax	1,096,530,432	738,415,500
	Provision for Deferred Tax	20,811,057	-
	General Reserve	126,703,225	-
	Statutory Reserve (20% of pre tax profit)	608,803,684	287,964,779
		2,502,419,732	**2,809,931,750**
	Net Surplus	**1,191,170,022**	**413,443,614**

		2013 Taka	2012 Taka
20(a)	**Consolidated Profit & Loss Account**		
	Dhaka Bank Limited **(Note-20.1)**	1,191,170,022	413,443,614
	DBL Securities Limited	157,890,464	103,080,939
		1,349,060,486	516,524,553
	Less: Minority Interest	5,482	8,722
		1,349,055,004	**516,515,831**
21	**Contingent Liabilities**		
	Acceptance & Endorsement	**12,304,828,570**	**15,907,069,233**
	Letters of Credit		
	Usance/Defer Letter of Credit	4,200,284,944	3,547,669,428
	Sight Letter of Credit	3,515,886,285	3,758,625,999
	Back to Back Letter of Credit	1,117,372,062	1,237,122,589
	BD-Sight (EDF)	530,492,702	478,802,604
	Back to Back-Local	1,659,662,221	1,000,914,634
		11,023,698,214	**10,023,135,254**
	Letters of Guarantee **(Note - 21.2)**		
	Bid Bond	694,223,475	1,396,923,612
	Performance Bond	7,336,276,493	5,626,858,074
	Counter Guarantee	416,163,977	245,830,601
	Other Guarantee	5,426,163,458	3,354,777,210
	Shipping Guarantee	18,719,074	18,719,090
		13,891,546,477	**10,643,108,587**
	Bills for Collection		
	Local Bills for Collection	4,529,080,478	6,350,956,996
	Foreign Bills for Collection	1,188,850,303	1,472,754,572
		5,717,930,781	**7,823,711,568**
	Other Contingent Liabilities		
	Bangladesh/Pratirakhkha/Paribar Sanchay Patra	830,627,464	802,298,230
	ICB Unit Certificate	51,340,900	51,330,900
	Forward Exchange Position **(Note-21.1)**	1,634,304,125	-
	US Investment & Premium Bond	14,598,200	14,530,450
		2,530,870,689	**868,159,580**
	Total	**45,468,874,731**	**45,265,184,222**

21.1 The amount represents the forward position of foreign currencies at the end of the year 2013 which are very short term in nature and adjustment are made on a continuous basis.

21.2 Letters of Guarantee

Money for which the Bank is contingently liable in respect of guarantees given favouring:

	2013 Taka	2012 Taka
Directors	-	-
Government	8,426,661,175	5,719,030,522
Bank and Other Financial Institutions	81,515,411	1,510,415,940
Others	5,383,369,891	3,413,662,125
Total	**13,891,546,477**	**10,643,108,587**

		2013 Taka	2012 Taka
22	**Litigation Pending by Bank**		
SL #	**Branch Name**		
1	Agrabad	504,825,917	557,060,852
2	Banani	85,658,375	102,104,340
3	Bangshal	691,677,749	693,174,495
4	BB Road	11,707,589	7,618,775
5	Bhairab Bazar	4,565,000	-
6	Bogra	5,248,385	-
7	Cox's Bazar	115,651,547	60,570,144
8	Dhanmondi	93,300,194	164,916
9	EPZ,DEPZ	249,950,587	249,022,884
10	Fantasy Kingdom	57,690,054	4,615,299
11	Gulshan	5,781,899	-
12	Goala Bazar	9,391,085	-
13	IBB Dhaka	436,920,045	426,435,715
14	IBB Muradpur	874,752,225	567,890,180
15	Imamgonj	62,767,709	7,236,861
16	Islampur	13,292,741	1,126,884
17	Joypara	533,291	533,291
18	Jubilee Road	681,199,019	-
19	Kawran Bazar	40,257,537	40,257,537
20	Khatungonj	680,571,815	680,571,810
21	Local Office	2,715,536,820	1,144,683,146
22	Madhabdi	4,344,195	4,344,141
23	Moghbazar	21,853,896	5,459,949
24	Moulvibazar	1,498,405	6,928,440
25	Naryangonj	282,909,361	280,715,548
26	Hathazari	18,805,912	-
27	Jessore	11,067,219	-
28	Laldighirpar	2,911,428	-
29	New Market, Chittagong	3,789,159	-
30	Rajshahi	5,961,991	-
31	Savar	2,140,405	-
32	Satkhira	117,194,771	51,569,110
	Total	**7,813,756,325**	**4,892,084,320**

In some cases, the bank obtained preliminary / final decree against pending litigation. As per Artha Rin Adalat (Money Loan Court) Ain 2003, legal procedure yet to be completed for final disposal.

23	**Interest Income/ Profit Received**		
	Demand Loan	20,081	66,776
	Term Loan	4,662,983,876	3,655,960,315
	Overdrafts	4,104,620,426	3,687,986,607
	Loan against Imported Merchandise/Murabaha	60,814,314	137,019,592
	Loan against Trust Receipt	2,356,074,258	2,187,938,287
	Packing Credits	16,554,646	13,421,281
	Cash Credits / Bai-Muajjal	1,720,252,932	1,525,564,666
	Payment against Documents	430,132,491	438,302,904
	House Building Loan	288,038,621	239,407,274
	Transport Loan	153,209,174	141,824,200
	Syndicate Loan	436,727,606	389,303,551
	Hire Purchase	74,119,840	71,022,793
	Lease Rental/Izara	432,636,814	396,110,809
	Credit Card	33,675,392	29,880,837
	Total Interest / profit & Rental Income on loans & advances	**14,769,860,471**	**12,913,809,892**
	Call Lending and Fund Placement with Banks	354,823,646	307,162,777
	Accounts with Foreign Banks	6,457,172	7,511,165
	Total	**15,131,141,289**	**13,228,483,834**

		2013 Taka	2012 Taka
23(a)	**Consolidated Interest Income/Profit Received**		
	Dhaka Bank Limited **(Note-23)**	15,131,141,289	13,228,483,834
	Less: Interest received on Margin Loan	(243,114,799)	(218,109,375)
		14,888,026,490	13,010,374,459
	DBL Securities Limited	291,195,087	358,452,526
		15,179,221,577	**13,368,826,985**
24	**Interest/Profit Paid On Deposits & Borrowings**		
	Savings Account including Mudaraba	362,779,078	372,274,451
	Special Notice Deposit	319,169,822	266,579,849
	Term Deposits	9,295,418,791	8,132,125,209
	Deposits under Scheme	979,600,204	659,079,222
	Call Borrowing & Fund Placement	266,702,848	344,138,579
	Non-convertible Subordinate Bond	236,236,111	236,883,333
	Repurchase Agreement (REPO)	102,397,651	102,716,909
	Overseas Accounts Charges	8,336,171	13,674,490
	Leased Assets	39,337,404	27,329,682
	HTM /HFT Securities	22,967,454	303,526,808
	Others **(Note-24.1)**	189,936,191	140,114,393
		11,822,881,725	**10,598,442,925**
24.1	**Others**		
	Interest paid on NFCD	223,738	988,549
	Interest/profit paid against Refinance from Bangladesh Bank	92,716,374	86,240,342
	Interest paid on Gift Cheque	353,114	307,729
	Interest paid on Excel Account	603,179	2,075,130
	Interest on Smart Plant (Deposit)	692,700	1,616,652
	Interest on Finance Bill Rediscounting	1,856,208	3,114,645
	Interest on Refinance from Woori Bank	5,873,975	3,372,923
	Interest on Fund Borrowing-OBU	30,559,203	3,226,739
	Treasury Bond Premium **(Note-24.1.a)**	57,057,700	39,171,684
		189,936,191	**140,114,393**

24.1.a Treasury Bond Premium expenses reflects the amount of interest accrued in the seller book upto the date of purchase of the Treasury Bonds. This amount has been paid at the time of purchase of those Bonds.

24(a)	**Consolidated Interest / Profit Paid On Deposits & Borrowings**		
	Dhaka Bank Limited **(Note-24)**	11,822,881,725	10,598,442,925
	DBL Securities Limited	-	-
		11,822,881,725	**10,598,442,925**
25	**Income from Investment**		
	Interest on Treasury bills / bonds	1,260,788,995	1,039,853,281
	Profit paid on Govt. Islamic Bond	3,201,389	3,590,278
	Capital Gain on Government Securities	283,951,482	293,377,620
	Interest on Debentures	-	706,189
	Interest on Subordinated Bond	22,800,000	22,862,466
	Interest on Zero Coupon Bond **(Note-25.1)**	1,461,045	2,970,792
	Dividend on Shares	44,734,627	25,123,245
		1,616,937,538	**1,388,483,871**

25.1 The Zero Coupon Bond of International Development Leasing Company has been reedemed fully during the year 2013.

25(a)	**Consolidated Income from Investment**		
	Dhaka Bank Limited **(Note-25)**	1,616,937,538	1,388,483,871
	DBL Securities Limited	78,572,641	-
		1,695,510,179	**1,388,483,871**

		2013 Taka	2012 Taka
26	**Commission / Fees and Exchange Earnings**		
	Commission on Letter of Credit	395,502,147	378,692,008
	Commission on Letter of Guarantee	157,349,802	154,244,043
	Commission on Remmittance / Bills	5,450,946	4,780,948
	Processing Fee Consumer Loan	26,771,665	37,925,850
	Other Comm/ Fees (Clearing, cash tr., risk prem., utilisation fee etc.)	213,045,019	237,670,842
	Rebate from Foreign Bank outside Bangladesh	11,927,063	12,398,708
	Commission & Fee on Credit Card	15,904,432	7,861,012
	Exchange gain including gain from foreign currency dealings	267,389,948	251,369,413
		1,093,341,022	**1,084,942,824**
26(a)	**Consolidated Commission/Fees, Exchange Earnings & Brokerage**		
	Dhaka Bank Limited **(Note-26)**	1,093,341,022	1,084,942,824
	DBL Securities Limited	114,125,040	107,017,251
		1,207,466,062	**1,191,960,075**
27	**Other Operating Income**		
	Other Income on Credit Card	16,160,895	8,749,253
	Postage charge recoveries	13,388,826	12,966,158
	Incidental charges	83,903,372	97,327,217
	Supervision & monitoring charges	122,166,463	1,731,027
	Swift charge recoveries	79,987,515	77,405,952
	Locker rent	6,552,575	6,069,350
	Godown charges recovery	1,425,100	1,384,000
	Capital gain on sale of Shares **(Note - 27.1)**	66,792,192	32,936,178
	Profit from sale of fixed assets **(Note-27.2)**	1,414,700	808,250
		391,791,638	**239,377,385**
27.1	**Profit on sale of Shares**		
	Sale proceeds of Shares	2,812,301,706	1,910,697,058
	Less: Cost of Shares	2,745,509,514	1,877,760,880
		66,792,192	**32,936,178**

27.2 A Bank's vehicle and some old items of office equipments which were fully depreciated has been sold during the year 2013.

27(a)	**Consolidated Other Operating Income**		
	Dhaka Bank Limited **(Note-27)**	391,791,638	239,377,385
	DBL Securities Limited	23,634,463	24,117,628
		415,426,101	**263,495,013**
28	**Salary and Allowances**		
	Basic Salary	484,935,901	426,333,551
	Allowances	472,025,881	380,482,971
	Salary Casual Staff **(Note-28.1)**	-	4,145,749
	Bonus & Ex-gratia	191,827,032	74,722,924
	Car Maintenance Allowances	75,698,961	63,929,630
	Leave Fare Assistance	81,154,167	65,873,064
	Utility Allowances **(Note-28.1)**	-	6,194,856
	Medical Allowance	23,188,206	17,115,239
	Partial payment against Gratuity **(Note-28.2)**	100,000,000	100,000,000
	Staff Furniture Installment	8,444,333	6,495,705
	Bank's contribution to Provident Fund	45,651,795	38,609,164
		1,482,926,276	**1,183,902,853**

28.1 Since Dhaka Bank has revised the Pay Scale Structure as per approval of the 738th meeting of the Executive Committee held on June 05, 2012, some heads of salary and allowances has been re-arranged.

28.2 Dhaka Bank maintained Gratuity Fund of Tk.50.82 crore against requirement of Tk.69.55 crore. The Bank already provided an amount of Tk.10.00 crore in January 14, 2014 in Gratuity Fund. The remaining portion against requirement will be provided by June 30, 2014 as per Inspection Report submitted in Tripartite meeting by Bangladesh Bank.

		2013 Taka	2012 Taka
28(a)	**Consolidated Salary and Allowances**		
	Dhaka Bank Limited **(Note-28)**	1,482,926,276	1,183,902,853
	DBL Securities Limited	30,935,920	27,296,143
		1,513,862,196	**1,211,198,996**
29	**Rent, Taxes, Insurance, Lighting etc.**		
	Office Rent	234,986,152	168,954,726
	Electricity & Lighting	45,387,199	41,722,341
	Regulatory Charges	7,339,020	8,921,439
	Insurance	67,036,071	48,359,248
		354,748,442	**267,957,754**
29(a)	**Consolidated Rent, Taxes, Insurance, Lighting etc.**		
	Dhaka Bank Limited **(Note-29)**	354,748,442	267,957,754
	DBL Securities Limited	13,516,935	13,131,578
		368,265,377	**281,089,332**
30	**Legal & Professional Expenses**		
	Legal Expenses	10,419,914	8,318,542
	Other professional fees	2,821,450	1,261,974
		13,241,364	**9,580,516**
30(a)	**Consolidated Legal & Professional Expenses**		
	Dhaka Bank Limited **(Note-30)**	13,241,364	9,580,516
	DBL Securities Limited	129,625	346,445
		13,370,989	**9,926,961**
31	**Postage, Stamps, Telecommunication etc.**		
	Stamps, Postage & Courier	18,779,837	17,338,749
	Telephone Charges	9,312,454	8,921,244
	Fax, Internet, Radio Link, & DDN Charges	28,515,671	27,271,648
		56,607,962	**53,531,641**
31(a)	**Consolidated Postage, Stamps, Telecommunication etc.**		
	Dhaka Bank Limited **(Note-31)**	56,607,962	53,531,641
	DBL Securities Limited	598,106	561,550
		57,206,068	**54,093,191**
32	**Stationery, Printing, Advertisement etc.**		
	Table Stationery	11,738,694	11,317,034
	Printing Stationery	44,799,977	32,225,937
	Security Stationery	2,538,505	1,696,972
	Computer Stationery	19,379,514	14,926,300
	Advertisement	56,029,389	42,738,638
		134,486,079	**102,904,881**
32(a)	**Consolidated Stationery, Printing, Advertisement etc.**		
	Dhaka Bank Limited **(Note-32)**	134,486,079	102,904,881
	DBL Securities Limited	1,108,451	1,803,269
		135,594,530	**104,708,150**
33	**Chief Executive's Salary & Allowances**		
	Basic Salary	7,200,000	6,988,000
	House Rent Allowances	2,160,000	2,133,500
	Entertainment Allowances	360,000	368,833
	House Maintenance Allowances	420,000	411,167
	Bonus	2,200,000	2,200,000
		12,340,000	**12,101,500**

		2013 Taka	2012 Taka
34	**Directors' Fees & Meeting Expenses**		
	Directors Fees	2,235,000	2,110,000
	Other financial benefits to Directors	-	-
	Fees related to Shariah Council Meeting	60,000	45,000
	Board/Executive Committee / Shariah Council Meeting Expenses	661,763	545,400
		2,956,763	**2,700,400**

Each Director is paid for Tk. 5,000.00 inclusive VAT per meeting per atttendence from January 18, 2010 as per Bangladesh Bank's BRPD Circular # 03 dated January 18, 2010. There was no other financial benefits provided to the directors of the bank.

34(a)	**Consolidated Directors' Fees & Meeting Expenses**		
	Dhaka Bank Limited **(note-34)**	2,956,763	2,700,400
	DBL Securities Limited	502,989	230,868
		3,459,752	**2,931,268**
35	**Cosolidated Audit Fees**		
	Dhaka Bank Limited	690,000	690,000
	DBL Securities Limited	115,000	115,000
		805,000	**805,000**
36	**Depreciation of Bank's Assets**		
	Depreciation on own Assets		
	Land	-	-
	Building	9,591,160	6,238,038
	Furniture & Fixture	30,693,878	13,327,727
	Office Appliance & Equipment	71,833,227	31,273,822
	Computer	23,181,752	14,445,528
	Software	4,904,258	3,605,439
	Motor Vehicle	9,912,344	6,119,566
		150,116,619	**75,010,120**
	Depreciation on Leased Assets		
	Furniture & Fixture	-	1,024,410
	Office Appliance & Equipment	-	571,330
	Computer	-	283,620
	Software	-	13,347
		-	**1,892,707**
	Total	**150,116,619**	**76,902,827**

Dhaka Bank has been charging depreciation on fixed assets from the month of purchase instead of the year purchase since 2012 as per revised policy and accordingly a retrospective adjustment of depreciation expenses has been made in 2012 **(see Note-2.6)**. The leased assets has been adjusted upon completion of lease period in the year 2012 and recorded in the books of assets at residual value.

36(a)	**Consolidated Depreciation on Fixed Assets**		
	Dhaka Bank Limited **(Note-36)**	150,116,619	76,902,827
	DBL Securities Limited	5,784,470	5,609,256
		155,901,089	**82,512,083**
37	**Repair & Maintenance of Bank's Assets**		
	Office Premises	21,693,067	20,705,561
	Office Equipment	20,013,656	16,786,731
	Office Furniture	1,453,433	1,522,997
	Motor Vehicle	7,654,000	4,945,047
	Computer and accessories	2,412,329	3,319,829
	Software	15,943,021	20,689,225
		69,169,506	**67,969,390**
37(a)	**Consolidated Repair & Maintenance of Bank's Assets**		
	Dhaka Bank Limited **(Note-37)**	69,169,506	67,969,390
	DBL Securities Limited	8,235,570	5,388,915
		77,405,076	**73,358,305**

		2013 Taka	2012 Taka
38	**Other Expenses**		
	Contribution to Superannuation Fund	2,500,000	2,500,000
	Contractual Service Charges	202,933,239	152,320,625
	Petrol, Oil & Lubricants (Vehicle & Generator)	24,052,404	24,075,801
	Entertainment: Canteen & Other	33,215,842	34,911,739
	AGM Expenses	5,745,095	4,770,560
	Donation	22,281,071	26,905,071
	Subscription	2,448,500	2,598,996
	Travelling (Foreign & Local)	9,602,482	10,257,317
	Conveyance	9,748,373	8,670,306
	Branch Opening Expenses	3,189,186	1,986,520
	Godown Expenses	1,537,213	1,409,652
	Training Expenses	6,533,496	6,513,087
	Bond Issue Expenses	5,467,636	4,567,636
	Books & Papers	2,295,905	2,109,505
	WASA Charges	3,824,108	2,942,088
	Staff Uniform	2,297,760	1,395,360
	Vehicle Registration Charges	933,804	886,827
	Potted Plants	1,908,476	1,743,218
	Business Development & Promotion	54,711,474	24,245,941
	Reuters Charges	1,730,013	1,739,396
	Fees & Expenses for Credit Card	3,355,182	3,446,450
	ATM Network Service Charges	7,393,650	5,598,180
	Dhaka Bank Foundation **(Note-38.1)**	30,747,661	14,543,675
	Miscellaneous Expenses	1,004,427	1,089,913
		439,456,997	**341,227,863**
38.1	**Fund for Dhaka Bank Foundation**		
	Opening balance at the beginning of the year	14,543,675	36,910,164
	Add: Addition during the year	30,747,661	14,543,675
	Less: Transferred to DBL Foundation Trustee Account	(14,543,675)	(36,910,164)
	Closing balance at the end of the year	**30,747,661**	**14,543,675**

Dhaka Bank has been maintaining provision for Dhaka Bank Foundation since 2003. In 2013, the Bank has made a provision of Tk. 30,747,661 for Dhaka Bank Foundation @1% on pre tax profit (i.e. profit after provision for loans and other provisions) as per the decision of the Executive Committee of the Board of Directors.

38(a)	**Consolidated Other Expenses**		
	Dhaka Bank Limited **(Note-38)**	439,456,997	341,227,863
	DBL Securities Limited	3,417,784	5,134,974
		442,874,781	**346,362,837**
39	**Provision for Loans & Advances**		
	On classified loans & advances as per Bangladesh Bank circular	-	1,634,192,394
	On unclassified loans & advances	57,050,512	51,184,529
		57,050,512	**1,685,376,923**
40	**Provision for Off Balance Sheet Exposures**		
	On Off Balance Sheet Exposures (Acceptances and Endorsements, Letter of Credit and Letter of Guarantee)	**7,938,263**	**31,483,131**

Bank has made a provision of Tk.7,938,263 @ 1% on off balance sheet exposure (i.e. Acceptence & Endorsement, Letter of Credit & Letter of Guarantee) as per BRPD Circular number 10 dated 18.09.2007 from current year's profit. **(see Note-14.2)**

		2013 Taka	2012 Taka
41	**Provision against Decrease in Value of Investment**		
	Dealing Securities		
	Quoted	-	-
	Unquoted	-	-
	Investment Securities	-	-
	Quoted		
	Opening balance at the beginning of the year	191,181,210	125,242,108
	Add:Addition during the year	584,582,559	65,939,102
	Closing balance at the end of the year	**775,763,769**	**191,181,210**
	Unquoted	-	-
	Total	**775,763,769**	**191,181,210**

The Bank has made full provision of Tk.775,763,769.00 which arises from the difference between cost price and market price of investment in shares as of 31 December 2013. An additional provision of Tk.584,582,559.00 has been made from the current year's profit to meet up the shortfall between cost and market price. **(see Annexure-B)**

42	**Earnings Per Share (EPS)**		
	Bonus Issue:		
	Net Profit after Tax	1,926,676,931	701,408,393
	Number of Ordinary Shares Outstanding	541,440,919	541,440,919
	Earnings per share (EPS)	**3.56**	**1.30**

Earnings Per Share has been calculated in accordance with **BAS - 33 "Earning Per Share (EPS)"**. Previous year's figures have been adjusted for the issue of 107,713,710 Bonus Shares (for 2011) during the year.

42(a)	**Consolidated Earnings Per Share (CEPS)**		
	Bonus Issue:		
	Net Profit after Tax	1,981,495,178	788,629,626
	Less: Minority Interest	5,482	8,722
		1,981,489,696	788,620,904
	Number of Ordinary Shares Outstanding	541,440,919	541,440,919
	Earnings per share (EPS)	**3.66**	**1.46**
43	**Receipts from Other Operating Activities**		
	Exchange earnings	44,559,662	145,077,343
	Other Operating Income	390,376,938	238,569,135
	Sub-Total	**434,936,600**	**383,646,478**
	Non Operating Income	-	-
	Total	**434,936,600**	**383,646,478**
43(a)	**Consolidated Receipts from Other Operating Activities**		
	Dhaka Bank Limited **(Note-43)**	434,936,600	383,646,478
	DBL Securities Limited	(594,652,514)	(101,611,153)
	Total	**(159,715,914)**	**282,035,325**
44	**Payments for Other Operating Activities**		
	Rent, Taxes, Insurance, Lighting etc.	354,748,442	267,957,754
	Chief executive's salary & allowances	12,340,000	12,101,500
	Directors' fees & Meeting expenses	2,956,763	2,700,400
	Repair of bank's assets	69,169,506	67,969,390
	Other expenses	439,456,997	341,227,863
	Sub-Total	**878,671,708**	**691,956,907**
	Dhaka Bank Foundation	(30,747,661)	(14,543,675)
	Total	**847,924,047**	**677,413,232**

			2013 Taka	2012 Taka
44(a)	**Consolidated Payments for Other Operating Activities**			
	Dhaka Bank Limited **(Note-44)**		847,924,047	677,413,232
	DBL Securities Limited		60,206,352	54,008,741
		Total	**908,130,399**	**731,421,973**
45	**Other Assets**			
	Stationery, Stamps, Printing Materials etc.		67,749,473	55,109,394
	Advance Rent & Advertisement		268,293,581	284,798,025
	Security Deposit		20,650,396	20,506,596
	Preliminary, Formation and Organization Expenses, Renovation/ Development Expenses and Prepaid Expenses		3,809,613,024	1,571,788,353
	Branch adjustments;		34,290,480	9,302,112
	Suspense Account;		168,110,785	373,616,072
	Other Assets		869,551,988	385,763,490
		Sub-Total	**5,238,259,727**	**2,700,884,042**
	Increase/(decrease) during the year		**2,537,375,685**	**(160,569,992)**
45(a)	**Consolidated Payments for Other Operating Activities**			
	Dhaka Bank Limited **(Note-45)**		(2,537,375,685)	(160,569,992)
	DBL Securities Limited		339,968,643	(7,348,794)
			(2,197,407,042)	**(167,918,786)**
46	**Other Liabilities**			
	Provision against Expenses		86,922,699	44,263,282
	Interest Suspense Account		1,515,124,663	1,141,385,776
	Other Account Payable		1,660,447,601	375,281,597
	Obligation under Finance Lease		-	-
		Total	**3,262,494,963**	**1,560,930,655**
	Amount tranferred to DBL Foundation Trustee Account		(14,543,675)	(36,910,164)
	Adjustment of Classified Loan from Provision		(312,153,751)	(203,279,751)
	Increase / (decrease) during the year	**Total**	**1,374,866,882**	**51,704,709**
46(a)	**Consolidated Other Liabilities**			
	Dhaka Bank Limited **(note-46)**		1,374,866,882	51,704,709
	DBL Securities Limited		414,226,140	(50,570,542)
		Total	**1,789,093,022**	**1,134,167**

Balance with other banks-Outside Bangladesh(Nostro Account)

as at 31 December 2013

Annexure - A

Particulars	Currency name	2013			2012		
		Amount in FC	Conversion rate per unit FC	Amount in BDT	Amount in FC	Conversion rate per unit FC	Amount in BDT
Standard Chartered Bank, New York	USD	1,854,937.82	77.65	144,035,922	3,308,028.40	80.00	264,642,272
Mashreq Bank, New York	USD	167,499.67	77.65	13,006,349	500,680.96	80.00	40,054,477
CITI Bank NA, New York	USD	0.00	0.00	-	1,428,104.12	80.00	114,248,330
Commerz Bank, Frankfurt	USD	200,360.19	77.65	15,557,969	72,659.93	80.00	5,812,794
Habib American Bank	USD	292,000.42	77.65	22,673,833	777,081.99	80.00	62,166,559
Standard Chartered Bank, New York, OBU	USD	2,387,727.55	77.65	185,407,044	0.00	0.00	-
Wachovia Bank NA, New York **(see Note-4.2.a)**	USD	(120,150.54)	77.65	(9,329,689)	2,116,836.88	80.00	169,346,950
JP Morgan Chase Bank NA	USD	429,626.82	77.65	33,360,523	517,929.29	80.00	41,434,343
Standard Chartered Bank, Mumbai	ACUD	420,284.06	77.65	32,635,057	308,222.46	80.00	24,657,797
Sonali Bank, Kolkata	ACUD	7,584.81	77.65	588,960	13,186.81	80.00	1,054,945
AB Bank Mumbai	ACUD	259,927.81	77.65	20,183,394	340,942.56	80.00	27,275,405
Nepal Bangladesh Bank	ACUD	7,294.75	77.65	566,437	21,958.55	80.00	1,756,684
Sampath Bank, Srilanka	ACUD	9,816.85	77.65	762,278	39,996.94	80.00	3,199,755
Bhutan National Bank	ACUD	64,281.17	77.65	4,991,433	64,281.17	80.00	5,142,494
Bank of Bhutan	ACUD	47,049.54	77.65	3,653,397	47,049.54	80.00	3,763,963
Habib Metropolitan Bank Ltd. Pakistan	ACUD	112,947.52	77.65	8,770,375	826,201.18	80.00	66,096,094
Dhaka Bank OBU Nostro	USD	2,000,000.00	77.65	155,300,000	4,000,000.00	80.00	320,000,000
ICICI Bank Limited, India	ACUD	128,226.27	77.65	9,956,770	104,479.72	80.00	8,358,378
Mashreq Bank, Mumbai	ACUD	341,672.25	77.65	26,530,850	698,571.56	80.00	55,885,725
Union Bank of Switzerland	CHF	19,002.06	87.2027	1,657,031	31,829.86	87.72	2,792,184
Commerz Bank, Frankfurt	EURO	130,990.58	106.6933	13,975,817	207,193.25	105.78	21,916,488
Standard Chartered Bank, Frankfurt	EURO	304,545.74	106.6933	32,492,990	48,988.95	105.78	5,181,953
Bank Nazional Del Italy	EURO	0.00	0.00	-	0.00	105.78	-
Unicredit S.P.A. Milano	EURO	49,443.01	106.6933	5,275,238	63,700.43	105.78	6,738,104
Commonwealth Bank of Australia, Sydney	AUD	82,898.14	68.8037	5,703,699	83,924.50	82.90	6,956,955
Standard Chartered Bank, Japan	JPY	6,101,082.00	0.7372	4,497,718	12,495,735.00	0.9283	11,599,791
Standard Chartered Bank, London	GBP	99,105.50	127.9228	12,677,853	71,502.92	129.350	9,249,189
Bank of Nova Scotia	CAD	58,730.11	72.4458	4,254,750	31,852.75	80.240	2,555,744
Al-Rajhi Bank, Kingdom of Saudi Arabia	SAR	796,405.00	20.692	16,478,973	120,425.00	21.320	2,567,329
				765,664,971			**1,284,454,702**

As per Bangladesh Bank Circular No. FEPD(FEMO)/01/2005-677 dated 13th September 2005, the books of accounts of Nostro account are reconciled and there exist no un-reconciled entries that may affect financial statements significantly.

Investment Shares
As at 31 December 2013

Annexure - B

Name of the Company	Types of Shares	Face Value	No. of Shares	Cost Price	Average Cost	Quoted Rate per Share as on 31.12.2012	Total Market Value at 31.12.2013
Quoted							
AB Bank Limited	A	10	821,250	44,976,738	54.77	26.20	21,516,750.00
Bank Asia Limited	A	10	3,496,000	98,145,545	28.070	23.00	80,408,000
Brac Bank Limited	A	10	1,724,850	65,257,211	37.830	32.60	56,230,110
Eastern Bank Limited	A	10	416,000	18,343,526	44.100	29.10	12,105,600
Jamuna Bank Limited	A	10	102,750	3,164,619	30.800	16.30	1,674,825
Mercantile Bank Limited	A	10	4,441,000	120,916,706	27.230	16.70	74,164,700
National Bank Limited	A	10	3,220,000	132,727,019	41.220	11.80	37,996,000
One Bank Limited	A	10	2,991,525	88,486,042	29.580	15.80	47,266,095
Prime Bank Limited	A	10	835,750	26,432,834	31.630	25.90	21,645,925
Southeast Bank Limited	A	10	2,960,000	81,286,216	27.460	17.90	52,984,000
Standard Bank Limited	A	10	2,106,000	51,291,559	24.350	14.80	31,168,800
The City Bank Limited	A	10	1,319,475	64,276,522	48.710	20.20	26,653,395
National Credit and Commerce Bank Limited	A	10	1,261,150	37,462,508	29.710	13.10	16,521,065
The Trust Bank Limited	A	10	2,041,000	45,783,066	22.430	20.00	40,820,000
The Premier Bank Limited	A	10	1,281,750	35,376,772	27.600	10.90	13,971,075
Bay Leasing & Investment Limited	A	10	253,000	29,985,577	118.520	42.50	10,752,500
Peoples Leasing & Financial Services Limited	A	10	325,137	30,933,072	95.140	25.50	8,290,994
United Leasing Company Limited	A	10	976,887	52,633,937	53.880	33.20	32,432,648
Delta Brac Housing Finance Limited	A	10	30,000	2,058,156	68.610	55.00	1,650,000
Prime Islami Life Insurance Limited	A	10	146,809	29,706,817	202.350	101.60	14,915,794
Progressive Life Insurance Limited	A	10	98,840	15,182,723	153.610	113.80	11,247,992
Eastland Insurance Company Limited	A	10	311,880	16,381,917	52.530	47.00	14,658,360
City General Insurance Company Limited	A	10	22,050	688,365	31.220	27.50	606,375
Meghna Life Insurance Company Limited	A	10	249,900	29,382,049	117.580	116.30	29,063,370
United Insurance Limited	A	10	103,678	11,304,367	109.030	43.00	4,458,154
Khulna Power Company Limited	A	10	964,650	61,440,967	63.690	49.10	47,364,315
Mobil Jamuna BD Limited	A	10	198,600	15,629,777	78.700	75.10	14,914,860
Power Grid Company of Bangladesh Limited	A	10	133,500	8,389,296	62.840	52.80	7,048,800
Summit Power Limited	A	10	680,040	42,370,369	62.310	38.40	26,113,536
Titas Gas Transmission and Distribution Co. Limited	A	10	121,500	10,597,442	87.220	73.80	8,966,700

Investment Shares
As at 31 December 2013

Annexure - B

Name of the Company	Types of Shares	Face Value	No. of Shares	Cost Price	Average Cost	Quoted Rate per Share as on 31.12.2012	Total Market Value at 31.12.2013
Aftab Automobiles Limited	A	10	438,450	40,963,042	93.430	90.70	39,767,415
Quasem Drycell Limited	A	10	772,000	31,144,426	40.340	39.70	30,648,400
BSRM Steels Limited	A	10	410,200	68,901,322	167.970	68.70	28,180,740
ACI Limited	A	10	245,120	54,157,290	220.940	171.50	42,038,080
Renata Limited	A	10	133,750	103,910,431	776.900	722.00	96,567,500
Orion Pharma Limited	A	10	908,900	64,018,988	70.440	58.70	53,352,430
Beximco Pharmaceuticals Limited	A	10	321,807	26,287,064	81.690	47.20	15,189,290
MI Cement Limited	A	10	1,723,000	166,553,742	96.660	78.20	134,738,600
SP Ceramics Limited	A	10	473,600	12,865,284	27.160	18.30	8,666,880
1st BSRS Mutual Fund	A	10	402,000	42,314,007	105.260	81.30	32,682,600
EBL NRB Mutual Fund	A	10	6,030,946	54,620,337	9.060	7.80	47,041,379
Investment Corporation of Bangladesh	A	100	1,450	2,387,333	1,646.440	1,461.00	2,118,450
ICB AMCL First Mutual Fund	A	10	356,500	13,737,635	38.530	24.60	8,769,900
IFIL Islami Mutual Fund	A	10	818,000	5,838,977	7.140	5.60	4,580,800
MBL 1st Mutual Fund	A	10	5,420,000	53,090,986	9.8	6.3	34,146,000
Square Textile Limited	A	10	587,692	57,720,123	98.21	90.4	53,127,357
Keya Cosmetics Limited	A	10	311,850	11,980,712	38.42	27.7	8,638,245
The Dacca Dyeing & Manufacturing Co. Limited	A	10	66,000	1,831,746	27.75	24.6	1,623,600
Unique Hotels and Resorts Limited	A	10	380,000	49,421,345	130.06	78	29,640,000
Berger Paints Limited	A	10	98,500	84,405,790	856.91	876.9	86,374,650
Bata Shoe Company BD. Limited	A	10	2,900	2,134,818	736.14	690	2,001,000
Linde Bangladesh Limited	A	10	3,000	1,912,487	637.5	629.3	1,887,900
Bangladesh Export Import Co. Limited	A	10	822,430	110,828,369	134.76	32.2	26,482,246
				2,331,637,968			**1,555,874,200**
Unquoted							
Acme Laboratories Limited				26,000,000			26,000,000
Bangladesh Fund				200,000,000			200,000,000
				226,000,000			**226,000,000**
Total				**2,557,637,968**			**1,781,874,200**

The Cost price of investment in shares represents the book value as on 31.12.2013 being ordinary shares of different companies purchased from primary and secondary markets. The full provision of Tk. 775,763,769 has been made against the diminution of value of investment.

Detail of information on advances
More than 10% of bank's total capital
(Funded & Non - funded)

(Amount in Taka)

Sl. No.	Name of the Client	Outstanding as on 31.12.2013			Remarks
		Funded	Non funded	Total	
1	VOSTA LMG- KARNAFULY JVC LTD.	1,052,226,707	2,482,132,583	3,534,359,289	
2	FAKIR APPAREAL LTD.	1,936,505,402	651,669,275	2,588,174,677	
3	SUMMIT BIBIYANA II POWER CO LTD.	1,002,907,390	1,406,700,000	2,409,607,390	
4	ABUL KHAIR STEEL LTD.	1,923,920,033	-	1,923,920,033	
Total		**5,915,559,531**	**4,540,501,858**	**10,456,061,389**	

SCHEDULE OF PREMISES AND FIXED ASSETS

Annexure - D

Particulars	Cost Price						Depreciation					Written Down Value as at 31 December 2013
	Balance as at 1 January 2013	Asset Revaluation Reserve	Addition during the year	Transfer/ Adjustment during the year	Balance as at 31 December 2013	Rate of Dep.	Balance as at 1 January 2013	Addition during the year	Transfer/ Adjustment during the year	Disposal/ Transfer to	Balance as at 31 December 2013	
Own Assets												
Land	1,122,630,776	-	452,666,177	-	1,575,296,953	0	-		-	-	-	1,575,296,953
Building	310,913,545	-	136,825,142	-	447,738,687	2.5%	19,074,943	9,591,160	-	-	28,666,103	419,072,584
Furniture & Fixture	268,302,998	-	60,627,158	-	328,930,156	10%	80,859,449	30,693,878	-	-	111,553,327	217,376,829
Office Appliances & Equipments	327,531,385	-	121,318,921	-	448,850,306	20%	151,127,357	71,833,227	-	-	222,960,584	225,889,722
Computer	159,476,671	-	13,914,852	-	173,391,523	20%	97,610,219	23,181,752	-	-	120,791,971	52,599,552
Software	27,297,814	-	308,143	-	27,605,957	20%	12,870,247	4,904,258	-		17,774,505	9,831,452
Bank Vehicle	47,065,510	-	3,471,221	-	50,536,731	20%	22,202,511	9,912,344	-	-	32,114,855	18,421,876
Total 2013	**2,263,218,699**	**-**	**789,131,614**	**-**	**3,052,350,313**	**-**	**383,744,726**	**150,116,619**	**-**	**-**	**533,861,345**	**2,518,488,968**
Total 2012	**2,011,831,043**	**-**	**330,325,904**	**(78,938,248)**	**2,263,218,699**	**-**	**310,882,083**	**75,010,120**	**(2,147,477)**	**-**	**383,744,726**	**1,879,473,973**

Dhaka Bank Limited has purchased 8.58 decimal (approx) land alongwith building at 39 Karwan Bazar Commercial Area, Dhaka-1265 at a cost of Tk.452,666,177.00 as per approval of the Board of Directors in its 191st meeting held on July 25, 2012. The Bank also obtained approval from the Bangladesh Bank Ref.BRPD(P-3)745(23)/2013-737 dated April 16,2013. All Legal formalities of the aforementioned land has been completed and accordingly accounted for during the year 2013.

Leased Assets

Furniture & Fixture	-	-	-	-	-	20%	-	-	-	-	-	-
Office Appliances & Equipments	-	-	-	-	-	20%	-	-	-	-	-	-
Computer	-				-	20%	-	-			-	-
Software	-	-	-	-	-	20%	-	-	-	-	-	-
Total 2013	-	-	-	-	-	-	-	-	-	-	-	-
Total 2012	**9,129,577**	**-**	**-**	**-**	**9,129,577**	**-**	**7,151,502**	**1,978,075**	**-**	**-**	**9,129,577**	**-**

The leased assets has been adjusted upon completion of lease period in 2012 and recorded in the books of assets at residual value.

Details of Borrowers for written-off loan

(Amount In Taka)

Sl. No.	Name of Borrowers	Amount written-off	Amount of Provision kept at the time of written-off	Suit Value
1	M/s S. Co. Cement Ltd.	73,236,248	67,259,006	84,810,683
2	M/s New Era Hospital	4,649,439	-	5,789,144
3	M/s Ahnaf & Co.	17,855,447	15,742,193	20,846,464
4	Riyadh Business International	284,208,087	206,422,104	283,661,278
5	Akhter Enterprise	376,261,068	297,880,603	376,064,068
6	M/s Dusk Construction & Builder	8,011,789	-	10,456,954
7	Bangladesh Jute Diversification Centre	5,828,969	4,325,004	6,427,053
8	Noorpore Technologies Ltd.	45,798,619	38,592,093	45,776,535
9	Raja Auto House	2,908,301	1,492,321	2,700,775
10	Nebula Techno Solutions	6,094,525	3,651,250	4,964,624
11	Integrated Services Ltd.	218,167,278	140,051,127	204,424,199
12	Anima International	2,495,892	2,284,860	2,633,364
13	Bental Technology Group	15,703,444	13,378,259	17,715,272
14	Nafiza Enterprise	5,160,843	4,498,590	5,586,629
15	S and S Enterprise	1,399,162	1,175,451	1,650,232
16	Silko Textile Mills	50,547,919	25,569,204	38,649,476
17	Bicycle Trading Corporation	888,048	735,494	1,105,914
18	Telebarta Limited	584,560,722	547,536,962	771,764,777
19	Arab Contractor Company Ltd.	136,806,760	111,398,743	173,006,753
20	M/s. Otto Textile Ltd	268,583,988	157,493,992	294,806,322
21	M/s. N. F. Enterprise	9,690,871	8,215,393	10,919,546
22	M/s. Omni Impex	19,104,632	13,161,318	16,777,634
23	M/s. Adnan Construction	10,079,083	6,702,759	12,467,500
24	M/s. A. M. Consortium AMC	6,721,730	4,256,305	5,860,544
25	M/s. F. M. Consortium	5,868,979	4,937,456	5,549,213
26	M/s. Featherlite Ltd.	84,783,950	71,099,585	90,556,329
27	M/s. Aim Ad.	226,397	193,190	219,703
28	M/s Bangla Fashion	277,709	169,731	251,827
29	M/s. Anudip Autos Limited	43,767,825	32,747,739	40,257,537
30	M/s. Ahamed Mobile Garden	31,664,878	26,021,174	30,068,912
31	M/s Green Arrow International	7,496,151	4,725,784	5,949,104
32	M/s Prime Construction	4,348,273	3,426,199	4,497,646
33	M/s Al-Fee Motors	220,531	194,855	281,464
34	M/s Ornate Services Ltd.	565,444,009	-	585,232,487
35	M/s Appex Jerset Ltd.	315,010,235	78,974,051	335,879,386
36	M/s U.F.M (BD) Ltd.	7,834,456	7,834,456	9,552,035
37	Amra Apparels Limited	216,737,953	193,461,699	224,278,326
38	Gonoshastaya Antibiotic Limited	71,628,580	68,897,446	75,998,182
39	M/s K.B.Traders	57,598,633	45,167,986	56,760,998
40	M/s Friend International	4,050,000	3,143,445	4,570,592
Total		**3,571,721,424**	**2,212,817,827**	**3,868,769,481**

Recovery of loans previously written-off during the year 2013

(Amount In Taka)

Sl. No.	Name of Borrowers	Amount written-off	Amount of Provision kept at the time of written-off	Suit Value	Amount Recovered after loan written-off
1	M/s. Omni Impex	19,104,632	13,161,318	16,777,634	2,080,000
2	M/s. Aim Ad.	226,397	193,190	219,703	230,000
3	M/s. N. F. Enterprise	9,690,871	8,215,393	10,919,546	600,000.00
	Integrated Services Ltd.	218,167,278	140,051,127	204,424,199	100,000,000
3	M/s U.F.M (BD) Ltd.	7,834,456	7,834,456	9,552,035	930,000
Total		**255,023,635**	**169,455,484**	**241,893,117**	**103,840,000**

The above figure of Tk.103,840,000 of recovery of written-off loans represents the amount of corporate clients of the Bank.

Related Party Disclosures

A. i) Name of the Directors and their interest in Bank (31.12.2013):

Sl. No.	Name of Directors	Designation	% of interest 31.12.2013
1	Mr. Abdul Hai Sarker	Chairman	2.17566
2	Mrs. Rokshana Zaman	Vice Chairperson	2.00201
3	Mr. Mirza Abbas Uddin Ahmed	Director	6.16835
4	Mr. Reshadur Rahman	Director	3.34638
5	Mr. Altaf Hossain Sarker	Director	2.78885
6	Mr. Md. Amirullah	Director	2.00024
7	Mr. Abdullah Al-Ahsan	Director	2.00041
8	Mr. Khondoker Monir Uddin	Director	2.87187
9	Mr. Tahidul Hossain Chowdhury	Director	2.00839
10	Mr. Jashim Uddin	Director	2.00026
11	Mr. Mohammed Hanif	Director	3.04606
12	Mr. Khondoker Jamil Uddin	Director	2.00023
13	Mr. Mirza Yasser Abbas	Director	3.68305
14	Mr. Amanullah Sarker	Director	2.00024
15	Mr. Syed Abu Naser Bukhtear Ahmed	Independent Director	Nil
16	Mr. Suez Islam	Independent Director	0.29464

ii) Name of the Directors and their interest in Bank (31.12.2012):

Sl. No.	Name of Directors	Designation	% of interest 31.12.2012
1	Mr. Reshadur Rahman	Chairman	3.34638
2	Mr. Mirza Abbas Uddin Ahmed	Director	6.16835
3	Mr. Abdul Hai Sarker	Director	2.15719
4	Mrs. Rokshana Zaman	Director	2.00201
5	Mr. Altaf Hossain Sarker	Director	2.78885
6	Mr. Md. Amirullah	Director	2.00024
7	Mr. Abdullah Al-Ahsan	Director	2.00041
8	Mr. Khondoker Monir Uddin	Director	2.87187
9	Mr. M. N. H. Bulu	Director	2.05346
10	Mr. Tahidul Hossain Chowdhury	Director	2.00839
11	Mr. Jashim Uddin	Director	2.00026
12	Mr. Mohammed Hanif	Director	3.04606
13	Mr. Khondoker Jamil Uddin	Director	2.00023
14	Mr. Mirza Yasser Abbas	Director	3.68305
15	Mr. Syed Abu Naser Bukhtear Ahmed	Independent Director	Nil
16	Mr. Suez Islam	Independent Director	0.29464

iii) Name of Directors and their interest in different entities:

Sl. No.	Name of Directors	Status	Education	Length of Experience	Directorship in other Companies
1	Mr. Abdul Hai Sarker	Chairman	M.Com	40 years	Shohagpur Textile Mills Ltd. Purbani Fabrics Ltd. Karim Textiles Ltd. Purbani Traders. Purbani Yarn Dyeing Ltd. Karim Spinning Mills Ltd. Purbani Synthetic Spinning Mills Ltd. Purbani Rotor Spinning Ltd. Purbani Fisheries DBL Securities Ltd.

Sl. No.	Name of Directors	Status	Education	Length of Experience	Directorship in other Companies
2	Mrs. Rokshana Zaman	Vice-Chairperson	Intermediate	14 years	Dhaka Enterprise, Proprietor DBL Securities Ltd.
3	Mr. Mirza Abbas Uddin Ahmed	Director	B.Com	39 years	DBL Securities Ltd. Mirza Enterprise
4	Mr. Reshadur Rahman	Director	Graduate	34 years	RR Holdings Ltd. RR Trading & Co. RR Shipping Lines RR Ocean Shipping Lines. Alliance Deep Sea Fishing Ltd. Alliance Bag Ltd. National Traders RR Architecture & Engineering Co. H.P. Chemicals Ltd. Quality Breeders Ltd. Quality Grains Ltd. Trade Hub Bangladesh Ltd. DBL Securities Ltd.
5	Mr. Altaf Hossain Sarker	Director	B.Com	42 years	Rahmat Textiles Ltd. Rahmat Spinning Mills Ltd. Belkuchi Spinning Mills Ltd. China Plastic (BD.) Ltd. Rahmat Plastic and Accessories Ltd. Rahmat Knit Dyeing & Finishing Ltd. Rahmat Sweaters (BD) Ltd. Express Insurance Ltd. Logos Apparels Ltd. DBL Securities Ltd.
6	Mr. Md. Amirullah	Director	Intermediate	44 years	H.P. Chemicals Ltd. Orient Craft Ltd. Dhaka Bank Investment Ltd.
7	Mr. Abdullah Al-Ahsan	Director	M. Com	30 Years	Aroma Poultry. Aroma Fisheries Ltd.
8	Mr. Khondoker Monir Uddin	Director	B.Com (Hons), M.Com (Accounting)	32 years	Shanta Apparel Ltd. Moazzem Garment Industries Ltd. Shanta Medical Centre Ltd. Shanta Washing Plants Ltd. Shanta Properties Ltd. Universal Business Machines Ltd. STS Holdings Ltd. STS Educational Group Ltd. SPL Holdings Ltd. Apollo Hospitals Dhaka Ltd. GDS Chemical Bangladesh (Pvt.) Ltd. Spring Valley Ltd. Metro Homes Ltd.
9	Mr. Tahidul Hossain Chowdhury	Director	Bachelor of Arts	35 years	Riotex Ltd. Jerat Fashion Ltd. Central Hospital Ltd. Hurdco International Ltd. Hotel Victory Ltd. Dhaka Bank Investment Ltd.

Sl. No.	Name of Directors	Status	Education	Length of Experience	Directorship in other Companies
10	Mr. Jashim Uddin	Director	Bachelor of Arts	29 Years	Impel Shares & Securities Ltd. HURDCO International Ltd. Rafid Enterprise Progressive Planters & Traders.
11	Mr. Mohammed Hanif	Director	Intermediate	49 years	Hanif Steels Ltd. Hanif Spinning Mills Ltd.
12	Mr. Khondoker Jamil Uddin	Director	BSS (Hons), MSS, MPhil	36 Years	Apollo Hospitals Dhaka Ltd. International School Dhaka. DPS-STS School Dhaka. Shanta Garments Ltd. Shanta Apparel Ltd. Shanta Washing Plant Ltd. STS Holdings Ltd. STS Educational Group Ltd. GDS Chemical Bangladesh (pvt.) Ltd. Universal Business Machines Ltd. A & A Accessories Limited. JAAZ Concerns Ltd. Citizen Securities Ltd. Dhaka Bank Investment Ltd.
13	Mr. Mirza Yasser Abbas	Director	International MBA	11 Years	He has been associated with Mirza Enterprise and family business over 11 years and gained significant business experience. Dhaka Bank Investment Ltd.
14	Mr. Amanullh Sarker	Director	Masters	23 Years	Rahmat Textiles Ltd. Rahmat Spinning Mills Ltd. Belkuchi Spinning Mills Ltd. China Plastic (BD.) Ltd. Rahmat Plastic and Accessories Ltd. Rahmat Knit Dyeing & Finishing Ltd. Rahmat Sweaters (BD) Ltd. Logos Apparels Ltd.
15	Mr. Syed Abu Naser Bukhtear Ahmed	Independent Director	MBA	41 Years	Trade Hub (Bangladesh) Ltd Financial Excellence Ltd
16	Mr. Suez Islam	Independent Director	BBA	19 Years	Omni Technologies Ltd.

iv) Share issued to Directors & Executives without consideration or exercisable at discount: Nil

v) Related party Transactions: Nil

vi) Lending Policies to related parties:

vii) Lending to related parties is effected as per requirements of Section 27 (1) of Bank Companies Act 1991.

viii) Loans and Advances to Directors and their related concern: Tk. 2,994,378.
[see Note-7.13 (vi)]

ix) Business other than Banking business with any related concern of the Directors as per Section 18(2) of Bank Companies Act 1991: Nil

x) Investments in the Securities of Directors and their related concern: Nil

Annexure-H

Statement of Tax Position of Dhaka Bank Limited as at 31 December 2013

(Amount In Taka)

Sl. No.	Assessment Year	Income Year	Provision for Income Tax as per accounts	Total Tax Paid	Excess/Shortage of Tax Provision	Claimed by Tax Authority	Present Status
1	2005-2006	2004	275,000,000.00	251,338,711.00	23,661,289.00	27,944,842.00	Re-opened u/s: 120 Filed Appeal to Honourable High Court
2	2006-2007	2005	305,000,000.00	287,430,386.00	17,569,614.00	43,797,123.00	Re-opened u/s: 120 Filed Appeal to Honourable High Court
3	2007-2008	2006	369,920,451.00	455,657,668.00	(85,737,217.00)	16,537,501.00	Re-opened u/s: 120 Filed Appeal to Honourable High Court
4	2008-2009	2007	827,127,829.00	775,887,042.00	51,240,787.00	127,430,746.00	Filed Appeal to the Honourable High Court
5	2009-2010	2008	1,025,132,803.00	948,021,327.00	77,111,476.00	99,289,991.00	Filed Appeal to the Honourable High Court
6	2010-2011	2009	1,176,070,227.00	1,033,362,354.27	142,707,872.73	123,759,180.00	Filed Appeal to the Honourable High Court
7	2011-2012	2010	1,238,519,148.00	1,178,120,075.45	60,399,072.55	160,348,772.00	Filed Appeal to the Honourable High Court
8	2012-2013	2011	1,488,500,000.00	1,391,529,538.64	96,970,461.36	74,218,389.00	Appeal to Tax Commissioner, Tax Appellate Tribunal Area-2, Dhaka
9	2013-2014	2012	738,415,500.00	759,226,556.39	(20,811,056.39)		Income Tax Return Submitted to the LTU
Total			**7,443,685,958.00**	**7,080,573,658.75**	**363,112,299.25**	**673,326,544.00**	

Distribution of Profit under Islamic Banking Operation

Dhaka Bank operating two Islamic Banking branches in complying with the rules of Islamic Shariah, which absolutely prohibits receipts and payments of interest in any form. The modus operandi of these two branches is totally different from other conventional branches. A separate balance sheet and income statement are being maintained as recommended by the Central Shariah Board for Islamic Banking in Bangladesh.

Final Rates on Mudaraba Deposit Products of Islamic Banking for the Year 2013

Dhaka Bank Limited has completed the business year 2013 and declared final profit rates on various Mudaraba Deposits Accounts for the year 2013 to the depositors.

The final rates of various Mudaraba Deposits Accounts of Banks as per approved weight age for 2013 have come up lower than declared Mudaraba Deposits Accounts rates.

The matter was submitted in the Shariah Supervisory Committee and the committee recommended declaring the provisional rate of Mudaraba Deposit Accounts as final rates considering present market position.

Sl. No.	Type of Deposit	Final Rate of Profit for the Year 2013
1.	Mudaraba Savings Deposit	5.00
2.	Mudaraba Savings Deposit For Bank	5.00
	Mudaraba Short Notice Deposit	5.00
3.	Mudaraba Term Deposit Account • 36 Months • 24 Months • 12 Months • 6 Months • 3 Months • 1 Months	 - - 10.50 10.75 10.75 7.00
4.	Mudaraba Term Deposit Account¬¬ Bank	9.00
5.	Mudaraba Hajj Savings Scheme	9.50
6.	Mudaraba Special Deposit Scheme	12.50
7.	Mudaraba Deposit Pension Scheme	12.50



Islamic Banking

Dhaka Bank Limited
(Islamic Banking)
Balance Sheet
as at 31 December 2013

Annexure-I(i)

	Notes	2013 Taka	2012 Taka
PROPERTY & ASSETS			
Cash	01	**270,071,313**	**492,668,334**
Cash in Hand (including foreign currencies)		21,889,569	14,962,435
Balance with Bangladesh Bank & Sonali Bank (including foreign currencies)		248,181,744	477,705,899
Balance with Other Banks & Financial Institutions	02	**820,000,000**	**1,090,000,000**
Money at Call and Short Notice		-	-
Investments (Including BILLS)	03	**4,047,883,630**	**4,600,204,691**
General Investments		4,033,833,603	3,849,329,496
Bills Discounted and Purchased		14,050,027	750,875,195
Premises and Fixed Assets	04	32,083,801	23,594,472
Other Assets	05	1,294,134,776	47,600,291
Non-Banking Assets		-	-
Total Assets		**6,464,173,520**	**6,254,067,788**
LIABILITIES & CAPITAL			
LIABILITIES:			
Borrowings from Other Banks / Financial Institutions and Agents	06	**800,000,000**	**400,000,000**
Deposits and Other Accounts	07	**4,895,668,331**	**4,616,931,311**
Current Accounts & Other Accounts		144,637,635	81,271,915
Bills Payable		10,834,411	4,502,968
Savings Bank Deposits		652,505,633	239,010,006
Term Deposits		4,087,690,652	4,292,146,422
Other Liabilities	08	**768,505,189**	**1,237,136,477**
Total Liabilities		**6,464,173,520**	**6,254,067,788**
CONTINGENT LIABILITIES:			
Acceptances and Endorsements		154,599,488	1,099,494,483
Letter of Credit		551,816,936	208,939,662
Letter of Guarantees		58,593,879	47,111,214
Bills for Collection			872,299,398
Other Contingent Liabilities			-
TOTAL:		**886,856,046**	**2,227,844,757**
OTHER COMMITMENTS:			
Documentary credit and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
TOTAL:		-	-
TOTAL OFF-BALANCE SHEET ITEMS		**886,856,046**	**2,227,844,757**

Dhaka Bank Limited
(Islamic Banking)
Profit & Loss Account
for the year ended 31 December 2013

Annexure-I(ii)

	Notes	2013 Taka	2012 Taka
Operating Income			
Profit Received from Investment	09	517,044,119	557,705,684
Profit Paid on Deposits & Borrowings	10	538,508,106	618,682,044
Net Profit Received		**(21,463,987)**	**(60,976,360)**
Commission, Exchange Earnings & Brokerage	11	15,777,040	18,866,767
Other Operating Income	12	2,173,466	2,340,733
Total Operating Income (A)		**(3,513,481)**	**(39,768,860)**
Operating Expenses			
Salary & Allowance	13	28,632,892	26,781,591
Rent, Taxes, Insurance, Lighting etc.	14	8,608,449	6,328,658
Legal Expenses		191,197	228,000
Postage, Stamp, Telecommunication etc.	15	805,222	685,310
Stationery, Printing, Advertisement etc.	16	1,147,662	1,618,557
Shariah Council Meeting Expenses		-	-
Depreciation of Bank's Assets	17	2,500,432	2,049,661
Repair of Bank's Assets	18	765,933	637,801
Other Expenses	19	4,748,048	4,070,540
TOTAL Operating Expenses (B)		**47,399,835**	**42,400,118**
Operating Profit During the Year (A - B)		**(50,913,316)**	**(82,168,978)**

			2013 Taka	2012 Taka
01	**Cash**			
1.1	**Cash in Hand**			
	In Local Currency (Bangladesh Bank Note & Government Note)		21,282,346	14,336,835
	In Foreign Currencies		607,223	625,600
			21,889,569	**14,962,435**
1.2	**Balance with Bangladesh Bank**			
	In Local Currency			
	Al-Wadiah Current Account		248,181,744	477,705,899
	In Foreign Currencies		-	-
			248,181,744	**477,705,899**
		Total	**270,071,313**	**492,668,334**
02	**Balance With Other Banks & Financial Institutions**			
	In Bangladesh			
	Mudaraba Term Deposits			
	Social Investment Bank Limited		400,000,000	400,000,000
	Shahjalal Islami Bank Limited		200,000,000	200,000,000
	Al-Arafah Islamic Bank Limited		200,000,000	400,000,000
	Islamic Hajj Finance		20,000,000	90,000,000
			820,000,000	**1,090,000,000**
	Outside Bangladesh		-	-
		Total	**820,000,000**	**1,090,000,000**
03	**Investments**			
3.1	**In Bangladesh**			
	Murabaha (Purchase Order)		814,000,490	757,397,555
	Murabaha (Term Financing)		1,192,003,754	1,122,577,786
	MPI Trust Receipt		413,978,285	338,761,503
	Murabaha Import Bill (PAD)		691,720	-
	Bai Muajjal		1,083,584,840	988,857,426
	Ijara (Lease Financing) (Note-3.5)		21,194,168	112,227,323
	Shirkatul Mulk (Hire Purchase)		471,662,176	482,428,113
	Others		36,718,170	47,079,790
			4,033,833,603	**3,849,329,496**
	Outside Bangladesh		-	-
		Total	**4,033,833,603**	**3,849,329,496**
3.2	**Bills Purchased & Discounted**			
	Payable in Bangladesh:			
	Inland Bills Purchased		14,050,027	750,875,195
	Payable outside Bangladesh:			
	Foreign Bills Purchased & Discounted		-	-
			14,050,027	**750,875,195**
		Total	**4,047,883,630**	**4,600,204,691**
3.3	**Residual maturity grouping of investments including bills purchased and discounted**			
	Repayable on Demand		593,878,825	1,089,636,699
	Not more than 3 months		1,435,870,025	951,888,958
	More than 3 months but not more than 6 months		624,284,273	742,725,276
	More than 6 months but not more than 1 year		50,121,825	597,707,858
	More than 1 year but not more than 5 years		959,315,658	889,255,472
	More than 5 years		384,413,025	328,990,427
		Total	**4,047,883,630**	**4,600,204,691**

		2013 Taka	2012 Taka
3.4	**Maturity grouping of bills purchased & discounted**		
	Payable within 1 month	5,572,399	200,151,827
	Over 1 month but less than 3 months	6,763,657	214,056,792
	Over 3 months but less than 6 months	1,713,971	336,666,576
	6 months or more	-	-
	Total	**14,050,027**	**750,875,195**
3.5	**Investment in lease/izara finance**		
	Lease rental receivable within 1 year	18,839,780	67,534,046
	Lease rental receivable within more than 1 year	3,759,722	64,469,902
	Total lease/ izara rental receivable	**22,599,502**	**132,003,947**
	Less: Unearned Interest Receivable	1,405,334	19,776,624
	Net Investment in Lease/Izara Finance **Total**	**21,194,168**	**112,227,323**
3.6	**Investments on the basis of significant concentration**		
a.	Investments to Allied Concerns of Directors;	-	-
b.	Investments to Chief Executive	-	-
c.	Investments to Other Senior Executives	599,001	1,395,655
d.	Investments to Customer's Group:		
	Agriculture Investments	-	-
	Commercial Lending	3,732,581,065	3,780,101,579
	Export Financing	14,050,027	750,875,195
	Consumer Credit Scheme	9,862,720	18,877,938
	Special Program Loan (SME)	254,671,647	3,270,190
	Staff Investments	25,019,169	25,867,133
	Others	11,100,001	19,817,000
	Total	**4,047,883,630**	**4,600,204,691**
3.7	**Investments under the following broad categories**		
	Investments	2,949,557,043	2,860,472,070
	Bai Murabaha/Bai Muajjal	1,084,276,560	988,857,426
		4,033,833,603	3,849,329,496
	Bills Purchased & Discounted	14,050,027	750,875,195
	Total	**4,047,883,630**	**4,600,204,691**
3.8	**Industry - wise investments including bills purchased & discounted:**		
	Agricultural	-	-
	Pharmaceuticals	-	-
	Textile & Garment	1,137,902,077	1,778,650,270
	Chemical	2,656,261	4,228,314
	Food & Alied	186,889,177	166,331,989
	Transport & Communication	70,854,730	43,651,079
	Electronics & Automobile	-	8,869,619
	Housing & Construction	156,602,052	160,235,660
	Engineering & Metal Industres including Ship Breaking	1,621,601,360	1,357,508,987
	Energy & Power	317,504,082	275,076,672
	Service	28,065,954	30,887,428
	Other	525,807,937	774,764,673
	Total	**4,047,883,630**	**4,600,204,691**
3.9	**Geographical Location-wise investments :**		
	Dhaka Region	1,887,632,736	2,745,965,232
	Chittagong Region	2,160,250,894	1,854,239,458
	Sylhet Region	-	-
	Other	-	-
	Total	**4,047,883,630**	**4,600,204,691**
3.10	**Sector - wise investments:**		
	In Bangladesh		
	Government & Autonomous Bodies	-	-
	Financial Institutions (Public & Private)	179,716,296	288,665,778
	Other Public Sector	-	-
	Private Sector	3,868,167,334	4,311,538,913
		4,047,883,630	**4,600,204,691**
	Outside Bangladesh	-	-
	Total	**4,047,883,630**	**4,600,204,691**

		2013 Taka	2012 Taka
3.11	**Classification of investments:**		
	Unclassified (including Staff Loan)	3,010,013,580	3,589,339,898
	Sub-Standard	659,120,360	15,492,148
	Doubtful	45,803,847	126,326,462
	Bad or loss	332,945,843	869,046,182
	Total	**4,047,883,630**	**4,600,204,691**
3.12	**Provision required for investments:**		
	Status		
	Unclassified	28,390,792	36,145,396
	Special Mention Account	61,843	154,669
		28,452,635	**36,300,064**
	Classified:		
	Sub-Standard	30,050,288	2,877,342
	Doubtful	5,702,193	28,826,385
	Bad or loss	91,801,283	495,335,616
	Total	**127,553,764**	**527,039,344**
	Required provision for investments	**156,006,399**	**563,339,408**
	Total provision maintained	**156,006,399**	**563,339,408**
	Excess / short provision as at 31 December	**-**	**-**
3.13	**Securities against investments including bills purchased & discounted**		
	a. Secured		
	Collateral of Movable/Immovable Assets	3,172,560,502	3,025,974,213
	Local Banks & Financial Institutions guarantee	14,050,027	750,875,195
	Export Documents	691,720	-
	Fixed Deposits Receipts		-
	1 Own FDR	11,100,000	19,817,000
	2 FDR of Other Banks	-	-
	Government Bonds	-	-
	Personal Guarantee	35,480,890	46,140,726
	Other Securities	814,000,491	757,397,557
		4,047,883,630	**4,600,204,691**
	b. Unsecured	-	-
	Total	**4,047,883,630**	**4,600,204,691**
3.14	**Particulars of Investments:**		
	(i) Investments considered good in respect of which the bank company is fully secured;	1,611,430,278	2,283,679,302
	(ii) Investments considered good against which the banking company holds no security other than the debtor's personal guarantee;	35,480,890	41,764,906
	(iii) Investments considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtors;	1,621,761,141	1,554,752,013
	(iv) Investments due by directors or officers of the banking company or any of these either separately or jointly with any other persons;	25,618,170	27,262,788
	(v) Maximum total amount of investments including temporary advance made at any time during the year to directors or managers or officers of the banking companies or any of them either separately or jointly with any other person;	27,823,108	27,262,788
	(vi) Amount of classified investments on which interest has not been charged, should be mentioned as follows:	-	-
	a) Decrease / increase in provision;	(403,534,333)	376,014,669
	b) Amount realized against investments previously written off;	-	-
	c) Amount of provision kept against investments classified as 'bad/loss" on the date of preparing the balance sheet;	91,801,284	495,335,616
	d) Profit creditable to the Profit Suspense A/c;	-	-
	(vii) Cumulative amount of the written off investments;	400,020,582	400,020,582

		2013 Taka	2012 Taka
04	**Premises and Fixed Assets**		
	Own Assets		
	Land	4,600,000	4,600,000
	Building	20,000,000	20,000,000
	Furniture & Fixture including Office Decoration	5,030,760	599,686
	Office Appliances & Equipment	10,450,732	4,120,405
	Computer	3,224,423	2,574,103
	Software	-	421,959
		43,305,915	**32,316,153**
	Less: Accumulated Depreciation	11,222,114	8,721,681
	Total	**32,083,801**	**23,594,472**
05	**Other Assets**		
	Stationery, Stamps, Printing Materials etc.	100,478	147,133
	Profit Accrued on Investment but not Collected,	27,659,444	16,526,667
	Advance Rent	10,756,142	12,140,843
	Security Deposit	315,000	315,000
	Preliminary, formation and organization expenses, renovation / development expenses and prepaid expenses	630,053	515,056
	Branch Adjustments	1,236,832,190	-
	Suspense Account	835,215	8,664,896
	Others	17,006,254	9,290,696
	Total	**1,294,134,776**	**47,600,291**
06	**Borrowings From Other Banks, Financial Institutions & Agents**		
	Refinance from Bangladesh Bank	800,000,000	400,000,000
	Total	**800,000,000**	**400,000,000**

Dhaka Bank Limited received Investment Bond's Fund from Bangladesh Bank against Mudaraba Term Deposit Receipt (MTDR) as per Bangladesh Bank Circular No.FRTMD(PDS)146/2004-15 dated 15.09.2004.

07	**Deposits & Other Accounts**		
7.1	Current and Other Accounts		
	Al-Wadiah	116,701,939	61,908,051
	Foreign Currency Deposits	561,228	595,313
	Margin under Letter of Credit	6,349,756	6,915,575
	Margin under Letter of Guarantee	4,042,014	6,062,964
	Deposits Awaiting Disposal	-	-
	Sundry Deposits	16,982,698	5,790,012
		144,637,635	**81,271,915**
7.2	**Bills Payable**		
	Pay Order	10,810,411	4,502,968
	Demand Draft	24,000	-
		10,834,411	**4,502,968**
7.3	**Savings Deposits**		
	Mudaraba Savings Accounts	652,505,633	239,010,006
		652,505,633	**239,010,006**
7.4	**Term Deposits**		
	Mudaraba Special Notice Deposits	49,388,480	34,089,953
	Mudaraba Term Deposits	3,778,457,828	4,074,830,948
	Mudaraba Deposit Pension/Hajj Savings Scheme	259,844,344	183,225,521
		4,087,690,652	**4,292,146,422**
	Total	**4,895,668,331**	**4,616,931,311**
08	**Other Liabilities**		
	Accrued Profit	28,828,408	1,222,224
	Profit Suspense Account	476,454,968	161,569,657
	Provision against Expenses	127,000	99,250
	Branch Adjustments	-	589,881,038
	Borrowing from Head Office	248,181,744	477,705,899
	Tax/VAT Deducted at Source & Payable	3,484,408	1,977,140
	Excise Duty Payable	4,440,759	4,425,105
	Others	6,987,902	256,164
	Total	**768,505,189**	**1,237,136,477**

		2013 Taka	2012 Taka
09	**Profit received from Investment**		
	Murabaha Term Loan	40,038,045	113,253,206
	Loan against Imported Merchandise/Murabaha	277,921	349,394
	Loan against MPI Trust Receipt	2,692,618	-
	Cash Credits/Bai-Murabaha	192,826,303	221,974,745
	Murabaha Import Bill (PAD)	57,253,066	56,376,224
	House Building Loan	1,368,902	887,584
	Transport Loan	517,755	90,429
	Hire Purchase/Shirkatul Mulk	74,119,840	83,381,880
	Total Profit receved from Investment	**369,094,450**	**476,313,462**
	Call Lending and Fund Placement with banks	69,573,333	81,392,222
	Inter Branch Profit received	78,376,336	-
	Total	**517,044,119**	**557,705,684**
10	**Profit Paid On Deposits & Borrowings**		
	Mudaraba Savings Account	22,995,145	12,932,855
	Special Notice Deposits	2,104,212	2,063,438
	Term Deposits	408,842,790	486,787,516
	Mudaraba Deposit Pension / Hajj Savings Scheme	22,747,085	15,547,479
	Inter Branch Profit Paid	-	92,398,534
	Borrowing & Fund Placement	81,818,874	8,952,222
	Total	**538,508,106**	**618,682,044**
11	**Commission / Fees, Exchange Earnings & Brokerage**		
	Commission on L/C	9,699,583	7,797,043
	Commission on L/G	1,158,971	603,541
	Commission on Remmittance / Bills	2,484,481	8,193,136
	Processing Fees on Consumer Loan	9,000	71,500
	Other Commission/Fees	2,425,005	2,201,547
	Total	**15,777,040**	**18,866,767**
12	**Other Operating Income**		
	Postage Charge Recoveries	67,292	34,484
	Incidental Charges	1,500,574	1,838,499
	Supervision & Monitoring Charges	-	-
	ATM Charges Realised	79,100	44,250
	Swift charge recoveries	526,500	423,500
	Total	**2,173,466**	**2,340,733**
13	**Salary and Allowances**		
	Basic Salary	17,957,385	9,108,841
	Allowances	348,695	8,273,127
	Salary Casual Staff (See Note-28.1)	-	112,665
	Bonus & Ex-gratia	2,557,518	1,669,004
	Car Maintenance Allowances	2,251,200	1,327,200
	Leave Fare Assistance	1,520,418	1,317,078
	Utility Allowances (See Note-28.1)	-	104,221
	Medical Allowances	389,193	660,892
	Gratuity Expenses	2,519,283	3,217,590
	Staff Furniture Installment	224,967	155,008
	Bank's Contribution to Provident Fund	864,233	835,965
	Total	**28,632,892**	**26,781,591**
14	**Rent, Taxes, Insurance, Lighting Etc.**		
	Office Rent	5,815,311	3,879,830
	Electricity & Lighting	922,796	906,563
	Regulatory Charges	58,930	17,155
	Insurance	1,811,412	1,525,110
	Total	**8,608,449**	**6,328,658**

		2013 Taka	2012 Taka
15	**Postage, Stamps, Telecommunication Etc.**		
	Stamps, Postage & Courier	120,266	136,505
	Telephone Charges	171,892	135,810
	Fax, Telex & Internet, Radio Link, & DDN Charges	513,064	412,995
	Total	**805,222**	**685,310**
16	**Stationery, Printing, Advertisement Etc.**		
	Table Stationery	123,681	259,124
	Printing Stationery	373,935	499,584
	Security Stationery	44,528	32,140
	Computer Stationery	164,435	212,492
	Advertisement	441,083	615,217
	Total	**1,147,662**	**1,618,557**
17	**Depreciation of Bank's Assets**		
	Land	-	-
	Building	615,000	1,528,417
	Furniture & Fixture	256,536	36,890
	Office Appliance & Equipment	1,292,472	333,490
	Computer	254,555	85,459
	Software	81,869	65,405
	Total	**2,500,432**	**2,049,661**
18	**Repair & Maintenance of Bank's Assets**		
	Office Premises	210,633	148,900
	Office Equipment	159,332	224,739
	Office Furniture	39,410	44,283
	Computer & Office Appliances	356,558	219,879
	Total	**765,933**	**637,801**
19	**Other Expenses**		
	Contractual Service Charges	3,438,158	2,344,613
	Petrol, Oil & Lubricants	260,074	328,306
	Entertainment: Canteen & Other	454,607	429,762
	Travelling	131,315	207,350
	Conveyance	124,584	155,029
	Training Expenses	7,150	33,900
	Books and Papers	13,421	10,649
	WASA Charges	49,050	56,030
	Staff Uniform	25,150	17,933
	Potted Plants	77,800	64,670
	Branch Opening Expenses	20,000	247,974
	Business Development & Promotion	-	100,650
	ATM Network Service Charges	124,200	19,800
	Miscellaneous Expenses	22,539	53,874
	Total	**4,748,048**	**4,070,540**

1.0 Capital Structure:

1.1 Qualitative Disclosure:

Under Basel-II Accord regulatory capital of a bank will be categorized into three tiers: (a) Tier–1 Capital/Core Capital, (b) Tier-2 Capital/Supplementary Capital, and (c) Tier-3 Capital/Additional Supplementary Capital.

Total eligible regulatory capital of Dhaka Bank Limited consists of partly Tier-1 Capital and partly Tier-2 Capital. Almost 76.22% of total eligible capital is Tier-1 or core capital, which comprises of Paid-up Capital, Statutory Reserve, Retained Earnings, General Reserve etc. On the other hand, Tier-2 or supplementary capital (comprises of Non-convertible Subordinated Bond, General Provision, Asset Revaluation Reserve, and Revaluation Reserves for Securities) is 23.78% of total eligible capital and almost 31.21% of Tier-1 capital.

Non-convertible Subordinated Bond:

Dhaka Bank Limited issued Redeemable Non Convertible Subordinated Bond of BDT 2,000,000,000 for a term of 7 years to strengthen the capital base of the bank on the consent of SEC vides letter no.SEC/CI/CPLC-10/2001-256 dated 09.09.2010. As per BRPD Circular No. 10/2002 and BRPD Circular No. 13/2009 issued by Bangladesh Bank, BDT 2,000,000,000 of Subordinated Bond among which BDT1,600,000,000 i.e. 14.64% of Tier-I capital has been considered as a component of Supplementary Capital (Tier-2) of the Bank.

1.2 Quantitative Disclosure:

Sl. No.	Particulars	Amount (in crore BDT)	
		2013	2012
A.	**Tier-1 (Core) Capital:**		
	Fully Paid-up Capital	541.44	466.76
	Statutory Reserve	418.14	357.26
	General Reserve	13.99	34.65
	Retained Earnings	119.11	41.34
	Minority Interest in Subsidiaries		
	Sub-Total:	**1,092.68**	**900.01**
	Less : Other Deductions from Capital:		
	Capital Charge (50% from Tier-1) for exceeding the approved limit under Sec. 26(2) of Bank Company Act, 1991	-	-
	Tier-1 Capital/ Core Capital (A):	1,092.68	900.01
B.	**Tier-2/ Capital/Supplementary Capital:**		
	General Provision (including provision for Off-Balance Sheet Exposure)	132.99	126.49
	Assets Revaluation Reserves up to 50%	32.43	32.43
	Revaluation Reserve for HTM & HFT Securities (up to 50%)	15.58	1.73
	Non-convertible Subordinated Bond	160.00	200.00
	Sub-Total:	**341.00**	**360.65**
	Less : Other deductions from Capital		
	Capital Charge (50% from Tier-1) for exceeding the approved limit Under Section 26(2) of Bank Company Act, 1991	-	-
	Total Tier-2 Capital/Supplementary Capital (B):	**341.00**	**360.65**
C.	**Total Eligible Regulatory Capital (A+B):**	**1,433.68**	**1,260.66**

2.0 Capital Adequacy

2.1 Qualitative Disclosure:

As per the Guidelines on Risk Based Capital Adequacy (RBCA) for Banks under Basel-II Accord each banks have to maintain Capital Adequacy Ratio (CAR) on solo basis and consolidated basis as per instructions given by Bangladesh Bank from time to time. The minimum CAR for the year ended December, 2013 was 10% of total Risk Weighted Assets.

Dhaka Bank Limited strictly follows the guidelines of Bangladesh Bank regarding capital adequacy and its policy is to maintain regulatory capital at a level which is 1-3% higher than the minimum required capital.

2.2 Quantitative Disclosure:

Sl. No.	Particulars	Amount (in crore BDT)	
		2013	2012
1.	**Risk Weighted Assets:**		
	For Credit Risk:		
	On-Balance Sheet	8,735.66	7,879.83
	Off-Balance Sheet	1,516.70	2,454.98
	For Market Risk	470.48	468.76
	For Operational Risk	1,046.46	937.67
	Total:	**11,769.30**	**11,741.23**
2.	**Minimum Capital Required:**		
	For Credit Risk	1,025.24	1,033.48
	For Market Risk	47.05	46.88
	For Operational Risk	104.64	93.76
	Total:	**1,176.93**	**1,174.12**
3.	**Total Eligible Regulatory Capital:**		
	Tier-1 Capital/Core Capital	1,092.68	900.01
	Total Tier-2 Capital/Supplementary Capital	341.00	360.65
		1,433.68	**1,260.66**
4.	**Capital Adequacy Ratio:**		
	Tier-1 Capital to RWA	9.28%	7.67%
	Tier-2 Capital to RWA	2.90%	3.07%
	Total:	**12.18%**	**10.74%**

3.0 Credit Risk

3.1 Qualitative Disclosure:

Exposure to Credit Risk:

Credit risk is the risk of financial loss resulting from failure by a client or counterparty to meet its contractual obligations to the Bank. Bank is exposed to **credit risk** from its dealing with or lending to corporate, individuals, and other banks or financial institutions.

Past due Claims:

Special mention: These assets have potential weaknesses thus deserve management's close attention. If left uncorrected, these weaknesses may result in a deterioration of the repayment prospects of the borrower.

Sub–standard: These are the loans where bank has reason to doubt about the repayment of the loan although recovery prospect is encouraging.

Doubtful: Full repayment of principal and interest is unlikely and the possibility of loss is extremely high.

Bad /Loss: These are the loans that have a bleak recovery possibility.

Capital Requirement for Credit Risk:

The capital requirement for credit risk is based on the risk assessment made by external credit assessment institutions (ECAIs) recognized by BB for capital adequacy purposes. Banks are required to assign a risk weight to both on-balance sheet and off-balance sheet exposures based on external credit rating (solicited) which mapped with the BB rating grade or a fixed weight specified by BB.

Minimum regulatory capital for credit risk is calculated by multiplying the Risk Weighted Assets (RWA) for both on balance sheet and off-balance sheet exposure with a certain percentage (10% for 2013).

Credit Risk Management System:
Dhaka Bank is managing Credit Risk through a robust process that enables the bank to proactively manage loan portfolios in order to minimize losses and earn an acceptable level of return for shareholders.

Credit risk is controlled and monitored by establishing appropriate limits and operational controls to constrain credit exposure to individual counter parties and counterparty groups. There are specific policies and procedures applicable to different business segments.

Credit Risk Mitigation:
Banks use a number of techniques to reduce their credit risk to which they are exposed. Guidelines on Risk Based Capital Adequacy (RBCA) consider two aspects of credit risk mitigation:

a) Collateral for Credit Risk Mitigation:
Taking collateral is the most common way to mitigate credit risk. The Bank generally takes collaterals in the form of pledges of sufficient eligible marketable securities or cash, mortgages over the property etc. All of the collaterals taken do not necessarily qualify for availing capital relief under the Basel-II Accord on capital adequacy.

Where a transaction is secured by eligible financial collateral and meets the eligibility criteria and minimum requirements, banks are allowed to reduce their credit exposure or potential credit exposure by taking into account the risk mitigating effect of the collateral for the calculation of capital charge.

To ensure with a high degree of certainty that the collateral value will cover the exposure, discounts ("haircuts") are generally applied to the current market value. These reflect the quality, liquidity, volatility and, in some cases, the complexity of the individual instruments. Exposures and collateral values are continuously monitored, and margin calls or close-out procedures are enforced, when the market value of collateral falls below a predefined trigger level. Concentrations within individual collateral portfolios and across clients are also monitored where relevant and may affect the discount applied to a specific collateral pool.

Dhaka Bank has developed stringent process on collateral management. The collaterals considered by Dhaka Bank for credit risk mitigation (for capital calculation under standardized approach) comprise of financial collaterals (Bank deposits, Gold, Debt securities, equities, units of mutual funds etc). A detail process of calculation of correct valuation and application of haircut has been put in place with the help of core banking software Flex-cube (State of the art banking software of Dhaka Bank).

Majority of financial collaterals held by Dhaka Bank are in the form of own deposits and thus are not exposed to any uncertainty in realization in case of default by counterparty. As such, there is no risk concentration on account of nature of collaterals.

b) Guarantee for Credit Risk Mitigation:

To reduce credit risk transaction may be secured by guarantees. Where guarantees are direct, explicit, irrevocable and unconditional banks may consider such credit protections in calculating capital requirements through a substitution approach. Only guarantees issued by entities with a lower risk weight than the counterparty will lead to reduced capital charge, whereas the uncovered portion retains the risk weight of the underlying counterparty.

In Dhaka Bank only those guarantees that are direct, explicit, irrevocable and unconditional, are taken into consideration for calculating capital requirement. Use of such guarantees for capital calculation purpose is strictly as per Bangladesh Bank Guidelines on Risk Based Capital Adequacy.

3.2 Quantitative Disclosure:

Particulars	Amount (in crore BDT)	
	2013	2012
Total gross credit risk	10,252.36	10,334.81
Funded Domestic	8,735.66	7,879.83
Non-Funded Domestic	1,516.70	2,454.98
Geographical distribution of exposures		
- Domestic	10,252.36	10,334.81
- Overseas	-	-
Cash and Cash equivalents	-	-
Claims on Bangladesh Government and Bangladesh Bank	-	-
Claims on Banks & NBFI:	136.98	183.02
Claims on Corporate	5,218.00	3,670.05
Credit Risk Mitigation	444.97	1,309.72
Claims included in retail portfolio & Small Enterprise	848.17	655.87
Claims on Consumer Loan	55.00	58.50
Claims fully secured by residential property	60.25	74.09
Claims fully secured by commercial real estate	368.81	590.83
Past due claims	337.81	459.76
Other categories	1,265.67	877.99
Total Risk weighted assets for On-balance sheet items	8,735.66	7,879.83
Risk weighted assets for Off-balance sheet exposure	1,516.70	2,454.98
Gross Non Performing Assets (NPAs)	413.67	565.63
Non Performing Assets (NPAs) to Outstanding Loans & Advances	4.15%	6.28%
Movement of Non Performing Assets (NPAs):		
Opening Balance	565.63	262.40
Additions	172.73	417.71
Reductions	(324.69)	(114.48)

Particulars	Amount (in crore BDT)	
	2013	2012
Closing Balance	**413.67**	**565.63**
Movement of specific provisions for NPAs:		
Opening	249.79	106.70
Specific provision for the year	245.81	274.54
Fully provided debt written off	(117.53)	(107.91)
Provision no longer required due to recoveries	(159.49)	(23.54)
Closing Balance	**218.58**	**249.79**

4.0 Market Risk

4.1 Qualitative Disclosure:

Views of Board of Directors (BODs) on trading/investment activities:

Market risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate due to changes in different market variables, namely:

- Interest Rate Risk
- Equity Position Risk
- Foreign Exchange Risk
- Commodity Risk

All these risks are monitored by the Treasury. The foreign exchange risk is managed by setting limits on open foreign exchange position.

Methods Used to Measure Market Risk:

To measure of market risk the Bank uses Value-at-Risk (VaR).

Market Risk & Liquidity Risk Management Policies and System:

The objective of investment policy covering various facets of Market Risk is to assess and minimize risks associated with treasury operations by extensive use of risk management tools. Broadly it encompasses policy prescriptions for managing systematic risk, credit risk, market risk, operational risk and liquidity risk in treasury operations.

For market risks arising out of various products in trading book of the Bank and its business activities, the bank sets regulatory internal and ensure adherence thereto. Limits for exposure to counter-parties, industries and countries are monitored and the risks are controlled through Stop Loss limits, Overnight limit, Daylight limit, Aggregate Gap limit, Value at Risk (VAR) limit for forum, inter-bank dealing and investment limit etc.

For the Market Risk Management of the bank, it has a mid-office with separate Desks for Treasury & Asset Liability Management (ALM). Asset Liability Management Committee (ALCO) is primarily responsible for establishing the market risk management, asset liability management of the bank, procedures thereof, implementing core risk management framework issued by regulator, best risk management practices followed globally and ensuring that internal parameters, procedures, practices/polices and risk management prudential limits are adhered to.

Liquidity risk of the bank is assessed through Gap analysis for maturity mismatch based on residual maturity in different time buckets as well as various liquidity ratios and management of the same is done within the prudential limit fixed thereon. Further bank is also monitoring the liquidity position through various stock ratios. The bank is proactively using duration gap and interest rate forecasting to minimize the impact of interest rate changes.

Interest Rate Risk in the Trading Book:

Dhaka Bank uses maturity method in measuring interest rate risk in respect of securities in the trading book. However, the capital charge for entire market risk exposure is calculated under the standardized approach using the maturity method and guideline of Bangladesh Bank in this respect.

Dhaka Bank's investment in interest rate sensitive instruments (such as Government Treasury Bill & Bond etc.) stood at BDT 1,619.39 crore as on December 31, 2013. Investment was mostly in long term Government Securities. The Government Treasury Bonds were purchased at higher rate of interest to cover the increased SLR arising from the growth of deposit liabilities.

Interest Rate Risk in the Banking Book:

Interest rate risk is the risk where changes in the market interest rates might adversely affect a bank's financial condition. The immediate impact of changes in interest rates is on the Net Interest Income (NII). A long term impact of changing interest rates is on the bank's net worth since the economic value of banks' assets, liabilities and off-balance sheet positions get affected due to variation in market interest rates.

In Dhaka Bank the responsibility of interest rate risk management rests with the bank's Assets Liability Management Committee (ALCO). The bank periodically computes the interest rate risks in the banking book that arises due to re-pricing mismatches in interest rate sensitive assets and liabilities. For the purpose of monitoring such interest rate risk, the bank has in place a system that tracks the re-pricing mismatches in interest bearing assets and liabilities. For the computation of the interest rate mismatch the guidelines of the Bangladesh Bank are followed.

Equities:

Dhaka Bank has considerable investment in equity shares of various companies and mutual funds and has active participation in the secondary market. The bank also participates in the primary market by the purchase of shares and securities from private placement for institutional investors. There is an investment committee for the management of investment portfolio and associated risk to which bank may be exposed. In the investment process Dhaka Bank strictly follow the internal policies and procedures put into place in this respect.

Valuation of Equity Securities:

Shares and securities are valued as per the prescribed guideline of Bangladesh Bank and adequate provision is maintained accordingly for unrealized losses (if any).

Capital Charge for Equity Position Risk:

Capital charge for equities are calculated on the basis of their current market value in the bank's trading book. This capital charge is calculated taking into account both the specific risk and the general market risk factor by applying the same rate of minimum capital adequacy ratio (10% for 2013).

4.2 Quantitative Disclosure

4.2.1 Equity Position:

Sl. No.	Particulars	Amount (in crore BDT)	
		2013	2012
1.	Investment in Equity Securities:		
	Cost price	255.76	242.99
	Market Price	178.19	166.81
	Difference	**(77.57)**	**(76.18)**
2.	The cumulative realized gains (losses) arising from sales and liquidation	6.68	2.21
3.	Total unrealized gains (losses)	(77.57)	(76.18)
4.	Total latest revaluation gains (losses)	-	-
5.	Any amount of the above included in Tier 2 capital	-	-
6.	Capital requirements broken down by appropriate equity grouping, consistent with the bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements (10% on market value).		
	• Specific Market Risk	24.05	22.30
	• General Market Risk	24.05	22.30

4.2.2 Capital Requirement for Market Risk:

Particulars	Amount (in crore BDT)	
	2013	2012
The capital requirements for:		
Interest Rate Risk	0.97	1.05
Equity position risk	35.64	44.60
Foreign exchange risk	10.44	1.23
Commodity risk	-	-
Total	**47.05**	**46.88**

4.2.3 Interest rate risk in the Banking Book (for 1% change in the market risk of interest):

The Increase (decline) in earning or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring IRRBB broken down by currency (as relevant):

Particulars	Up to 01 month	1 - 3 months	3 - 12 months	1 - 5 years	More than 5 years
Rate Sensitive Assets	2,122.57	1,467.79	4,263.50	2,152.78	145.67
Rate Sensitive Liabilities	2,101.55	1,822.11	5,527.10	1,145.42	910.54
GAP	21.02	(354.32)	(1,263.60)	1,007.36	(764.87)
Cumulative GAP	21.02	(333.30)	(1,596.90)	(589.55)	(1,354.42)
Adjusted Interest Rate Changes	1%	1%	1%	1%	1%
Quarterly Earnings Impact	0.05	(0.89)	(3.16)	2.52	(1.91)
Accumulated Earnings Impact	0.05	(0.83)	(3.99)	(1.47)	(3.39)
Earning Impact/Avg Quarterly Net Profit	0.11%	-1.90%	-6.76%	5.39%	-4.09%

5.0 Operational Risk

5.1 Qualitative Disclosure:

Operational Risk:
Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems (for example failed IT systems, or fraud perpetrated by a DBL employee), or from external causes, whether deliberate, accidental or natural. It is inherent in all of the Bank's activities.

Views of Board of Directors (BODs) to Operational Risk:
Dhaka Bank's approach to operational risk is not designed to eliminate risk altogether but rather, to contain risks within levels deemed acceptable by senior management. Operational risks are monitored and, to the extent possible, controlled and mitigated.

All functions, whether business, control or logistics functions, must manage the operational risks that arise from their activities. Operational risks are pervasive, as a failure in one area may have a potential impact on several other areas. The Bank has therefore established a cross-functional body to actively manage operational risk as part of its governance structure.

The foundation of the operational risk framework is that all functions have adequately defined their roles and responsibilities. The functions can then collectively ensure that there is adequate segregation of duties, complete coverage of risks and clear accountability. All the functions use their controls to monitor compliance and assess their operating effectiveness in several ways, including self-certification by staff, tracking of a wide range of metrics (for example, the number and characteristics of client complaints, deal cancellations and corrections, un-reconciled items on cash and customer accounts, and systems failures), and the analysis of internal and external audit findings.

Performance Gap of Executives and Staffs:
Dhaka Bank always tries to be the best pay master in the sector and ensure best workplace safety for its employees to avoid inconsistent employment practices and unsound workplace safety caused by way of discrimination regarding employee's compensation, health and safety.

Potential External Events:
Dhaka Bank has invested heavily in IT infrastructure for better automation and online transaction environment. The bank also has huge investment on alternative power supply (both UPS & generators) and network links to avoid business description and system failure. Its IT system does not allow any kind of external access to avoid external fraud by way of theft/ hacking of information assets, forgery etc. Dhaka Bank has also

invests considerable on security from terrorism and vandalism to avoid damage to physical assets.

Approach for Calculating Capital Charges for Operational Risk:
For calculating eligible regulatory capital under Basel-II Capital Accord, Dhaka Bank follows the Basic Indicator Approach.

5.2 Quantitative Disclosure:

Capital requirement for Operational Risk exposure of Dhaka Bank is as below:

Particulars	Amount (in crore BDT)	
	2013	2012
The capital requirements for Operational Risk	104.65	93.77



Offshore Banking

Auditors' Report to the Shareholders of Dhaka Bank Limited Offshore Banking Unit, Bangladesh

We have audited the accompanying financial statements of Offshore Banking Unit ("the Unit"), Bangladesh of Dhaka Bank Limited ("the Bank") which comprise the balance sheet as at 31 December 2013, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements and Internal Controls

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards as explained in note 2 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Bank Companies Act, 1991 and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Unit. 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.

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Unit as at 31 December, 2013 and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards as explained in note 2.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, Securities and Exchange Rules 1987, the Bank Companies Act, 1991 and the rules and regulations issued by Bangladesh Bank, we also report the following:

(a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

(b) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the financial statements of the Unit 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 Financial Statements and Internal Control:

i) internal audit, internal control and risk management arrangements of the Unit appeared to be materially adequate;

ii) 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 Unit and its related entities;

(c) in our opinion, proper books of account as required by law have been kept by the Unit so far as it appeared from our examination of those books;

(d) the balance sheet and the profit and loss account dealt with by the report are in agreement with the books of account;

(e) the expenditure incurred was for the purposes of the Unit's business;

(f) the financial statements of the Unit have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as with related guidance issued by Bangladesh Bank;

(g) adequate provisions have been made for advances which are, in our opinion, doubtful of recovery;

(h) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;

(i) the information and explanation required by us have been received and found satisfactory; and

(j) we have reviewed over 80% of the risk weighted assets of the Unit.

Kazi Zahir Khan & Co.

Dhaka 16 March, 2014

KAZI ZAHIR KHAN & CO.
Chartered Accountants

Dhaka Bank Limited
(Offshore Banking Unit)
Balance Sheet
As at 31 December 2013

	Notes	2013 US $	2013 Taka	2012 US $	2012 Taka
PROPERTY & ASSETS					
CASH:		-	-	-	-
Cash in Hand (including foreign currencies)		-	-	-	-
Balance with Bangladesh Bank & Sonali Bank (including foreign currencies)		-	-	-	-
BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS:		2,387,728	185,407,044	-	-
In Bangladesh		2,387,728	185,407,044	-	-
Outside Bangladesh		-	-	-	-
MONEY AT CALL AND SHORT NOTICE:	3	-	-	-	-
INVESTMENTS:		-	-	-	-
Government		-	-	-	-
Others		-	-	-	-
LOANS & ADVANCES:	4	**7,871,306**	**611,206,918**	**12,796,594**	**1,023,727,533**
Loans, Cash Credit & Over Draft etc.		7,007,964	544,168,431	9,014,744	721,179,482
Bills Discounted and Purchased		863,342	67,038,487	3,781,851	302,548,051
PREMISES AND FIXED ASSETS:		-	-	-	-
OTHER ASSETS:	5	7,568,908	587,725,701	63,122	5,049,777
NON-BANKING ASSETS:		-	-	-	-
TOTAL ASSETS		**17,827,942**	**1,384,339,663**	**12,859,716**	**1,028,777,310**
LIABILITIES & CAPITAL					
LIABILITIES:					
Borrowings from Other Banks/Financial Institutions and Agents	6	**10,000,000**	**776,500,000**	**3,000,000**	**240,000,000**
DEPOSITS AND OTHER ACCOUNTS:	7	**4,548,000**	**353,152,180**	**6,621,040**	**529,683,164**
Current Accounts & Other Accounts		3,975,566	308,702,723	6,415,916	513,273,253
Bills Payable		-	-	-	-
Other Deposits		572,433	44,449,457	205,124	16,409,911
OTHER LIABILITIES	8	**2,474,333**	**192,131,941**	**2,292,333**	**183,386,612**
TOTAL LIABILITIES		**17,022,333**	**1,321,784,121**	**11,913,373**	**953,069,776**
CAPITAL / SHAREHOLDERS' EQUITY:					
Paid-up Capital		-	-	-	-
Statutory Reserve		-	-	-	-
Other Reserve		-	-	-	-
Surplus in Profit and Loss Account		805,609	62,555,542	946,344	75,707,534
TOTAL SHAREHOLDERS' EQUITY:		**805,609**	**62,555,542**	**946,344**	**75,707,534**
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		**17,827,942**	**1,384,339,663**	**12,859,716**	**1,028,777,310**

Dhaka Bank Limited
(Offshore Banking Unit)
Balance Sheet
As at 31 December 2013

OFF BALANCE SHEET ITEMS	Notes	2013 US $	2013 Taka	2012 US $	2012 Taka
CONTINGENT LIABILITIES:	9				
Acceptances and Endorsements		5,238,537	406,772,404	7,252,881	593,648,327
Letter of Credit		1,669,115	129,606,778	1,971,218	161,344,229
Letter of Guarantee		-	-	-	-
Bills for Collection		3,924,515	304,738,576	35,127,223	2,875,163,169
Other Contingent Liabilities		-	-	-	-
Total:		**10,832,167**	**841,117,758**	**44,351,322**	**3,630,155,725**
OTHER COMMITMENTS:					
Documentary credit and short term trade-related transactions		-	-	-	-
Forward assets purchased and forward deposits placed		-	-	-	-
Undrawn note issuance and revolving underwriting facilities		-	-	-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-	-	-
Total:		-	-	-	-
TOTAL OFF - BALANCE SHEET ITEMS		**10,832,167**	**841,117,758**	**44,351,322**	**3,630,155,725**

These financial statements should be read in conjunction with the annexed notes 1 to 16

Niaz Habib
Managing Director
Current Charge

Reshadur Rahman
Director

Altaf Hossain Sarker
Director

Abdul Hai Sarker
Chaiman

Auditors' report to the shareholders
See annexed report of date

Kazi Zahir Khan & Co.

Dhaka, 16 March 2014

KAZI ZAHIR KHAN & CO.
Chartered Accountants

Dhaka Bank Limited
(Off Shore Banking Unit)
Profit and Loss Account
for the year ended 31 December 2013

	Notes	2013 US $	2013 Taka	2012 US $	2012 Taka
Operating Income					
Interest Income/Profit Received	10	1,152,578	89,497,708	1,015,645	81,251,609
Interest/Profit paid on Deposits & Borrowings		-	-	-	-
Net Interest Income		**1,152,578**	**89,497,708**	**1,015,645**	**81,251,609**
Income from Investment		-	-	-	-
Commission/Fees & Exchange Earnings	11	455,563	35,374,452	504,688	40,375,023
Other Operating Income	12	52,890	4,106,889	34,141	2,731,258
Total Operating Income (A)		**1,661,031**	**128,979,049**	**1,554,474**	**124,357,890**
Less: Operating Expenses (B)	13	**855,422**	**66,423,507**	**608,129**	**48,650,356**
"Profit / (Loss) Before Provision (C) = (A - B)"		**805,609**	**62,555,542**	**946,344**	**75,707,534**
Less: Provision for Loans (D)		-	-	2,139,376	171,150,072
Total Profit/(Loss) before Tax (C-D)		**805,609**	**62,555,542**	**(1,193,032)**	**(95,442,538)**
Less: Provision for Income Tax		-	-	-	-
Net Profit / (Loss) after Tax :		**805,609**	**62,555,542**	**(1,193,032)**	**(95,442,538)**
Distribution :					
Statutory Reserve		-	-	-	-
General Reserve		-	-	-	-
Dividends etc.		-	-	-	-
Retained surplus		**805,609**	**62,555,542**	**(1,193,032)**	**(95,442,538)**

These financial statements should be read in conjunction with the annexed notes 1 to 16

Niaz Habib
Managing Director
Current Charge

Reshadur Rahman
Director

Altaf Hossain Sarker
Director

Abdul Hai Sarker
Chaiman

Auditors' report to the shareholders
See annexed report of date

Dhaka, 16 March 2014

Kazi Zahir Khan & Co.
KAZI ZAHIR KHAN & CO.
Chartered Accountants

Dhaka Bank Limited
(OffShore Banking Unit)
Cash Flow Statement
for the year ended 31 December 2013

	Notes	2013 US $	2013 Taka	2012 US $	2012 Taka
Cash Flow from Operating Acrivities					
Interest receipts		1,152,578	89,497,708	1,015,645	81,251,609
Interest payments		-	-	-	-
Receipts from other operating activities	14	508,453	39,481,341	538,829	43,106,281
Payments for other operating activities	15	(855,422)	(66,423,507)	(608,129)	(48,650,356)
Operating profit before changes in current assets & liabilities		**805,609**	**62,555,542**	**946,344**	**75,707,534**
Increase / Decrease in operating assets and liabilities:					
Other banks		(2,387,728)	(185,407,044)	-	-
Loans and advances to customers		5,312,564	412,520,615	5,978,316	478,265,248
Other assets		(7,503,875)	(582,675,924)	(63,122)	(5,049,777)
Deposits from other banks		6,909,208	536,500,000	(3,138,750)	(251,100,000)
Deposits from customers		(2,273,419)	(176,530,984)	(1,239,366)	(99,149,318)
Other liabilities account of customers		-	-	-	-
Other liabilities		112,625	8,745,329	(1,375,794)	(110,063,522)
Net cash flow from operating activities (A)		**974,984**	**75,707,534**	**1,107,628**	**88,610,165**
Cash Flow from Investing Activities		-	-	-	-
Cash Flow from Financiang Activities					
Profit remitted to Head Office		974,984	75,707,534	(1,107,628)	(88,610,165)
Net cash in financing activities		**974,984**	**75,707,534**	**(1,107,628)**	**(88,610,165)**
Net increase / (Decrease) in cash (A+B+C)		-	-	-	-
Opening cash & cash equivalent as at 1 January		-	-	-	-
Closing cash & cash equivalent as at 31 December		-	-	-	-
Closing cash & cash equivalents					
Cash in Hand		-	-	-	-
Balance with Bangladesh Bank & Sonali Bank		-	-	-	-
Balance with other banks & Financial Institutions		-	-	-	-
Money at call & Short Notice		-	-	-	-
Prize Bond		-	-	-	-
Total		-	-	-	-

These financial statements should be read in conjunction with the annexed notes 1 to 16

Niaz Habib	**Reshadur Rahman**	**Altaf Hossain Sarker**	**Abdul Hai Sarker**
Managing Director	Director	Director	Chaiman
Current Charge			

Auditors' report to the shareholders
See annexed report of date

Dhaka, 16 March 2014

Kazi Zahir Khan & Co.
KAZI ZAHIR KHAN & CO.
Chartered Accountants

Dhaka Bank Limited
(Offshore Banking Unit)
Liquidity Statement
(Asset and Liability Maturity Analysis)
as at 31 December 2013

	Upto 01 month		1 - 3 months		3 - 12 months		1 - 5 years		More than 5 years		Total	
	US $	Taka	US $	Taka	US $	Taka	US $	Taka	US $	Taka	US $	Taka
Assets:												
Cash in hand	-		-		-		-		-		-	-
Balance with other banks and financial institutions	2,387,727.55	185,407,044	-		-		-		-		2,387,727.55	185,407,044
Money at call on short notice	-	-	-	-	-	-	-	-	-	-	-	-
Investment	-	-	-	-	-	-	-	-	-	-	-	-
Loans and Advances	4,585,148	356,036,734	-	-	1,191,231	92,499,081	2,094,927	162,671,103	-	-	7,871,306	611,206,918
Fixed assets including premises, furniture and fixtures	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	7,568,908	587,725,701	-	-	-	-	7,568,908	587,725,701
Non-banking assets	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	**6,972,875**	**541,443,778**	**-**	**-**	**8,760,139**	**680,224,782**	**,094,927**	**162,671,103**	**-**	**-**	**17,827,942**	**1,384,339,663**
Liabilities:												
Borrowing from Bangladesh Bank, Other banks, financial institutions and agents	-	-	(10,000,000)	(776,500,000)	-	-	-	-	-	-	(10,000,000)	(776,500,000)
Deposits & Other Accounts	(4,548,000)	(353,152,180)	-	-	-	-	-	-	-	-	(4,548,000)	(353,152,180)
Other liabilities	(141,679)	(11,001,369)	(332,654)	(25,830,572)	2,000,000)	(155,300,000)	-	-	-	-	(2,474,333)	(192,131,941)
Capital & Reserve	-	-	-	-	-	-	(805,609)	(62,555,542)	-	-	(805,609)	(62,555,542)
Total Liabilities	(4,689,679)	(364,153,549)	(10,332,654)	(802,330,572)	2,000,000)	(155,300,000)	(805,609)	(62,555,542)	-	-	(17,827,942)	1,384,339,663)
Net Liquidity Gap	**2,283,197**	**177,290,229**	**(10,332,654)**	**(802,330,572)**	**6,760,139**	**524,924,782**	**,289,318**	**100,115,561**	**-**	**-**	**-**	**-**
Cumulative Liquidity Gap	**2,283,197**	**177,290,229**	**(8,049,457)**	**(625,040,343)**	**(1,289,318)**	**100,115,561)**	**-**	**-**	**-**	**-**	**-**	**-**

1 Nature of Business

Offshore Banking Unit is a separate business unit of Dhaka Bank Limited, governed under the Rules & Guidelines of Bangladesh Bank. The Bank obtained the Offshore Banking Unit permission vide letter no.BRPD (P)744(92)/2005-2181 dated June 18, 2005. The Bank commenced the operation of its Offshore Banking Unit with effect from May 10, 2006.

2 Significant Accounting Policy

2.1 Basis of accounting

The accounting records of the unit are maintains in USD forms and the financial statements are made up to 31 December each year, and are prepared under the historical cost convention and in accordance with first schedule of Bank Companies Act (BCA) 1991 as amended by Bangladesh Bank (Central Bank) BRPD Circular No.14 dated 25 June 2003, other Bangladesh Bank circulars, International Financial Reporting Standards adopted as Bangladesh Accounting Standards (BAS), the Companies Act 1994, the Listing Regulations of the Stock Exchanges, the Securities and Exchange Rule 1987 and other laws and rules applicable in Bangladesh on a going concern basis.

2.2 Allocation of common expenses

Establishment expenses in the nature of rent, rates, taxes, salaries, management expenses, printing & stationery, electricity & lighting, postage, stamps, telecommunication etc. have not been separately accounted for in the Financial Statements.

	2013		2012	
	USD	Taka	USD	Taka
3 Money at call and Short Notice	-	-	-	-
4 Loans and Advances				
4.1 Loans, Cash Credits & Overdrafts etc:				
In Bangladesh				
Overdraft	1,191,231	92,499,081	2,219,799	177,583,909
Term Loan	5,312,612	412,524,325	6,173,960	493,916,763
Loan against Accepted Bills	504,121	39,145,025	620,985	49,678,810
	7,007,964	**544,168,431**	**9,014,744**	**721,179,482**
Outside Bangladesh	-	-	-	-
Sub-total	**7,007,964**	**544,168,431**	**9,014,744**	**721,179,482**
4.2 Bills Purchased & Discounted				
Payable in Bangladesh:				
Inland bills purchased	713,521	55,404,899	3,639,050	291,123,997
Payable outside Bangladesh:				
Foreign bills purchased & discounted	149,821	11,633,588	142,801	11,424,054
Sub-total	**863,342**	**67,038,487**	**3,781,851**	**302,548,051**
Total	**7,871,306**	**611,206,918**	**12,796,594**	**1,023,727,533**
4.3 Residual maturity grouping of loans including bills purchased and discounted				
Repayable on Demand	4,585,148	356,036,734	105,214	8,417,130
Not more than 3 months	-	-	9,712,190	776,975,170
More than 3 months but not more than 1 year	1,191,231	92,499,081	365,384	29,230,754
More than 1 year but not more than 5 years	2,094,927	162,671,103	2,613,806	209,104,480
More than 5 years	-	-	-	-
Total	**7,871,306**	**611,206,918**	**12,796,594**	**1,023,727,533**
4.4 Maturity grouping of bills purchased & discounted				
Payable within 1 month	630,342	48,946,090	2,107,765	168,621,196
Over 1 month but less than 3 months	227,186	17,640,960	1,568,875	125,509,989
Over 3 months but less than 6 months	5,814	451,437	105,214	8,417,130
6 months or more	-	-	-	-
Total	**863,342**	**67,038,487**	**3,781,854**	**302,548,314**

		2013		2012	
		USD	Taka	USD	Taka
4.5	**Loans on the basis of significant concentration including bills purchased & discounted:**				
a.	Advances to allied concerns of Directors;	-	-	-	-
b.	Advances to Chief Executive	-	-	-	-
c.	Advances to Other Senior Executives	-	-	-	-
d.	Advances to Customer's Group:				
	Agriculture loan	-	-	-	-
	Commercial lending	5,816,734	451,669,366	6,794,941	543,595,312
	Export financing	863,342	67,038,472	3,781,854	302,548,315
	Consumer credit scheme	-	-	-	-
	Small and Medium Enterprise (SME)	-	-	-	-
	Staff Loan	-	-	-	-
	Others	1,191,231	92,499,080	2,219,799	177,583,906
	Total	**7,871,306**	**611,206,918**	**12,796,594**	**1,023,727,533**
4.6	**Industry - wise loans including bills purchased & discounted:**				
	Agricultural	-	-	-	-
	Pharmaceuticals	-	-	-	-
	Textile & Garment	3,396,109	263,707,879	9,716,031	777,282,497
	Chemical	912,488	70,854,670	466,757	37,340,555
	Food & alied	-	-	-	-
	Transport & Communication	2,094,927	162,671,103	2,613,806	209,104,481
	Electronics & Automobile	-	-	-	-
	Housing & Construction	-	-	-	-
	Engineering & Metal Industres including Ship Breaking	-	-	-	-
	Energy & Power	-	-	-	-
	Service	-	-	-	-
	Others	1,467,782	113,973,266	-	-
	Total	**7,871,306**	**611,206,918**	**12,796,594**	**1,023,727,533**
4.7	**Geographical Location - wise Loans and Advances:**				
	Dhaka Region	7,871,306	611,206,918	12,796,594	1,023,727,533
	Chittagong Region	-	-	-	-
	South Region				
	North Region				
	Sylhet Region	-	-	-	-
	Other	-	-	-	-
	Total	**7,871,306**	**611,206,918**	**12,796,594**	**1,023,727,533**
4.8	**Sector wise loans:**				
	In Bangladesh				
	Government & Autonomous bodies	2,094,927	162,671,103	2,613,806	209,104,480
	Financial Institutions (Public & Private)	-	-	-	-
	Other Public Sector	-	-	-	-
	Private Sector	5,776,379	448,535,815	10,182,788	814,623,053
		7,871,306	**611,206,918**	**12,796,594**	**1,023,727,533**
	Outside Bangladesh	-	-	-	-
	Total	**7,871,306**	**611,206,918**	**12,796,594**	**1,023,727,533**
4.9	**Classification of loans & advances:**				
	Unclassified (including staff loan)	7,871,306	611,206,918	10,103,394	808,271,508
	Sub-Standard	-	-	-	-
	Doubtful	-	-	-	-
	Bad or loss	-	-	2,693,200	215,456,025
	Total	**7,871,306**	**611,206,918**	**12,796,594**	**1,023,727,533**

		2013		2012	
		USD	Taka	USD	Taka
4.10 Provision required for loans and advances:					
Status	**Rate%**				
Unclassified	0.25,1,2 & 5	78,713	6,112,069	100,973	8,077,857
Special Mention Account	0.25,1,2 & 5	-		304	24,292
		78,713	**6,112,069**	**101,277**	**8,102,149**
Classified:					
Sub-Standard	20	-	-	-	-
Doubtful	50	-	-	-	-
Bad or loss	100	-		2,418,271	193,461,699
		-	-	2,418,271	193,461,699
Required provision for loans & advances		**78,713**	**6,112,069**	**2,519,548**	**201,563,848**
Total provision maintained		**78,713**	**6,112,069**	**2,519,548**	**201,563,848**
Excess / short provision as at 31 December		-	-	-	-
4.11 Securities against loans including bills purchased & discounted					
a. Secured					
Collateral of movable / immovable assets		7,007,965	544,168,447	9,014,740	721,179,218
Local Banks & Financial Institutions guarantee		714,578	55,486,948	3,652,870	292,229,594
Government Guarantee		-	-	-	-
Foreign Banks Guarantee		148,764	11,551,525	128,984	10,318,721
Export documents		-	-	-	-
Fixed Deposits Receipts		-	-	-	-
1 Own FDR		-	-	-	-
2 FDR of Other Banks		-	-	-	-
Government bonds		-	-	-	-
Personal Guarantee		-	-	-	-
Other Securities		-	-	-	-
b. Unsecured		-	-	-	-
	Total	**7,871,306**	**611,206,919**	**12,796,594**	**1,023,727,533**
4.12 Particulars of Loans and Advances:					
(i) Loans considered good in respect of which the bank company is fully secured;		7,400,290	574,632,538	8,289,224	663,137,923
(ii) Loans considered good against which the banking company holds no security other than the debtor's personal guarantee;		-	-	-	-
(iii) Loans considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtors;		3,503,982	272,084,223	4,507,370	360,589,609
(iv) Loans adversely classified; provision not maintained thereagainst;		-	-	-	-
(v) Loans due by directors or officers of the banking company or any of these either separately or jointly with any other persons;		-	-	-	-
(vi) Loans due from companies or firms in which the directors of the banking company have interests as directors, partners or managing agents or in case of private companies as members;		-	-	-	-
(vii) Maximum total amount of advances including temporary advance made at any time during the year to directors or managers or officers of the banking companies or any of them either separately or jointly with any other person;		-	-	-	-

		2013		2012	
		USD	Taka	USD	Taka
(viii)	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 have interests as directors, partners or managing agents or in the case of private companies as members;	-	-	-	-
(ix)	Due from banking companies;	-	-	-	-
(x)	Amount of classified loan on which interest has not been charged, should be mentioned as follows:	-		-	
a)	Decrease / increase in provision;	(2,491,458)	(193,461,699)	2,314,491	185,159,245
b)	Amount realized against loan previously written off;	-	-	-	-
c)	Amount of provision kept against loan classified as 'bad/loss" on the date of preparing the balance sheet;	-	-	2,418,271	193,461,699
d)	Interest creditable to the Interest Suspense A/c;	-	-	-	-
(xi)	Cumulative amount of the written off loan;	3,081,203	239,255,443	97,931	7,834,456

5 Other Assets

Accrued Interest	-	-	-	-
Advance Payment against Deferred LC	-	-	-	-
Prepaid Expenses	513	39,855	4,511	360,868
Finance to AD Branches for IBP **(See Note-9.6.2.a)**	3,965,244	307,901,216	-	-
Finance to AD Branches for Import Bill Discounting **(See Note-9.6.2.b)**	3,603,150	279,784,630	-	-
Branch Adjustment	-	-	58,611	4,688,909
	7,568,908	**587,725,701**	**63,122**	**5,049,777**

6 Borrowing from Other Banks/Financial Institutions

	10,000,000	**776,500,000**	**3,000,000**	**240,000,000**

6.1 Maturity grouping of Borrowings

Repayable on demand	-	-	-	-
Repayable within 1 month	10,000,000	776,500,000	3,000,000	240,000,000
Over 1 month but within 6 months	-	-	-	-
Over 6 months but within 1 year	-	-	-	-
Over 1 year but within 5 years	-	-	-	-
	10,000,000	776,500,000	3,000,000	240,000,000

According to BCD Circular No.(P)744(27) dated 17 December 1985 of Bangladesh Bank, Dhaka Bank maintained foreign currency accounts with Off-shore Banking Units in the manner they maintain such accounts with their foreign correspondents.

7 Deposits and Other Accounts

7.1 Current and Other Accounts

Foreign Currency Deposits	**3,975,566**	**308,702,723**	**6,415,916**	**513,273,253**

7.2 Bills Payable

	-	-	-	-

7.3 Other deposit

Margin under L/C	48,299	3,750,445	67,542	5,403,382
Term Deposit	400,000	31,060,000	-	-
Deposits Awaiting Disposal	104,817	8,139,012	118,832	9,506,529
Sundry Deposit	19,317	1,500,000	18,750	1,500,000
	572,433	**44,449,457**	**205,124**	**16,409,911**
Total	**4,548,000**	**353,152,180**	**6,621,040**	**529,683,164**

	2013		2012	
	USD	Taka	USD	Taka
7.4 Maturity grouping of deposits and other accounts				
Repayable on demand	4,548,000	353,152,180	6,621,040	529,683,164
Repayable within 1 month	-	-	-	-
Over 1 month but within 6 months	-	-	-	-
Over 6 months but within 1 year	-		-	
Over 1 year but within 5 years	-	-	-	-
Over 5 years but within 10 years	-	-	-	-
Total	**4,548,000**	**353,152,180**	**6,621,040**	**529,683,164**
8 Other Liabilities				
Accrued Interest	77,921	6,050,564	26,858	2,148,636
Finance from Bill Discounting	-	-	925,569	74,045,520
Refinance by SWAP Woori Bank	2,000,000	155,300,000	1,000,000	80,000,000
5 years BSP	185	14,370	180	14,370
Export proceeds suspense	57,020	4,427,602	35,470	2,837,563
Interest Suspense Account	-	-	274,929	21,994,329
Tax deducted at source & payable	6,540	507,859	29,315	2,345,220
Provision against Expenses	13	974	12	974
Branch Adjustment	332,654	25,830,572	-	-
	2,474,333	**192,131,941**	**2,292,333**	**183,386,612**
9 Contingent Liabilities				
Acceptance & Endorsement	5,238,537	406,772,404	7,420,604	593,648,327
Letters of Credit	1,669,115	129,606,778	2,016,803	161,344,229
Letters of Guarantee	-	-	-	
Bills for Collection	3,924,515	304,738,576	35,939,540	2,875,163,169
Other Contingent Liabilities	-	-	-	-
Total	**10,832,167**	**841,117,758**	**45,376,947**	**3,630,155,725**
10 Interest Income				
Interest on Advances	1,152,578	89,497,708	1,015,645	81,251,609
Interest on Money at call and short Notice	-	-	-	-
Call Lending and Fund Placement with banks	-	-	-	-
Accounts with Foreign Banks	-	-	-	-
Total	**1,152,578**	**89,497,708**	**1,015,645**	**81,251,609**
11 Commission / Fees and Exchange Earnings				
Commission/ Fees Income	455,563	35,374,452	504,688	40,375,023
Exchange gain including gain form foreign currency dealings	-	-	-	-
Total	**455,563**	**35,374,452**	**504,688**	**40,375,023**
12 Other Operating Income				
Postage Charge Recoveries	12,658	982,931	12,078	966,252
Swift Charge Recoveries	27,913	2,167,414	22,063	1,765,006
Other Fees	12,319	956,544	-	-
Total	**52,890**	**4,106,889**	**34,141**	**2,731,258**
13 Operating Expenses				
Office operating Expenses	**855,422**	**66,423,507**	**608,129**	**48,650,356**
14 Cash Received from Other Operating Activities				
Commission & Exchange	455,563	35,374,452	504,688	40,375,023
Other Operating Income	52,890	4,106,889	34,141	2,731,258
Total	**508,453**	**39,481,341**	**538,829**	**43,106,281**

	2013		2012	
	USD	Taka	USD	Taka
15 Cash Paid for Other Operating Activities				
Office Operating Expenses	855,422	66,423,507	608,129	48,650,356

16 General

16.1 Fixed Assets of this unit are appearing in the books of the main operation of the bank and depreciation is also charged to Profit & Loss Account of the main operation of the bank.

16.2 Assets and liabilities have been converted into Taka Currency @ US$ 1 = Tk. 77.65, GBP=127.9228, Euro = 106.6933 (2012 : Us $ 1 = Tk 80.00) which represents the year end mid rate of exchange as at 31 December 2013.

16.3 Previous year's figures have been rearranged, where considered necessary, to conform to current year's presentation.



Auditor's Report
DBL Securities Limited

Auditor's Report
To the Shareholders of DBL Securities Limited

We have audited the accompanying financial statements of DBL Securities Limited which comprise the Statement of Financial Position as on 31 December 2013 and the related Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above give a true and fair view of the financial position of DBL Securities Limited as of 31 December 2013 and of the results of its operations and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards and comply with the Companies Act 1994, the Securities and Exchange Act 1993, the Securities and Exchange Rules 1987, conditions and regulations issued by the Bangladesh Securities and Exchange Commission and other applicable laws and regulations.

We also report that:

a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;

c) the financial statements dealt with by the report are in agreement with the books of account maintained by the company.



Dhaka,
25 February 2014

ACNABIN
Chartered Accountants

DBL Securities Limited
Statement of Financial Position
As on 31 December 2013

	Notes	31.12.2013 Taka	31.12.2012 Taka
ASSETS			
Non Current Assets			Restated
Property, Plant and Equipment	4	20,008,539	24,933,321
Investment in shares	5	1,483,912,286	1,136,272,633
Total Non Current Assets		**1,503,920,825**	**1,161,205,954**
Current Assets			
Cash and Bank Balances	6	228,899,804	92,579,452
Margin Loan	7	2,692,541,085	2,343,322,084
Accounts Receivable	8	12,684,819	73,717,398
Advance Income Tax	9	19,637,953	64,119,383
Advance, Prepayments and Other Receivables	10	17,958,757	13,974,394
Total Current Assets		**2,971,722,418**	**2,587,712,711**
TOTAL ASSETS		**4,475,643,243**	**3,748,918,664**
EQUITY AND LIABILITIES			
Equity			
Paid-up Capital	11	1,560,000,000	1,560,000,000
Retained Earnings	12	157,906,892	103,088,644
Total Equity		**1,717,906,892**	**1,663,088,644**
Liabilities			
Non-Current Liabilities			
Long Term Loan (Loan from Dhaka Bank Limited)	13	1,924,000,000	1,700,000,000
Deferred Tax Liability	14	347,292	883,847
Total Non-Current liabilities		**1,924,347,292**	**1,700,883,847**
Current Liabilities			
Accounts Payable	15	228,946,878	130,245,575
Provision for Income Tax	16	50,808,375	112,492,002
Provision against Unrealized Loss in Own Portfolio	17	40,000,000	5,231,914
Provision against Unrealized Loss in Margin Loan	18	115,000,000	53,867,713
Stimulation Fund for Affected Investors		8,760,904	8,760,904
Other Liabilities	19	389,872,903	74,348,066
Total Current Liabilities		**833,389,060**	**384,946,173**
Total Liabilities		**2,757,736,352**	**2,085,830,021**
TOTAL EQUITY & LIABILITIES		**4,475,643,243**	**3,748,918,664**

The annexed notes form an integral part of the Statement of Financial Position.

Niaz Habib
Acting Managing Director

Abdul Hai Sarker
Director

Reshadur Rahman
Chairman

This is the Statement of Financial Position referred to in our separate report of even date.

Dhaka,
25 February 2014

ACNABIN
Chartered Accountants

DBL Securities Limited
Statement of Comprehensive Income
For the year ended 31 December 2013

	Notes	2013 Taka	2012 Taka
Operating Income			
Brokerage Commission Income	20	96,930,170	88,112,190
Capital gain on Investment in Shares		78,572,641	19,301,551
Dividend on Shares		23,634,463	4,816,077
Interest Income on Margin Loan	21	48,080,288	140,343,151
Fees and Other Income	22	17,194,870	17,341,098
Total Operating Income (A)		**264,412,432**	**269,914,067**
Operating Expenses			
Salaries and Allowances	23	30,935,920	27,296,143
Rent,Taxes, Insurance and Lighting	24	13,516,935	13,036,578
Legal and Professional Fees	25	129,625	346,444
Postage, Stamp and Telecommunication	26	598,106	561,550
Stationery, Printing and Advertisement	27	1,108,451	1,803,269
Directors' Fee and Meeting Expenses	28	502,989	230,868
Audit Fee		115,000	115,000
Repair and Maintenance	29	8,235,570	5,388,915
Other Operating Expenses	30	3,417,784	3,666,011
Depreciation of Property, Plant and Equipment		5,784,470	5,609,256
Total Operating Expenses (B)		**64,344,849**	**58,054,033**
Profit Before Provision (C=A-B)		**200,067,582**	**211,860,033**
Less: Provisions			
Provision against Unrealized Loss in Margin Loan		61,132,287	43,601,424
Provision against Unrealized Loss in Own Portfolio		34,768,086	5,231,914
Stimulation Fund for Affected Investors		-	8,760,904
Total Provision (D)		**95,900,373**	**57,594,242**
Profit Before Tax (E=C-D)		**104,167,209**	**154,265,790**
Less: Provision for Income Tax			
Current Tax		49,885,517	66,160,710
Deferred Tax (Income)/Expense	31	(536,555)	883,847
		49,348,961	67,044,557
Net Profit After Tax		**54,818,248**	**87,221,233**
Other Comprehensive Income		-	-
Total Comprehensive Income		**54,818,248**	**87,221,233**
Earnings Per Share (EPS)	32	**0.35**	**0.56**

The annexed notes form an integral part of the Statement of Comprehensive Income.

Niaz Habib
Acting Managing Director

Abdul Hai Sarker
Director

Reshadur Rahman
Chairman

This is the Statement of Comprehensive Income referred to our report of even date.

Dhaka,
25 February 2014

ACNABIN
Chartered Accountants

DBL Securities Limited
Statement of Changes in Equity
For the year ended 31 December 2013

Amount in Taka

Particulars	Share Capital	Retained Earnings	Total Equity
Balance as on 01 January 2013	1,560,000,000	103,088,644	1,663,088,644
Net profit for the year	-	54,818,248	54,818,248
Balance as on 31 December 2013	**1,560,000,000**	**157,906,892**	**1,717,906,892**
Balance as on 01 January 2012	**1,500,000,000**	**77,042,062**	**1,577,042,062**
Adjustment for prior year tax deficit	-	(1,174,651)	(1,174,651)
Bonus share issued	60,000,000	(60,000,000)	-
Net profit for the year	-	87,221,233	87,221,233
Balance as on 31 December 2012	**1,560,000,000**	**103,088,644**	**1,663,088,644**

Niaz Habib
Acting Managing Director

Abdul Hai Sarker
Director

Reshadur Rahman
Chairman

ACNABIN
Chartered Accountants

Dhaka,
25 February 2014

DBL Securities Limited
Statement of Cash Flows
For the year ended 31 December 2013

	2013 Taka	2012 Taka
Cash flows from Operating Activities		
Brokerage Commission Income	96,930,170	88,112,190
Interest Income on Margin Loan	48,080,288	140,343,151
Fees and Other Income	17,194,870	18,905,061
Operating Expenses Paid in Cash	(58,560,380)	(54,008,741)
Cash generated from operating activities before changes in operating assets and liabilities	**103,644,948**	**193,351,661**
Increase / (Decrease) in Operating Liabilities		
Account Payable	98,701,303	(44,357,659)
Other Liabilities	315,524,837	38,647,805
(Increase) / Decrease in Operating Assets		
Accounts Receivable	61,032,579	4,827,204
Advance Income Tax	(67,087,714)	(47,129,023)
Advance & Prepayments	(3,984,363)	(12,175,999)
	404,186,642	(60,187,671)
Net cash flow from Operating Activities (A)	**507,831,590**	**133,163,990**
Cash used in Investing Activities		
Purchase of Property, Plant and Equipment	(859,688)	(12,154,266)
Increase Investment in Shares/Securities	(347,639,653)	(167,994,863)
Income from Investment in Shares	102,207,104	24,117,628
Increase in Margin Loan	(349,219,001)	(275,728,781)
Net cash used in Investing Activities (B)	**(595,511,238)**	**(431,760,282)**
Cash flows from Financing Activities		
Receipt of Loan from Dhaka Bank Limited	224,000,000	150,000,000
Net cash flow from financing activities (C)	**224,000,000**	**150,000,000**
Net Surplus/(Deficit) in Cash and Bank Balances for the year (A+B+C)	136,320,352	(148,596,292)
Cash and Bank Balance at beginning of the year	92,579,452	241,175,744
Cash & Bank Balance at the end of the year	**228,899,804**	**92,579,452**
(*) Cash & Bank Balance:		
Cash in Hand	134,500	197,500
Cash at Bank	228,765,304	92,381,952
	228,899,804	**92,579,452**

Niaz Habib
Acting Managing Director

Abdul Hai Sarker
Director

Reshadur Rahman
Chairman

Dhaka,
25 February 2014

DBL Securities Limited
Notes to the Financial Statements
For the year ended 31 December 2013

1. Company and its Activities

1.1 Legal Status of the Company

DBL Securities Limited (here in after referred to as "DBSL" or "the Company") was incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-85857/10 dated 19 July 2010 as a Private Company Limited by Shares having its registered office at Adamjee Court (1st Floor), 115-120, Motijheel C/A, Dhaka -1000. The company is the Trading Right Entitlement Certificate (TREC) holder of both the stock exchanges of the country (TREC No. 193 in DSE and TREC No. 081 in CSE). The Company commenced its business operations from 13 February 2011 as a wholly owned subsidiary of Dhaka Bank Limited.

1.2 Principal Activities of the Company

The principal activities of the company are to act as a member of Dhaka Stock Exchanges Ltd. and Chittagong Stock Exchange Ltd. to carry on the business of brokers in stocks, shares and securities, commercial papers, bonds, debentures, debentures stocks, foreign currencies, treasury bills and/or any financial instruments. The company has six branches in Bangladesh located at Adamjee Court-Motijheel, DSE Building-Motijheel, Dhanmondi, Uttara, Agrabad, and Sylhet.

2. Significant Accounting Policies

2.1 Basis of Presentation of Financial Statements

The financial statements have been prepared on a going concern basis following accrual basis of accounting except for statement of cash flows in accordance with the Companies Act 1994, Securities and Exchange Rules 1987, the Listing Rules of Dhaka and Chittagong Stock Exchanges and Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards and other applicable laws and regulations.

2.2 Basis of Measurement

The financial statements have been prepared based on historical cost convention basis. The accounting policies, unless otherwise stated, have been consistently applied by the Company and are consistent with those of the previous year.

2.3 Presentation and Functional Currency and Level of Precision

The financial statements have been presented in Bangladesh Taka (BDT) currency, which is the Company's functional currency. All financial information presented in BDT has been rounded off to the nearest taka.

2.4 Use of Estimates and Judgments

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. It also requires disclosures of contingent assets and liabilities at the date of the financial statements.

Provisions and accrued expenses are recognized in the financial statements in line with the Bangladesh Accounting Standard (BAS) 37 "Provisions, Contingent Liabilities and Contingent Assets" when - The Company has a legal or constructive obligation as a result of past event.

i. It is probable that an outflow of economic benefit will be required to settle the obligation.
ii. A reliable estimate can be made for the amount of the obligation.
The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

However, the estimates and underlying assumptions are reviewed on an ongoing basis and the revision is recognized in the period in which the estimates are revised.

2.5 Going Concern

The Company has adequate resources to continue in operation for foreseeable future. For this reasons the directors continue to adopt going concern basis in preparing the financial statements. The current credit facilities and adequate resources of the Company provide sufficient funds to meet the present requirements of its existing businesses and operations.

2.6 Materiality and Aggregation

Each material item as considered by management significant has been presented separately in financial statements. No amount has been set off unless the Company has a legal right to set off the amounts and intends to settle on net basis. Income and expenses are presented on a net basis only when permitted by the relevant accounting standards.

2.7 Property Plant and Equipment

2.7.1 Recognition and Measurement

All Property, Plant and Equipment are stated at cost less accumulated depreciation as per BAS-16 " Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

2.7.2 Subsequent Expenditure on Property, Plant and Equipment

Subsequent expenditure is capitalized only when it increases the future economic benefit from the assets and that cost can be

measured reliably. All other expenditures are recognized as an expense as and when they are incurred.

2.7.3 Depreciation and Amortization

Depreciation is calculated on the cost of fixed assets in order to write off such amounts over the estimated useful lives of such assets. The rates of depreciation used on a straight-line method are as follows:

Name of the Assets	Rate
Furniture and fixtures	10% p.a
Office Appliance and Equipment	20% p.a
Computer Equipments	20% p.a
Software	20% p.a
Motor Vehicles	20% p.a

Full year's depreciation is charged in the year in which the related assets are put into use and disposed off irrespective of the date. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in the Comprehensive Income statement.

2.8 Intangible Assets and Amortization of Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost and are carried at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is calculated using the straight line method to write down the cost of intangible assets to their residual values over their estimated useful lives based on the management best estimates. Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits in the specifications to which it relates. All other expenditure is expensed as incurred.

2.9 Investment in Stock Exchanges for Membership

Investments for membership are initially recognized at cost (which includes transaction costs) and are subsequently re-measured at fair value based on quoted bid prices. Surplus arising from changes in the fair value of investment for membership are transferred to fair value measurement reserve.

2.10 Investment in Shares

Investment in quoted shares and unquoted shares are initially recognized at cost plus transaction costs that are directly attributable to the acquisition of the shares. After initial recognition, investment in quoted shares has been revalued at cost at reporting date. Net of unrealized gain and loss has not been recognized in profit and loss account.

2.11 Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand, bank balances and deposits held with banks and financial institutions and short-term liquid investments that are readily convertible to known amount of cash and that are subject to an insignificant risk of change in value.

2.12 Provision for Tax

Current tax

Provision for current tax is made in accordance with the provision of Income Tax Ordinance, 1984 and subsequent amendments made thereto from time to time.

Deferred Tax

Deferred Tax is calculated as per Bangladesh Accounting Standard (BAS) 12 "Income Taxes". Deferred Tax is recognized on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred Tax liabilities are recognized for all taxable temporary differences. Deferred Tax assets are generally recognized for all deductible temporary differences. Deferred Tax is measured at the tax rate that is expected to be applied to the temporary differences when they reverse based on the laws that have been enacted or substantively enacted by the reporting date.

2.13 Revenue Recognition

Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the enterprise and in accordance with the Bangladesh Accounting Standard (BAS) 18 "Revenue Recognition":

i. Brokerage Commission

Brokerage commission is recognized as income when selling or buying order executed.

ii. Interest Income from Margin Loan

Interest Income from margin loan is recognized on accrual basis. Such income is calculated on daily margin loan balance of the respective parties. Income is recognized on monthly basis and applied to the customers' account on quarterly basis.

iii. Dividend Income and Profit/(Loss) on Sale of Marketable Securities

Dividend income is recognized when right to receive payment is established whereas profit or loss arising from the sale of securities is accounted for only when shares are sold in the market and profit is realized or loss is incurred.

2.14 Earnings Per Share

The Company calculates earning per share in accordance with Bangladesh Accounting Standard (BAS) 33 "Earning Per Share" which has been shown in the face of the Statement of Comprehensive Income.

2.15 Provision against Unrealized Loss in Margin Loan

As Per Bangladesh Securities and Exchange Commission (BSEC) Circular No. sec/mukhpatra/2011/696 dated on 20 February 2013, the company may keep 20% Provision against Unrealized Loss in the Portfolio accounts of Margin Loan Clients as on 31 December 2012. The BSEC has extended the facilities vide Circular No. SEC/CMRRCD/2009-193/154 dated 09 December 2013 for unrealized loss of 31 December 2013.

2.16 Related Party Disclosure

As per Bangladesh Accounting Standards (BAS)-24 "Related Party Disclosures", parties are considered to be related if one of the parties has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions. The Company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with related parties.

2.17 Proposed Dividend

Proposed dividend has not been recognized as a liability in the balance sheet in accordance with Bangladesh Accounting Standard (BAS)-10 "Event after the Balance Sheet Date.

2.18 Branch Accounting

The Company has a total 6 number of Branch Offices (excluding Head Office), with no overseas branch as on 31 December 2013. Accounts of the branches are maintained at the head office which are included in the accompanying financial statements.

2.19 Reporting Period

The company's reporting period is January to December.

2.20 General

Figures appearing in these accounts have been rounded off to the nearest Taka.

3. Directors' Responsibility Statement

The Board of Directors takes the responsibility for the preparation and presentation of these financial statements.

		31.12.2013 Taka	31.12.2012 Taka
4.	**Property, Plant and Equipment**		
	A. Cost		
	Opening balance	34,073,206	22,040,145
	Add: Purchased during the year	859,688	12,033,061
		34,932,894	**34,073,206**
	B. Accumulated Depreciation		
	Opening balance	9,139,885	3,530,629
	Add: Charged during the year	5,784,470	5,609,256
		14,924,354	9,139,885
	C. Written Down Value (A-B)	**20,008,539**	**24,933,321**

A schedule of property, plant and equipment is given in Annexure - A

5. Investment in Shares

Unquoted	Dhaka Stock Exchange (DSE)*	700,000,000	700,000,000
	Chittagong Stock Exchange (CSE)*	250,000,000	250,000,000
	CDBL	18,277,770	18,277,770
Quoted	Own Portfolio	515,634,516	167,994,863
		1,483,912,286	**1,136,272,633**

* This represents the acquisition cost of DSE & CSE memberships incurred by the company. The said DSE & CSE memberships were purchased by DBL Securities Limited from Dhaka Bank Limited. Along with the memberships, the company had obtained broker & dealer registration certificates, strong customer base, skilled & efficient workforce, six branches in prime locations, over and above business reputation, trading right etc. In exchange of DSE & CSE memberships, shares at a face value of Tk.10.00 each have been alloted in favour of the company for CSE & DSE in October and November 2013 respectively. As per the provision of the Exchanges Demutualization Act 2013 and in accordance with the Bangladesh Securities and Exchange Commission (BSEC) approved Demutualization Scheme, Dhaka Stock Exchange Ltd. (DSE) allotted total 7,215,105 ordinary Shares at face value of Tk.10.00 each and Chittagong Stock Exchange Ltd. (CSE) allotted total 4,287,330 ordinary shares at face value of Tk.10.00 each against the membership of DSE and CSE respectively. Out of the above DSE transferred 2,886,042 shares and CSE transferred 1,714,932 shares directly to the credit of the Beneficiary Owner's account of the company. The rest shares were credited to blocked accounts as per provisions of the Exchanges Demutualization Act 2013. Since there is no active market for shares of DSE and CSE and the fair value of other assets can not be reliably measured, the company has shown the value at aquisition cost of the investment for membership of DSE & CSE.

A statement of investment in own portfolio is given in Annexure - B

6. Cash and Bank Balances

Cash in Hand		134,500	197,500
Cash at Bank	(Note: 6.1)	228,765,304	92,381,952
		228,899,804	**92,579,452**

6.1 Cash at Bank

Name of Bank	Account #		
Dhaka Bank Limited	201.150.2960	1,276,995	5,221,764
Dhaka Bank Limited	201.150.2972	220,922,701	66,959,868
IFIC Bank Limited (Broker A/C)	1090.358002.001/041	3,137,182	17,279,904
IFIC Bank Limited (Dealer A/C)	1090.358447.001	113,348	296,168
United Commercial Bank Ltd	72.111.16443	3,311,228	2,624,247
United Commercial Bank Ltd	72.111.16472	3,850	-
		228,765,304	**92,381,952**

		Restated*
7. Margin Loan	**2,692,541,085**	**2,343,322,084**

*Margin Loan was erroneously reported at Tk. 2,328,986,511 on 31 December 2012 without including Interest Suspense for an aggregate amount of Tk.14,335,573. As a result, Margin Loan of the previous period is restated to correct this error as per BAS 8: Accounting Policies, Changes in Accounting Estimates & Errors.

			31.12.2013 Taka	31.12.2012 Taka
8.	**Accounts Receivable**			
	Receivable from:			
	Dhaka Stock Exchange (DSE)		10,505,009	57,989,912
	Chittagong Stock Exchange (CSE)		511,610	2,181,977
	Non- Margin Clients		1,668,200	13,545,509
			12,684,819	**73,717,398**
9.	**Advance Income Tax**			
	Opening Balance		64,119,383	16,990,360
	Add: Addition during the year	(Note: 9.1)	67,087,714	47,129,023
			131,207,097	**64,119,383**
	Less: Settlement for AY 2012-13 & 2013-14		111,569,144	-
			19,637,953	**64,119,383**
9.1	**Advance Income Tax (Addition)**			
	TDS on Brokerage Commission - DSE		14,729,934	12,589,520
	TDS on Brokerage Commission - CSE		363,123	718,488
	Advance Income Tax paid		47,449,761	31,840,932
	TDS on Interest Income and Dividend		4,544,896	1,980,083
			67,087,714	**47,129,023**
10.	**Advance, Prepayments and Other Receivables**			
	Advance Rent -Premises		8,471,760	11,489,820
	Prepaid Insurance - Fire and Burglary		51,918	35,103
	Receivable against Cash Dividend		8,572,900	1,592,000
	Advance - for purchase of floor space at DSE Tower		850,000	850,000
	Prepaid Non-Judicial Stamp		12,179	-
	Prepaid Insurance - Vehicles		-	7,471
			17,958,757	**13,974,394**
11.	**Share Capital**			
	Authorized Capital			
	500,000,000 ordinary shares @ Tk.10 each		**5,000,000,000**	**5,000,000,000**
	Paid up Capital			

The Issued, Subscribed and Paid-up Capital is Tk.1560,000,000 divided into 156,000,000 ordinary shares of Taka 10 each fully paid. The Shareholding position of the company as on 31 December 2013 is as follows:

Sl.	Name of Shareholders	Number of Shares held	% of Shareholding		
1.	Dhaka Bank Limited, Represented By Mr. Abdul Hai Sarker, Mr. Reshadur Rahman, Ms. Roksana Zaman, Mr. Khondker Fazle Rashid, Mr. Altaf Hossain Sarker	155,999,994	99.999994	1,559,999,940	1,559,999,940
2.	Mr. Dilwar Hossain	1	0.000001	10	10
3.	Mr. Choudhury Md. Humayun Kabir	1	0.000001	10	10
4.	Mr. Md. Mahbubur Rahman	1	0.000001	10	10
5.	Mr. ABM Saiful Islam	1	0.000001	10	10
6.	Mr. Nazmul Alam Khan	1	0.000001	10	10
7.	Mrs. Shahnaz Naznin	1	0.000001	10	10
	Total	**156,000,000**	**100**	**1,560,000,000**	**1,560,000,000**

		31.12.2013 Taka	31.12.2012 Taka
12. Retained Earnings			
Opening Balance		103,088,644	77,042,061
Add: Net profit for the year		54,818,248	87,221,233
		157,906,892	164,263,294
Less : Bonus share issued		-	60,000,000
Adjustment for prior year tax deficit		-	1,174,651
		-	61,174,651
		157,906,892	**103,088,644**
13. Long Term Loan (Loan from Dhaka Bank Limited)			
Opening Balance		1,700,000,000	1,550,000,000
Add : Addition during the year		727,500,000	852,000,000
		2,427,500,000	2,402,000,000
Less : Paid during the year		503,500,000	702,000,000
		1,924,000,000	**1,700,000,000**
14. Deferred Tax Liability			
	Carrying Amount	Tax Base	Taxable Temporary Difference
	Taka	Taka	Taka
As on 31 December 2013			
Property plant and equipment-Own	20,008,539	19,082,428	926,111
Applicable Rate			37.5%
Deferred Tax Liability			**347,292**
As on 31 December 2012			
Property plant and equipment-Own	24,933,321	22,576,395	2,356,926
Applicable Rate			37.5%
Deferred Tax Liability			**883,847**
15. Accounts Payable			
Payable to :			
Clients		217,545,499	127,058,890
Central Depository Bangladesh Limited (CDBL)		476,265	153,781
Suppliers		450,000	1,228,795
Dhaka Stock Exchange (DSE)		9,718,954	572,444
Chittagong Stock Exchange (CSE)		756,160	1,231,665
		228,946,878	**130,245,575**
16. Provision for Income Tax			
Opening Balance		112,492,002	46,331,292
Add: Provision made for current year		49,885,517	66,160,710
		162,377,519	112,492,002
Less: Settlement for AY 2012-13 & 2013-14		111,569,144	-
		50,808,375	**112,492,002**
17. Provision against Unrealized Loss in Own Portfolio			
Add: Addition during the year		5,231,914	-
Opening balance	(Note: 17.1)	34,768,086	5,231,914
		40,000,000	**5,231,914**
17.1 Provision against Unrealized Loss in Own Portfolio			
Banks		3,286,504	2,369,160
Financial Institution		2,501,552	4,959,229

	31.12.2013 Taka	31.12.2012 Taka
Fuel & Power	19,789,568	12,473,758
Insurance	1,097,214	985,206
Mutual Fund	1,037,115	399,185
Pharmaceuticals & Chemicals	4,919,619	3,970,251
Travel/Leisure/Tannary	357,922	693,183
Cement	15,262,372	283,000
Telecommunication	8,218,762	26,600
Food & Miscellaneous	267,884	-
Engineering	4,675,989	-
Total Unrealized Loss	**61,414,500**	**26,159,572**
Minimum Provision Requirement (20% of total Unrealized Loss)	12,282,900	5,231,914
Actual provision made during the year	**34,768,086**	**5,231,914**

As Per Bangladesh Securities and Exchange Commission Circular No. SEC/CMRRCD/2009-193/154 dated 09 December 2013, the company may keep 20% Provision against Unrealized Loss in Own Portfolio account.

18. Provision against Unrealized Loss in Margin Loan

Opening Balance	53,867,713	10,266,289
Add : Addition during the year	61,132,287	43,601,424
	115,000,000	**53,867,713**

As Per Bangladesh Securities and Exchange Commission Circular No. SEC/CMRRCD/2009-193/154 dated 09 December 2013, the company may keep 20% Provision against Unrealized Loss in the Portfolio accounts of Margin Loan Clients. Total Unrealized Loss in Margin Loan Clients Accounts stood at Tk. 382.26 Million as on 31 December 2013. The company maintained provision against Unrealized Loss in Margin Loan more than the minimum requirement.

19. Other Liabilities

		Restated*
Interest Payable (Loan from DBL)	223,348,549	57,423,750
Audit Fees	115,000	115,000
Accrued Expenses -Others	1,217,244	1,893,515
Security Money Deposited by Contractors	111,154	222,308
Interest Suspense	164,833,851	14,335,573
VAT Current Account	117,234	177,894
Withholding Tax Liabilities	129,871	180,026
	389,872,903	**74,348,066**

*Interst Suspense amounting to Tk.14,335,573 for the previous year was not accounted for erroneously. So the previous period's amount is restated to correct this error as per BAS 8: Accounting Policies, Changes in Accounting Estimates & Errors.

		2013 Taka	2012 Taka
20.	**Brokerage Commission Income**		
	Brokerage - Dhaka Stock Exchange (DSE)	106,403,372	93,030,356
	Brokerage - Chittagong Stock Exchange (CSE)	3,111,124	6,154,382
		109,514,495	99,184,738
	Less: Direct Expenses		
	Laga Charges	6,019,067	5,287,258
	Howla Charges	1,220,316	1,064,074
	Daily Settlement (Pay In/Pay Out)	5,344,943	4,721,216
		12,584,326	11,072,548
		96,930,170	**88,112,190**
21.	**Interest Income on Margin Loan**		
	Interest Income on Margin Loan	291,195,087	358,452,526
	Less: Interest Expenses on Borrowed Funds	243,114,799	218,109,375
		48,080,288	**140,343,151**
22.	**Fees and Other Income**		
	Interest on SND A/C	11,991,872	7,144,534
	Interest on Investment in FDR	-	7,096,672
	Account Opening and Closing Fees	323,501	236,320
	BO Account Renewal Fees	437,300	469,812
	Fees for NRB Clients Serivces	2,885,237	-
	Other Income	577,951	1,433,335
	Central Depository Bangladesh Limited (CDBL) Income (Note: 22.1)	979,009	960,425
		17,194,870	**17,341,098**
22.1	**Central Depository Bangladesh Limited (CDBL) Income**		
	CDBL Income (A)		
	Transfer In/Out charges	670,041	771,369
	Income from share - Bonus/Right/IPO/Split/Demat	839,139	1,242,104
	Charge on Pledge/Unpledge of shares	1,117,688	510,916
		2,626,868	2,524,389
	Less: CDBL Expenses (B)		
	Transfer in/out	415,711	495,843
	Bonus/Rights/IPO/Split/Demat	419,433	731,537
	Pledge/Unpledge	806,715	330,583
	Monthly Connection Fees	6,000	6,000
		1,647,859	1,563,963
		979,009	**960,425**
23.	**Salaries and Allowances**		
	Basic Salaries	12,510,789	11,567,050
	House Rent Allowances	6,628,210	6,513,603
	Conveyance Allowances	777,000	856,719
	Medical Allowance	725,000	891,437
	Living Allowances	2,348,809	1,185,744
	Leave Fare Assistances	1,855,995	1,620,387
	Employer's Contribution to Provident Fund	1,112,416	991,467
	Car Allowances	1,075,200	738,800
	Bonus (Festival/Incentive)	3,193,937	1,985,091
	Medical Expenses- Officers & Executives	708,564	415,148
	House Maintenance Expenses	-	51,800
	Entertainment Allowances	-	376,849
	Other Allowances for Employees	-	102,048
		30,935,920	**27,296,143**

		2013 Taka	2012 Taka
24. Rent, Rates ,Taxes, Insurance and Lighting			
Trade License Renewal Fees		99,766	79,260
Rent Expenses		8,951,596	10,079,656
Insurance Expense - Office Premises		87,816	72,523
Insurance Exp-Vehicles		64,876	82,177
Electricity Bill		1,920,631	1,280,390
Water and Sewerage		680,211	316,255
Fuel Expense - Generator / Pool Car		1,362,528	651,327
Pool Car Expenses		282,102	279,553
Membership Fees		34,700	13,000
Contribution to Investors' Protection Fund-DSE		14,168	15,943
Contribution to Investors' Protection Fund-CSE		241	402
AR Registration Fees - DSE		18,300	1,100
AR Registration Fees - CSE		-	10,000
Shared Utility Expenses		-	154,993
		13,516,935	**13,036,578**
25. Legal and Professional Fees			
Professional Fees & Service Charge		129,625	260,753
Professional Fees - Legal Consultants		-	85,691
		129,625	**346,444**
26. Postage, Stamp and Telecommunication			
Telephone and Fax Expenses		169,271	197,215
Mobile and Internet Bills		400,206	333,536
Postage and Courier Expenses		28,629	30,799
		598,106	**561,550**
27. Stationary, Printing and Advertisement			
Stationeries-General		158,182	443,278
Stationeries-Computer Accessories		695,922	943,774
Printing - Brochure, Catalog and Booklet		212,822	407,467
Periodicals and Magazines		10,440	8,750
Stamps-Judicial/Non-Judicial		31,085	-
		1,108,451	**1,803,269**
28. Directors' Fees and Meeting Expenses			
Directors' Fees		135,000	135,000
Meeting, Seminar and Conference Expenses		367,989	95,868
		502,989	**230,868**
29. Repair and Maintenance			
Network Connectivity Charges		2,187,625	2,079,000
Cleaning and Maintenance Services		888,944	728,883
Security Guard Expenses		2,491,074	1,450,482
Flower Expenses- Office Premises		45,760	31,592
Planting and Nursery Expenses- Office Premises		70,400	101,350
Office Maintenance	(Note: 29.1)	2,551,767	997,608
		8,235,570	**5,388,915**
29.1 Office Maintenance			
Office Premises		209,644	272,563
Furniture and Fixtures		47,320	13,090
Office Appliances		245,726	514,360
Electricity Appliances		96,119	85,280
Computer, Printer and UPS		630,220	42,440

	2013 Taka	2012 Taka
Vehicles	53,190	54,095
Support Staff	1,269,548	-
Others	-	15,780
	2,551,767	**997,608**

30. Other Operating Expenses

30.1 Bank Charges and Commission

Bank Charges	29,216	15,217
Excise duty Expense	25,000	95,000
Commission Expenses- Bank Guarantees	690,300	833,750
	744,516	**943,967**

30.2 Entertainment Expenses

Entertainment-Regular Canteen Expenses	1,476,399	1,488,203
Entertainment- Parties and Dinner Expenses	753,016	151,399
	2,229,415	**1,639,602**

30.3 Travelling & Conveyance

Conveyance Expenses-Local	193,492	127,741
Traveling Expenses & Allowances-Local	9,590	56,758
	203,082	**184,499**

30.4 Other Expenses

Newspapers	59,706	50,348
Staff Uniform Expenses	114,597	20,573
Training & Development (Local) -Executive	57,580	69,820
Miscellaneous - (Others)	8,888	757,203
	240,771	**897,944**
Total Other Operating Expenses	**3,417,784**	**3,666,011**

31. Deferred Tax (Income)/Expense

Closing balance of deferred tax liability	347,292	883,847
Opening balance of deferred tax liability	883,847	-
Deferred tax (income)/expense	**(536,555)**	**883,847**

32. Earnings per Share (EPS)

a) Net Profit After Tax	54,818,248	87,221,233
b) Weighted Avg. No. of Shares Outstanding	156,000,000	156,000,000
Earnings per Share (EPS) (a ÷ b)	**0.35**	**0.56**

Annexure-A

DBL Securities Limited
Schedule of Property, Plant and Equipment
As on 31 December 2013

Amount In Taka

Particulars	Cost			Rate %	Depreciation			Written Down Value as on 31.12.2013
	Balance as on 01.01.2013	Addition during the year	Balance as on 31.12.2013		Balance as on 01.01.2013	Charged during the year	Balance as on 31.12.2013	
Furniture and Fixture	12,021,090	-	12,021,090	10	2,082,785	1,202,109	3,284,894	8,736,196
Office Appliance & Equipments	5,624,960	432,560	6,057,520	20	1,883,285	1,211,504	3,094,789	2,962,730
Computer	8,605,190	427,128	9,032,318	20	2,687,330	1,806,464	4,493,794	4,538,524
Software	4,831,461	-	4,831,461	20	1,888,383	966,292	2,854,675	1,976,786
Motor Vehicles	2,990,505	-	2,990,505	20	598,101	598,101	1,196,202	1,794,303
As on 31 December 2013	**34,073,206**	**859,688**	**34,932,894**		**9,139,885**	**5,784,470**	**14,924,355**	**20,008,539**
As on 31 December 2012	**22,040,145**	**12,033,061**	**34,073,206**		**3,530,629**	**5,609,256**	**9,139,885**	**24,933,321**

DBL Securities Limited

Statement of Investment in Own Portfolio

As on 31 December 2013

Annexure-B

Amount In Taka

SL#	Name of the Company	Category of Shares	No. of Shares	Average Cost	Total Cost	Quoted Rate Per Share as on 31-12-2013	Total Market Value as on 31-12-2013
Quoted Price:							
Banks:							
1	One Bank Limited	A	793,525	19.73	15,656,248	15.80	12,537,695
2	Mercantile Bank Limited	A	15,120	17.64	266,717	16.70	252,504
3	ICBI Bank	Z	85,500	7.90	675,288	6.10	521,550
					16,598,253		**13,311,749**
Financial Institutions:							
1	ULC	A	452,780	35.06	15,874,467	33.20	15,032,296
2	ICB	A	1,825	1,565.48	2,857,001	1,461.00	2,666,325
3	International Leasing	A	58,500	19.91	1,164,735	15.80	924,300
4	IDLC Finance Limited	A	50,000	83.83	4,191,500	62.90	3,145,000
5	Delta Brac Housing Ltd.	A	41,500	59.38	2,464,270	55.00	2,282,500
					26,551,973		**24,050,421**
Fuel & Power:							
1	Jamuna Oil	A	74,700	217.78	16,268,166	191.80	14,327,460
2	Power Grid	A	156,200	64.65	10,099,033	52.80	8,247,360
3	Khulna Power Co. Ltd	A	21,612	52.10	1,125,985	49.10	1,061,149
4	MJL Bangladesh Ltd.	A	121,400	82.22	9,981,508	75.10	9,117,140
5	Titas Gas	A	55,000	89.13	4,902,150	73.80	4,059,000
6	DESCO	A	197,225	74.52	14,697,207	58.40	11,517,940
7	Meghna Petroleum	A	339,180	233.67	79,256,191	211.00	71,566,980
8	Padma Oil	A	104,170	284.52	29,638,448	252.30	26,282,091
					165,968,688		**146,179,120**

Amount In Taka

SL#	Name of the Company	Category of Shares	No. of Shares	Average Cost	Total Cost	Quoted Rate Per Share as on 31-12-2013	Total Market Value as on 31-12-2013
Insurance:							
1	Sonarbangla Insurance	A	17,920	34.79	623,410	24.70	395,200
2	Rupali Insurance	A	143,400	39.66	5,687,244	33.60	4,818,240
					6,310,654		**5,213,440**
Mutual Fund:							
1	First BSRS	A	85,500	93.43	7,988,265	81.30	6,951,150
					7,988,265		**6,951,150**
Pharmaceuticals & Chemicals:							
1	Keya Cosmetics	A	361,020	36.04	13,011,161	27.70	10,000,254
2	Beacon Pharma	Z	156,500	14.04	2,197,260	13.20	2,065,800
3	ACI	A	251,600	175.91	44,258,956	171.50	43,149,400
4	Reneta	A	7,550	809.51	6,111,801	722.00	5,451,100
5	Marico Bangladesh	A	300	786.72	236,016	763.40	229,020
					65,815,193		**60,895,574**
Cement:							
1	MI Cement	A	1,034,300	93.04	96,231,272	78.20	80,882,260
2	Lafarge Surma	Z	228,000	33.12	7,551,360	33.50	7,638,000
					103,782,632		**88,520,260**
Telecommunication/ IT:							
1	Bangladesh Submarine Cable	A	127,680	232.47	29,681,770	168.10	21,463,008
					29,681,770		**21,463,008**

Amount In Taka

SL#	Name of the Company	Category of Shares	No. of Shares	Average Cost	Total Cost	Quoted Rate Per Share as on 31-12-2013	Total Market Value as on 31-12-2013
Food & Miscellaneous:							
1	Berger Paints BD	A	900	844.10	759,690	876.90	789,210
2	Golden Harvest Agro Industries Ltd	A	105	46.77	4,911	43.90	4,610
3	Linde BD	A	18,050	645.76	11,655,968	629.30	11,358,865
					12,420,569		**12,152,685**
Engeineering:							
1	Olympic Industries Ltd	A	26,000	156.37	4,065,620	147.10	3,824,600
2	Singer Bangladesh	A	57,800	224.72	12,988,816	186.80	10,797,040
3	National Polymer Industries	A	280,500	61.05	17,124,525	56.10	15,736,050
4	Usmania Glass Factory	A	187,850	146.15	27,454,278	141.60	26,599,560
					61,633,239		**56,957,250**
Travel And Leisure/ Tannery:							
1	Unique Hotel and Resorts	A	15,100	87.62	1,323,062	78.00	1,177,800
2	Apex Tannery	A	68,600	127.70	8,760,220	124.60	8,547,560
					10,083,282		**9,725,360**
Total Investment in Quoted Shares					**506,834,516**		**445,420,017**
Investment through Pre-IPO Private Placement:							
1	Energypac Power Generation Ltd.	-	200,000	44.00	**8,800,000**		
Total Investments in Own Portfolio					**515,634,516**		

Glossary of Terms

Allowance for Credit Losses: An allowance set aside which, in management's opinion, is adequate to absorb all credit-related losses from on and off-balance sheet items. It includes specific and general allowances.

Assets Under Administration and Management: Asset owned by customers, for which the Bank provides management and custodial services. These assets are not reported on the Bank's consolidated balance sheet.

Accrual Basis: Recognizing the effects of transactions and other events when they occur without waiting for the receipt or payment of cash or its equivalent.

Banker's Acceptances (BAs): Negotiable, short-term debt securities, guaranteed for a fee by the issuer's bank.
Basis Point: A unit of measure defined as one-hundredth of one per cent.

Capital Adequacy Ratio: A measure of a bank's capital. It is expressed as a percentage of a bank's risk weighted credit exposures.
Cost to Income Ratio: Operating expenses as a percentage of total income.

Corporate Governance: Corporate governance is the set of processes, customs policies, laws and institutions affecting the way a corporation is directed, administered or controlled.

Earnings per Share: Profit attributable to ordinary shareholder divided by the number of ordinary shares in issue.

Economic Value Added: EVA is a profitability measure designed to recognize the requirement to generate a satisfactory return of the economic capital invested in the business. If the business produces profit in excess of its cost of capital then value is created for shareholder.

Foreign Exchange Earnings: Profit earned on foreign currency transactions arising from the difference in foreign exchange rates between the transaction/last Balance Sheet date and the settlement/ Balance Sheet date. Also arises from trading in foreign currencies.

Forward Rate Agreement: A contract between two parties, whereby a designated interest rate, applied to a notional principal amount, is locked in for a specified period of time. The difference between the contracted rate and prevailing market rate is paid in cash on the settlement date. These agreements are used to protect against, or take advantage of, future interest rate movements.

General Provision: General provision in made on outstanding loan and advance without considering the quality of loans and advances according to the prescribed rate of Bangladesh Bank.

Guarantee: Three party agreement involving a promise by one party (the guarantor) to fulfill the obligation of a personal owing a debt it that person fails to perform.

Held for Trading (HFT): Investment classified in this category are acquired principally for the purpose of selling or repurchasing in short trading or if designated as such by the management.

Hedging: Protecting against price, interest rate or foreign exchange exposures by taking positions that are expected to react to market conditions in an offsetting manner.

Intangible Assets: An identifiable non-monetary asset without physical substance held for use in the production/supply of goods/services or for rental to others or for administrative purposes.

Interest Suspense: Classified loans and advances of the banks are categorised as sub-standard, doubtful and bad/loss as per guidelines of the Bangladesh Bank. Interest accrued on SMA, sub-standard, doubtful and bad/loss loans is recorded as interest suspense' and not taken to income. This interest is recognized as income as and when it is realized in cash by the bank.

Impaired Loans: Loans on which the Bank no longer has reasonable assurance as to the timely collection of interest and principal, or where a contractual payment is past due a prescribed period. Interest is not accused on impaired loans.

Loan Losses & Provision: Amount set aside against possible losses on loans, advances and other credit facilities as a result of such facilities becoming partly or wholly uncollectible.

Market Capitalization: Number of ordinary shares in issue multiplied by the market value of a share as at the year end.

Net Interest Margin: Net interest income, on a taxable equivalent basis, expressed as a percentage of average total assets.

Net Asset Value per Share: Shareholder's funds excluding Preference Shares if any, divided by the number of ordinary shares in issue.

Net Interest Income: The difference between what a bank earns on assets such as loans and securities and what it pay on liabilities such as deposits, refinance funds and inter bank borrowings.

Non-performing loans: A loan placed on cash basis (i.e. Interest income is only recognized when cash is received) because, in the opinion of management, there is reasonable doubt regarding the collectability, of principal or interest. Loans are automatically placed on cash basis when a payment is 6 months past due. All loans are classified as non-performing when a payment is 6 months in arrears.

Off-Balance Sheet Transaction: Transactions that are not recognized as assets or liabilities in the Balance Sheet but which give rise to contingencies and commitments.

Glossary of Terms
continued

Price Earnings Ratio (P/E ratio): Market price of a share divided by earnings per share.

Repos: Repos is short for "obligations related to assets sold under repurchase agreements"- a short-term transaction where the Bank sells assets, normally goverment bonds, to a client and simultaneously agrees to repurchase them on a specified date and at a specified price. It is a form of short-term funding.

Return on Equity (ROE): Net income available to common shareholders, expressed as a percentage of average common shareholder's equity.

Reverse Repos: Short for "assets purchased under resale agreements"- a short-term transaction where the Bank purchases assets, normally government bonds, from a client and simultaneously agrees to resell them on a specified date and at a specified price. It is a form of short-term collateralized lending.

Risk-Weighted Assets: Calculated using weights based on the degree of credit risk for each class of counterparty. Off-balance sheet instruments are converted to balance sheet equivalents, using specified conversion factors, before the appropriate risk weights are applied.

Related Parties: Parties where one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, directly or indirectly as per Bangladesh Accounting Standard (BAS)-24 on " Related Party Disclosures"

Return on Assets (ROA): Profit after tax divided by the average assets.

Statutory Reserve: A capital reserve created as per provisions of section 24 of the Bank Companies Act, 1991.

Tier-1 Capital: Core capital representing permanent shareholder's equity and reserves created or increased by appropriations of retained earnings or other surpluses.

Tier-II Capital: Supplementary capital representing general provisions. preference share, exchange equalization fund and other capital instruments which combine certain characteristics of equity and debt such as hybrid capital instruments and subordinated term debts.

Value Added: Value added statement shows the total wealth created how it was distributed to meet certain obligations and reward those responsible for its creation.

DHAKA BANK LIMITED

EXCELLENCE IN BANKING

Biman Bhaban, 100 Motijheel C/A, Dhaka-1000

Notice of the 19th Annual General Meeting

Notice is hereby given to all the Members of Dhaka Bank Limited that the **19th Annual General Meeting** of the Members of the Company will be held on **Thursday, April 17, 2014 at Bashundhara Convention Center-2, Block-C, Umme Kulsum Road, Bashundhara R/A, Baridhara, Dhaka at 11:00 a.m.** to transact the following business:

AGENDA

1. To receive, consider and adopt the Profit and Loss Account of the Company for the year ended 31st December, 2013 and Balance Sheet as of that date together with the reports of the Directors and Auditors thereon.
2. To declare dividend for the Shareholders out of the profits of the year ended 31st December 2013 as recommended by the Board of Directors.
3. To elect/ re-elect Directors in place of those who shall retire by rotation as per the Articles of Association of the Company.
4. To appoint Auditors of the Company for the term until the next Annual General Meeting and to fix-up their remuneration.

By order of the Board

March 17, 2014

Sd/-
Arham Masudul Huq
Senior Executive Vice President & Company Secretary

NOTES

a. The **'Record Date'** shall be on Thursday, **March 27, 2014.**

b. The Shareholders whose names would appear in the CDS/Register of Members of the Company on the **Record Date** shall be entitled to the dividend and attend the AGM.

c. A member eligible to attend the Annual General Meeting may appoint a proxy to attend on his/her behalf. Proxy Form/Power of Attorney must be submitted at the Registered Office of the Company not later than 48 hours before the time fixed for the Annual General Meeting. Revenue Stamp of Tk.20/-(Taka Twenty) only shall have to be affixed on the Proxy Form.

d. Shareholders and proxies are requested to record their entry in the AGM well in time. No entry will be recorded after 12.00 noon.

e. Shareholders are requested to update their Mailing Address and other related information of their BO Accounts, if required with their respective Depository Participants before **Record Date.**

f. Election of Directors shall be dealt in accordance with the provisions of the Articles of Association of the Company and the relevant rules/ circulars of the regulatory authorities.

g. No gift or benefit in cash or kind shall be offered to the shareholders in the 19th Annual General Meeting in compliance with the Bangla desh Securities and Exchange Commission's Circular No.SEC/CMRRCD/2009-193/154 dated 24.10.2013.

DHAKA BANK LIMITED
EXCELLENCE IN BANKING

Proxy Form

I/We.....of.....
.....being member of Dhaka Bank Limited and entitled to vote, hereby appoint Mr./Ms.....of.....
..... as my/our proxy to attend and vote on my/our behalf at the19th Annual General Meeting of the Company to be held on Thursday, April 17, 2014 at Bashundhara Convention Center-02, Block-C, Umme Kulsum Road, Bashundhara R/A, Baridhara, Dhaka at 11:00 a.m. or at any adjournment thereof.
Signed this .....day of....., 2014.

Signature of Proxy.....

Revenue Stamp
Tk. 20.00

.....
Signature of Shareholder

BO ID | | | | | | | | | | | | | | | |

Folio No.....
No. of Shares.....

N.B.

1. This Proxy Form, duly completed, must be deposited at least 48 hours before the meeting at the Company's Registered Office. Proxy is invalid if not signed and stamped as explained above.
2. Signature of the Shareholders should agree with the Specimen Signature registered with the Company.
3. **No gift or benefit in cash or kind shall be offered to the shareholders in the 19th Annual General Meeting in compliance with the Bangladesh Securities and Exchange Commission's Circular No.SEC/CMRRCD/2009-193/154 dated 24.10.2013**

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DHAKA BANK LIMITED
EXCELLENCE IN BANKING

Attendance Slip

I hereby record my attendance at the 19th Annual General Meeting of the Company being held on Thursday, April 17, 2014 at Bashundhara Convention Center-02, Block-C, Umme Kulsum Road, Bashundhara R/A, Baridhara, Dhaka.
Name of Member/ Proxy.....

BO ID

Folio No.....
Signature.....
Date.....

N.B. 1. Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and deposit the same at the entrance of the meeting hall.

2. **No gift or benefit in cash or kind shall be offered to the shareholders in the 19th Annual General Meeting in compliance with the Bangladesh Securities and Exchange Commission's Circular No.SEC/CMRRCD/2009-193/154 dated 24.10.2013**

Shareholder's Name.....

Father's / Husband's Name.....

Mother's Name.....

Bank Name.....

Branch Name.....

Bank A/C No.....

.....

Signature by Shareholder

Shareholder's Name.....

Father's / Husband's Name.....

Mother's Name.....

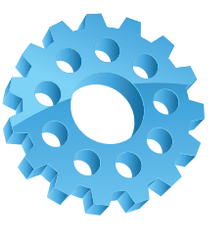
Bank Name.....

Branch Name.....

Bank A/C No.....

.....

Signature by Shareholder



Head Office
Biman Bhaban
100, Motijheel Commercial Area
Dhaka 1000, Bangladesh
Phone: 9554514, 9571006-10
FAX: +8802 9556584
Email: info@dhakabank.com.bd
SWIFT: DHBLBDDH

Paper Rhyme