

# ANNUAL REPORT 2012



Opening new frontiers for  
SMEs, agriculture & mobile banking

**DHAKABANK**  
L I M I T E D  
EXCELLENCE IN BANKING

[www.dhakabankltd.com](http://www.dhakabankltd.com)



## Opening new frontiers...

**A perfect symbiosis of ever evolving urban and rural populace will spring from our inclusive banking to make life worth living everywhere. We are committed to opening new frontiers for SMEs, Agriculture and Mobile Banking in a changing landscape of Bangladesh.**

The soul of Bangladesh is in its rural villages and along its rivers. Our rural villages are adorned with azure sky, dabbled with lush green and relative serenity. Everything here has a rhythm, cadence and a fall just like a music that is pleasant to the ear of eyes; it plays according to a rustic score set by the divinity. With vast plain land field, rivers, trees, birds it's just like a little heaven on earth. The beauty of riverbank, sun-baked bodies of fishermen and sailing boats in the middle of a river with the setting sun - our rural village landscape carries a tranquil atmosphere.

The term '*rural Bangladesh*' no longer means what it once did. We believe it to be out of date as the distinction between urban and rural life is diminishing with time. Emergence of Financial Inclusion in early 2000s as a powerful economic force with its advanced technological maneuvers such as *Mobile Banking, low cost Automated Teller Machines, Biometric Cards, adequate lending to SMEs, Agriculture and Renewable Energy* – is creating a rural landscape that is increasingly urban in nature and have radically transformed village life. The numbers of small enterprises and the craftsmanship of women entrepreneurs in villages have grown substantially.

*Banking with the unbanked* has become a dominant policy issue for the Government and the Central Bank. Bangladesh Bank attaching deep commitment to *Financial Inclusion* as a humanitarian Central Bank - especially in the context of enhancing agricultural, small- and midscale output has brought in several policy changes. Wind of change triggered through Financial Inclusion added much employment in rural Bangladesh, increased the potential for growth to vast section of the disadvantaged and low income groups. Thriving on history, heritage and innovation, Dhaka Bank cherishes dreams of a shining rural Bangladesh and thus, bridging the gap between the rich and the poor through financial services. A perfect symbiosis of ever evolving urban and rural populace will spring from our inclusive banking to make life worth living everywhere. We are committed to opening new frontiers for SMEs, Agriculture and Mobile Banking in a changing landscape of Bangladesh.



## Letter of Transmittal

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To

All Shareholders  
Securities & Exchange Commission  
Registrar of Joint Stock Companies & Firms  
Dhaka Stock Exchange Limited and  
Chittagong Stock Exchange Limited

Dear Sir(s):

### Disclosure of Annual Report for the year ended 31st December 2012

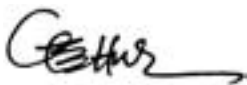
We are pleased to enclose a copy of the Annual Report together with the audited financial statements including consolidated and separate balance sheet as on 31st December 2012, profit and loss account, cash flow statement, statement of changes in equity, liquidity statement for the year ended 31st December 2012 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 2012 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 page from 184 to 290. 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 treatments. However, in the areas where conflicts arose, 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:

- **General business and political scenario:** Negative impact of global economic recession, price spiral, downbeat performance of capital market, scarce resources for bank finance, political upheavals, 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.
- **Changes in macroeconomic outlook:** Downbeat export growth, declining inflow of remittance resulting from growing joblessness, falling Balance of Payments (BoP) position, hyperinflation and continued and/or sharp devaluation of taka, the local currency against USD etc.
- **Deterioration in borrowers' credit quality:** Risk of deterioration of credit quality of borrowers is inherent in banking business. This could be driven by global economic slowdown and supply side distortion. Abrupt Changes in the import pricing may affect the commodity sectors and ship breaking industry immensely. Banks are under obligation to maintaining provision against potential credit loss.
- **Changes in policies and practices of regulatory bodies:** Increase of central bank indicative rate & SLR, increased borrowing by government from banks, central bank directives for charging lower on banks' fees earnings etc.
- **Energy crisis and weak infrastructure:** Slowing manufacturing growth, real estate business and rising cost of doing businesses.
- **Capital market exposure limit:** Capital market exposure limit as set out in the Bank Companies Act 1991 and relevant circulars by Bangladesh Bank might be reduced by tagging it to capital instead of liabilities as per recommendation in the amendment of Bank Companies Act 1991.
- **Interest rate volatility:** Rising interest rate might cause market value of govt. securities (HFT) to decrease producing loss on revaluation.
- **Maintaining adequate capital not minimum:** Under SRP (pillar II of Basel II), BB might ask banks to maintain more capital to compensate risks not covered under pillar I (Minimum Capital Requirement).
- **Rising capital requirement:** Basel II and 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.
- **Reduced margin ratio on consumer financing:** Banks are already maintaining 50% margin ratio in consumer financing. This ratio has been increased by BB to 70% (bank can finance upto 30% of the value of certain items) in January, 2012 which will further restrict consumer credit to unproductive purposes especially those which require imports.
- **Provision requirement on loans to BH/MB/SD:** BB has already imposed a 2% provision requirement for banks on unclassified credit exposure to Brokerage House, Merchant Banks and Stock Dealers.
- **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.
- **Directed lending:** Regulators or govt. may direct banks to take credit exposure to agricultural, renewable energy, eco-friendly projects or some other under-served sectors at defined rates which may not produce reasonable risk-adjusted return.
- **Operational failure:** Business run on modern tools and techniques on the platform of state-of-the-art technology carries inherent risks. We have adopted core banking solution (CBS) branded 'flexcube' in the heart of its 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.



## Triumphs in the Timeline

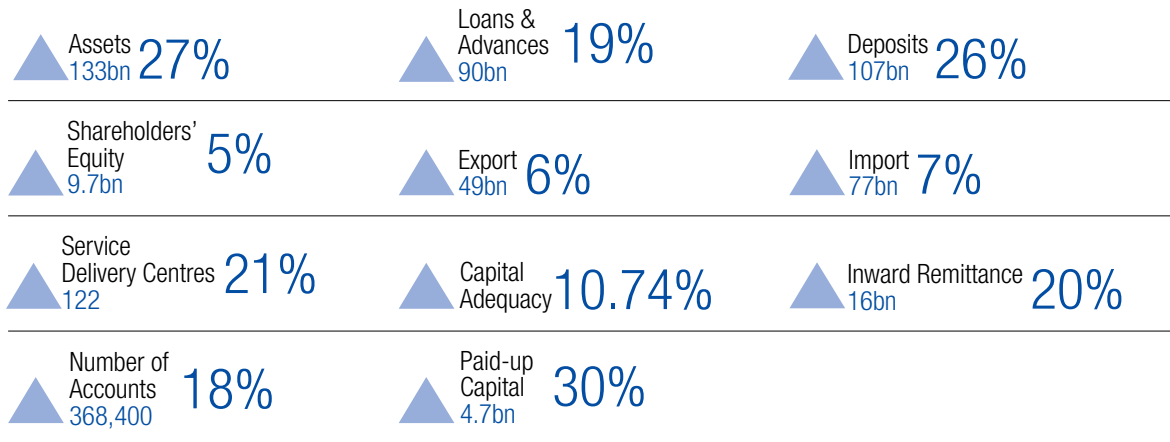


<b>2011</b>	<ul style="list-style-type: none"> <li>• 12th ICAB National Award for Best Presented Annual Reports 2011</li> <li>• Best Corporate Award by The Institute of Cost and Management Accountants of Bangladesh (ICMAB)</li> <li>• Best Rated Bank Award by Exclusive Economic Weekly Industry</li> </ul>
<b>2010</b>	<ul style="list-style-type: none"> <li>• 11th ICAB National Award for Best Published Accounts &amp; Reports 2010</li> </ul>
<b>2009</b>	<ul style="list-style-type: none"> <li>• Remittance Award 2009 by Dhaka International Exhibition Company Limited</li> <li>• Bankers Forum Performance Award 2009 to Mr. Khondker Fazle Rashid, Managing Director</li> </ul>
<b>2008</b>	<ul style="list-style-type: none"> <li>• 9th ICAB National Award for Best Published Accounts and Reports 2008</li> </ul>
<b>2007</b>	<ul style="list-style-type: none"> <li>• ICAB National Award for Best Published Accounts and Reports 2007 (3rd Prize)</li> <li>• Bangladesh Business Award 2007-2008 by The Financial Mirror Robintex Group</li> <li>• Best Value Creating Bank, ALM Training Programme, Dhaka June 2007</li> </ul>
<b>2006</b>	<ul style="list-style-type: none"> <li>• ICAB National Awards for Best Published Accounts and Reports 2006 (2nd Prize)</li> <li>• International Star for Quality Award 2006 (Gold)</li> <li>• Beautification Award 2006 by Dhaka City Corporation</li> <li>• Bankers' Forum Corporate Social Responsibility Award 2006 (The Best Bank)</li> </ul>
<b>2005</b>	<ul style="list-style-type: none"> <li>• ICAB National Award for Best Published Accounts and Reports 2005 (Second Prize)</li> <li>• Standard Chartered – Financial Express CSR Award 2005</li> <li>• Atish Dipankar Gold Award 2004-2005 to Mr. Shahed Noman, Former Managing Director</li> </ul>
<b>2003</b>	<ul style="list-style-type: none"> <li>• ICAB National Award for Best Published Accounts and Reports (Second Prize)</li> </ul>
<b>2002</b>	<ul style="list-style-type: none"> <li>• ICAB National Awards for Best Published Accounts and Reports 2002 (First Prize)</li> </ul>

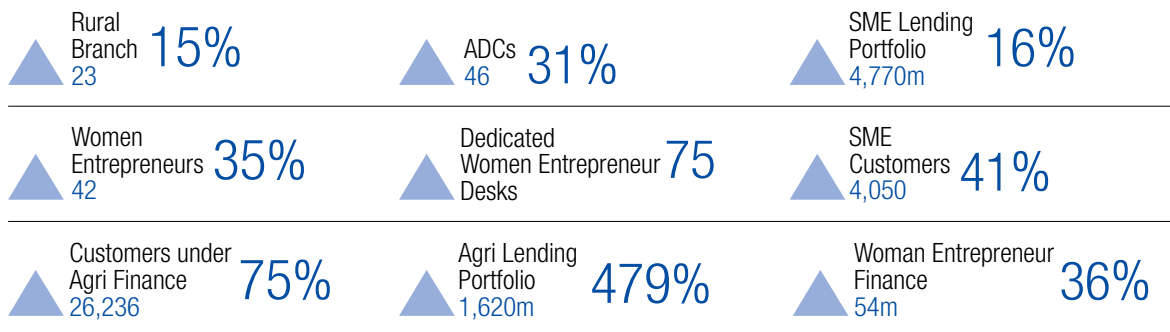


## 2012 Performance Highlights – The Bank

### 2012 Business Growth



### 2012 Financial Inclusion Growth (direct & indirect)



### 2012 Business Development

Good progress against strategic plan targets  
Core banking played dominant  
Non-Core business was out of strategic choice  
Corporate Governance role of the Board of Directors strengthened

### Awards & Accolades

ICAB Merit Award 2011  
ICMAB Best Corporate Award 2011  
Best Rated Bank Award by exclusive Economic Weekly Industry

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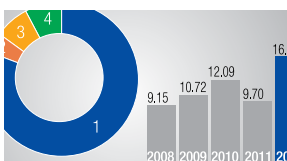
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## Milestones

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)	:	April 10, 2000
Listing with Chittagong Stock Exchange (CSE)	:	June 6, 2000
First Right Issue	:	March 11, 2001
Introduction of Alternate Delivery Channel (First ATM)	:	February 24, 2002
Launching of Retail 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 Operations	:	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 Program (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
Celebration of Glorious 15 Years of Banking Maturity & Leadership	:	July 5, 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
The Last New Branch Added to DBL Network (71st Anderkilla Branch, Chittagong)	:	December 13, 2012



## 2012 Results Summary

### Segmented Results

Taka million

Particulars	Dhaka Bank Limited			Subsidiary: DBL Securities	Consolidated
	Conventional	Islamic Banking	OBU		
Operating Income	15,020	579	124	490	16,213
Operating Profit	3,230	(82)	76	212	3,436
Segmented Assets	122,599	6,254	1,029	3,735	133,617
Segmented Liabilities	122,599	6,254	1,029	3,735	133,617

Shareholders' Value - Consolidated	2012	2011	Change
Earnings per Share (EPS)	Tk. 1.69	Tk. 4.80	(65%)
Dividend	16% (Stocks)	(Stock 30% Cash 5%)	(47%) -Stocks
Net Asset Value (NAV)	Tk. 978.63 crore	Tk. 929.38 crore	5%
NAV per Share	Tk. 20.97	Tk. 25.88	(18.97%)
Net Operating Cash Flow per Share	Tk. 1.17	(Tk. 1.80)	165%

Taka million

Balance Sheet Focus – The Bank	2012	2011	Change
Balance Sheet Size	133,142	104,695	27%
Shareholders' Equity	9,683	9,217	5%
Total Deposits	107,427	85,277	26%
Total Loans & Advances	90,140	75,983	19%
NPL Ratio	6.28%	3.45%	82%

Capital Adequacy – The Bank	2012	2011	Change
Tier-I Capital	9,000	8,478	6%
Total Capital Ratio	10.74	10.70	-

## 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 endeavour 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 well being through attractive compensation package, promoting staff morale through training, development and career planning.

We strive for fulfillment 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



## The Bank: thriving on history, heritage & innovation



Evolution of Banking - DBL Calendar 2013



## The Bank: thriving on history, heritage & innovation

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 its community and culture. A host of visionary entrepreneur friends inspired by a futurist leader set forth the flight 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 and after 18 glorious years of tested maturity, the Bank celebrates its excellence with many traces of triumph in its timeline.

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. Dhaka Bank has always been at the forefront of bringing history, heritage and latest innovations of banking closer to the general mass. As a bank that never forgets to walk an extra mile, we are committed to providing our stakeholders with transparent and updated information and access to resources. This year, we have worked exclusively on the evolution of banking along with the tales of its advancement over the years so that the art and sciences behind this seemingly complex industry become a journey full of pleasure and discovery for all.

The Bank has stood out for its financial strength and operational craftsmanship marking its position as the potential market leader in all core areas of banking in the country. It got listed in DSE and CSE in 2000. Headquartered at Motijheel, Dhaka, 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 368,400 customers' accounts now we serve and seek to make them better-off as best as we can. Strong with 122 delivery centres, the Bank is still going strong with more expansion and inclusive banking programmes. Over glorious 17 years of banking maturity and leadership, DBL has made its vibrant presence at 71 locations including 2 Islamic Banking

Branches, 1 Offshore Banking Unit, 3 SME Service Centres, 1 Business Kiosk and 46 ATMs 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. The Bank strengthened its capital base to Taka 12.95 billion with a capital adequacy ratio of 10.74. Sailing past all odds in 2012, DBL has posted an operating profit of 3,223 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.

## Corporate Profile

(Facts & Figures as on December 31, 2012)

<b>Name of the Company</b>	<b>Offshore Banking Unit</b>	<b>Chairman</b>
Dhaka Bank Limited	<b>Dhaka EPZ</b>	Mr. Reshadur Rahman
	Zone Service Building	
<b>Registered Office</b>	Room No. 58-51, DPZ, Savar, Dhaka	<b>Managing Director</b>
Biman Bhaban (1st Floor)		Mr. Khondker Fazle Rashid
100 Motijheel C/A,	<b>Chittagong EPZ</b>	
Dhaka-1000, Bangladesh	South Halishahar	<b>Company Secretary</b>
Phone 880-2-9554514	Chittagong	Mr. Arham Masudul Huq
Fax 880-2-9556584, 9571013		
Swift Code DHBLBDDH	<b>Islamic Banking Branches</b>	<b>Reserves</b>
Email info@dhakabank.com.bd	IBB Motijheel	Tk. 5,016 million
	Sara Tower, 1st Floor	
<b>Legal Form</b>	11/A, Toyenbee Circular Road	<b>Total Assets</b>
Public Limited Company	Motijheel C/A, Dhaka 1000	Tk. 133 billion
<b>Date of Incorporation</b>	<b>IBB Muradpur, Chittagong</b>	<b>Market Capitalization</b>
April 6, 1995	AH Paragon, 282 CDA Avenue	Tk. 11.58 billion
	Muradpur, Panchlaish	
<b>Formal Inauguration</b>	Sholokbohor, Chittagong	<b>Earnings per Share</b>
July 5, 1995		Tk. 1.69 (Consolidated)
	<b>Subsidiary Company</b>	
<b>Core Banking Segments</b>	DBL Securities Limited	<b>Net Asset Value per Share</b>
Conventional Banking	Head Office: Adamjee Court	Tk. 20.97 (consolidated)
Islamic Banking	115-129 Motijheel C/A	
Offshore Banking	Dhaka-1000, Bangladesh	<b>Authorized Capital</b>
	<b>Brokerage Branches: 6</b>	Tk.10,000 million
<b>Network</b>		
Total Branches: 71	<b>Auditors</b>	<b>Paid-up Capital</b>
Islamic Banking Branches: 2	Hoda Vasi Chowdhury & Co.	Tk. 4,668 million
Offshore Banking Unit: 1	Chartered Accountants	
Business Centre: 1		<b>Capital Adequacy</b>
Total ATMs: 46	<b>Tax Consultants</b>	10.74%
SME Centres: 3	Howladar, Yunus & Co.	
	Chartered Accountants	<b>DBL website</b>
<b>Publication</b>		www.dhakabankltd.com
Quarterly INSIGHT	<b>Total Manpower</b>	
Annual Report	1,455	
<b>Chittagong Regional Office</b>	<b>Rating Agency</b>	
Khatungonj Branch	Emerging Credit Rating Limited	
291, Khatungonj Road, Khatungonj		
Chittagong-4100		



## Group Composition Structure

Group Dhaka Bank	
Bank	Subsidiary
Dhaka Bank Limited	DBL Securities Limited (Shareholding position 99.99%)
Off-Shore Banking Unit	
Islamic Banking Business	

## Credit Rating Report

Credit Rating Agency of Bangladesh Limited (CRAB) assigned 'AA3' rating in the Long Term and 'ST-2' in the Short Term to Dhaka Bank Limited on the basis of audited Financial Statements as on December 31, 2011.

Commercial Banks rated 'AA3' in the Long Term are adjudged to have very strong capacity to meet their financial commitments. They differ from the highest-rated commercial Banks only to a small degree. AA is adjudged to be of very high quality and is subject to very low credit risk.

Commercial Banks rated 'ST-2' in the Short Term are considered to have strong capacity for timely repayment. Commercial Banks rated in this category are characterized with commendable position in terms of liquidity, internal fund generation and access to alternative sources of funds is outstanding.

Credit Rating of the Bank for the year ended December 31, 2012 is under process.

## Board of Directors



### Chairman

Mr. Reshadur Rahman

### Directors

Mr. Mirza Abbas Uddin Ahmed

Mr. Abdul Hai Sarker

Mrs. Rokshana Zaman (not in the picture)

Mr. Altaf Hossain Sarker

Mr. Md. Amirullah

Mr. Abdullah Al Ahsan

Mr. Khondoker Monir Uddin (not in the picture)

Mr. Tahidul Hossain Chowdhury

Mr. Jashim Uddin (not in the picture)

Mr. Mohammed Hanif

Mr. Khondoker Jamil Uddin (not in the picture)

Mr. M.N.H. Bulu (not in the picture)

Mr. Mirza Yasser Abbas



**Independent Directors**

Mr. Syed Abu Naser Bukhtear Ahmed  
Mr. Suez Islam

**Managing Director**

Mr. Khondker Fazle Rashid

**Secretary**

Mr. Arham Masudul Huq

**On invitation**

Mr. A.T.M. Hayatuzzaman Khan, Sponsor Director  
Mr. Niaz Habib, Additional Managing Director  
Mr. Neaz Mohammad Khan, DMD, Risk Management  
Mr. Sajjad Hussain, DMD, Operations  
Mr. Emranul Huq, DMD, Business Banking

## Executive Committee of the Board



### Chairman

Mr. Reshadur Rahman

### Members

Mr. Mirza Abbas Uddin Ahmed  
Mr. Abdul Hai Sarker  
Mrs. Rokshana Zaman (not in the picture)  
Mr. Altaf Hossain Sarker  
Mr. Mohammed Hanif  
Mr. Mirza Yasser Abbas

### Managing Director

Mr. Khondker Fazle Rashid

### Secretary

Mr. Arham Masudul Huq

### On invitation

Mr. Niaz Habib, Additional Managing Director  
Mr. Neaz Mohammad Khan, DMD, Risk Management



## Audit Committee of the Board



### Chairman

Mr. Khondoker Jamil Uddin

### Members

Mr. Abdullah Al Ahsan

Mr. M.N.H. Bulu (not in the picture)

Mr. Md. Amirullah

Mr. Tahidul Hossain Chowdhury

### 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 (not in the picture)

Janab Khondker Fazle Rashid, Managing Director

Janab Md. Sirajul Hoque, Member Secretary



## Sponsor Shareholders

**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  
Late 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 Mainul Islam expired in 2008 whereupon Mr. Suez Islam succeeded him.)



## 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 Director of the Bank on March 29, 2012.

The Founder of Dhaka Bank was born in 1951 in a respectable Muslim family in Kishorganj. 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 Enterprises, Dhaka that flourished with his long attachment for 30 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 remarkable 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



**Reshadur Rahman**  
Chairman

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 was elected the Chairman of the Board of Directors in the 154th Meeting of the Board of Directors of Dhaka Bank held on March 28, 2010. He is also the Chairman of the Executive Committee of the Board of Directors.

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 three decades of his career. His business grew as an enormous group and diversified into numerous worthy areas. He is now the Chairman & 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 the 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.



**Abdul Hai Sarker**  
Director

Mr. Abdul Hai Sarker is the founder Chairman and one of the longest 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. 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



**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, he has many business enterprises to name, which in turn have become a change-maker not only in the heartland of Sirajgonj where he was born but also around the country economy as a whole. In his early 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 Plastic & Accessories Ltd., China Plastic (BD) Ltd. He is Director of Express Insurance Ltd. as well. Textile and Garment products under Rahmat Group have captured an international market mainly in U.S., U.K., Switzerland, Spain, France, Hungary, Belgium and Italy. Most importantly, many of his products have become a part of our everyday life being excellent items for clothing and adornment.

Mr. Altaf Hossain Sarker is now Director of Dhaka Bank. He is also a sponsor shareholder of the Bank that began its banking operation in 1995. Earlier, he led the Bank as Chairman for a certain term 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 a founder Member of Board of Trustees of Dhaka Bank Foundation. Besides, he is a regular sponsor to different social activities.



**Khondoker Monir Uddin**

Director

A passionate entrepreneur and an insightful businessman Mr. Khondoker Monir Uddin is a 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 goal, 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 countrywide.

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.



## General Profile of Directors

### continued



**Mohammed Hanif**

Director

A promising businessman Mr. Mohammed Hanif has valuable contribution towards business and banking in Bangladesh. The seasoned industrialist has a business career that extends as long as 48 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 longest 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 a Director of Dhaka Bank Limited 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.



**Rokshana Zaman**

Director

Mrs. Rokshana Zaman is an experienced business person and a prominent woman entrepreneur. She has exposure in the line of business for more than 12 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 also served as a Member of the Executive Committee of the Bank as well as the Audit Committee of the Bank. Since long, she has been associated with various CSR initiatives.



## General Profile of Directors

### continued



**Abdullah Al Ahsan**

Director

Mr. Abdullah Al Ahsan, Director of Dhaka Bank has a prolific business background. For 29 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 a Director in Aroma Poultry and Aroma Agro Industries. He has travelled across the globe on business trips.



**Tahidul Hossain Chowdhury**

Director

Mr. Tahidul Hossain Chowdhury is a Sponsor Director and one of the longest serving Members of the Board of Dhaka Bank Limited. He is now a Director of the Bank. He has also served the Bank as a Member of Audit Committee of the Board. His first appointment as Director dated April 6, 1995. Academically, he is a Bachelor of Arts and his professional experience in business extends over more than 34 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 entrepreneurship include Hi Fashion Ltd., Riotex Ltd., K. B. Knit Fashion Ltd., Jerat Fashion Ltd., Hurdco. Ltd. and Hotel Victory Ltd. He is a Director of Central Hospital Ltd. which is a dominant player in the Healthcare sector 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 business person having 28 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., 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 & 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. Khondoker Jamil Uddin is a Director and one the longest serving Board Members of Dhaka Bank Limited. Born in a respectable Muslim family in Dhaka, Mr. Jamil accomplished his BSS (Hons), MSS and MPhil 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 a Director of Shanta Garments Ltd., Shanta Apparel Ltd., Shanta Washing Plant Ltd., STS Holdings Ltd., GDS Chemical Bangladesh (pvt.) Ltd., Universal Business Machines 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 a Director of BGMEA. He is the General Secretary to Bangladesh Hockey 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



**Md. Amirullah**

Director

Mr. Md. Amirullah is a seasoned businessman in the country. He has remarkable experience in business extending over a long 43 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 H. P. 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 a Director and has retained his position for several terms after necessary intervals. He has also widened his contribution to education associating himself in setting up a University in Dhaka. He has life membership with almost all elite clubs.



**M. N. H. Bulu**

Director

A leading business personality Mr. M. N. H. Bulu is a Director of Dhaka Bank Limited. He is also one of the Sponsor Directors who set the course of the Bank 17 years ago. Since inception of the Bank, he has been elected Director of the Bank for several terms. He wields appreciably long experience in business that shaped up as a large conglomerate with the passage of time. BNS Group of Companies is the epitome of his business leadership and corporate excellence where he is the Honourable Chairman. BNS Group has a magnificent reach in diversified areas of business that contain Banking, Finance, Insurance, Real Estate, Indenting, Education, Telecom, Media (press & electronics), Chemicals and many others. As a Director he has interests in a good number of business concerns namely National Chemical Manufacturing Ltd., Abico Industries Ltd., Rumki Industries Ltd., Shafkat PVC Sole Industries Ltd., Bulu International, Oishee International, Aleef Enterprise, Nawshin Vinyl Industries, BNS Real Estate Ltd., BNS Properties Ltd., BNS International Ltd. and BNS DOP Chemical Industries.

Mr. Bulu has many rewards and recognitions to his credit for his business talent and entrepreneurship. In recognition of his outstanding contribution to business and national development, he won Humane Net Work Bangladesh President's Trophy 1994, Srijan Atish Dipankar Gold Medal 1998 and Arthakantha Business Award 2004. He also held prestigious positions in various industrial and trade associations. He is the Ex-President, Bangladesh Rexin & Plastic Sheet Manufacturers' Association, Ex-Vice President, Mohammedan Sporting Club and Ex-President, Usha Krira Chakra. Besides, he has a long history of affiliation to various social clubs and organizations.



## General Profile of Directors

### continued



#### Mirza Yasser Abbas

Director

A young entrepreneur Mr. Mirza Yasser Abbas is a Director of Dhaka Bank Limited. He has an excellent academic record. He has accomplished his International MBA from Arcadia University, PA, USA and earned worthy learning on business management affairs. He has been associated with Mirza Enterprise and family business over the last 10 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.



#### 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 an 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 product to bring it to the best in class standards comparable to international quality. Then he switched his career tracks to telecommunications. He was instrumental in positioning various telecom brands as a significant force in telecommunication in Bangladesh.

With 18 long 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 programmes related to marketing and branding in Malaysia, The Philippines and Singapore.

## 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 of success in the management of banking operations, he has made significant contribution to banking development 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 UAE before he returned to Bangladesh. He was Executive Vice President of Arab Bangladesh Bank Ltd. from October 1995 to April 1999. He then 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 till May 2002. His next career move to Southeast Bank Ltd. turned up very fruitful resulting in enhanced profitability and future flourishing of the Bank. In October 2004, he was assigned by Bangladesh Government to become the Managing Director and CEO of Agrani Bank with a huge task of streamlining the Bank.

Mr. Ahmed participated in many high profile seminars and workshops at home and abroad. The prolific banker with 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.



**Khondker Fazle Rashid**

Managing Director & Director (ex officio)

Mr. Khondker Fazle Rashid is the Managing Director of Dhaka Bank Limited. He is an ex officio Member of the Board of Directors and the Executive Committee of the Board. With a vigorous pursuit and compelling vision for high performance standard, he has been serving in the banking industry for 34 years in 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.

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 Ltd. (2007-2009) and Dhaka Bank Ltd. (2003-2007 & 2009 onwards). He was appointed the Managing Director of The Premier Bank Ltd. on October 30, 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 Bankers, Bangladesh, life member of IBA Alumni Association, DU and a speaker at Bangladesh Institute of Bank Management (BIBM). Mr. Rashid has won a number awards and accolades for his outstanding role for banking development in the country.





## Statement of Directors' Responsibilities to Shareholders

**The Directors confirm that, to the best of each Director's knowledge and belief, the financial disclosure in Annual Report 2012 is true and conforms to all regulatory parameters.**

The Directors of Dhaka Bank Limited are responsible for preparing the Annual Report and financial statements in accordance with First Schedule of Bank Companies Act 1991, relevant Bangladesh Bank circulars, International Financial Reporting Standards (IFRS) adopted as Bangladesh Financial Reporting Standards (BFRS) and International Accounting Standards (IAS) adopted as Bangladesh Accounting Standards (BAS). 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.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state that the financial statements comply with International Accounting Standards (IAS) adopted by Institute of Chartered Accountants of Bangladesh (ICAB); and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping proper books of account that disclose with reasonable accuracy the financial position of the Bank at any time and ensure that the financial statements are prepared under all regulatory frameworks. They 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.

**Reshadur Rahman**  
Chairman



## Chairman's Letter to the Shareholders

“Our success is tied directly to the  
successes of our community”



**Reshadur Rahman**  
Chairman



## Chairman's Letter to the Shareholders

I am pleased to present you with our Annual Report 2012. During the course of this letter, and in the body of attached financial report, I hope to fully describe our 2012 results, our progress on important operational and financial objectives during the year and our outlook for the future. The overall business environment in the banking sector in 2012 was significantly more challenging than expected. Our overall business performance for the year 2012 suggests that we have not achieved something really commendable under the most difficult circumstances that banking sector went through last year. Besides sluggish trend in the country's capital market, higher deposit rates, cautious monetary policy and provisioning of non-performing loans have caused significant reduction in our profitability. Despite all these challenges- and in some ways, encouraged by it, we remain committed to our core vision for our Bank. We are working hard to build a robust financial platform that offers our clients an unmatched convenience and expertise, high quality service and variety of financial products and services delivered as a single relationship. Most important, we have a long history of managing success though economic and business challenges. I am confident we will do so again.

Four years after the onset of global financial crisis, the world economy continues to struggle. Developing economies are still the main driver of global growth, but their output has slowed compared with the pre-crisis period. To regain pre-crisis growth rate, developing countries are emphasizing mainly on internal productivity-enhancing policies. While headwinds from restructuring and fiscal consolidation will persist in high-income countries, these would become less intense allowing for a slow acceleration in growth over the next several years. Consistent with the weakness in the global economy, global trade volume growth decelerated to about 3.8% in 2012. This represents the weakest annual growth rate in global trade volume since 2009 and fall well short of the historical average of 6.8%. Developments in global trade flows were driven mainly by ongoing weakness in high-income economies particularly European Unions as well as from a slowdown in some larger developing economies including China, India and Brazil.

2012 was a challenging year for Bangladesh along with other developing economies of the world. The economy gained some momentum during 2012 as output and investment activities in the economy picked up pace reasonably despite continuation of global economic crisis. The buoyancy in economic activity was aided by robust growth over 6% in GDP and strong domestic demand. The macroeconomic front remained challenging for banks with

Bangladesh Bank being more restrained from the beginning of 2012, slashing M2 growth target, raising repo rate by 50 bps and repeatedly advising banks not to flow credits to unproductive sectors. Moreover in 3rd quarter 2012, country's external sector except remittance took the brunt of ongoing global economic crisis. Both export and import reported reasonable falls in their growth. However, rising global food and fuel prices, deteriorating growth in exports and imports and local increase in power tariff with persistent and strong stock market volatility were some short term challenges but were manageable for Bangladesh economy.

The operating profits of the country's Private Commercial Banks (PCB) showed a mixed trend in 2012, mainly due to declining weighted average spread between lending and deposit rates, sluggish trend in the country's capital market, lower import payments and huge provisioning against non-performing loans. A number of PCBs have been able to record only a modest growth of their operating profits in 2012 over those of previous calendar year. But the growth rates of operating profit of some other PCBs were lower than that of 2011.

In 2012 Dhaka Bank earned an Operating Profit of Tk. 3,223 million down from Tk. 4,284 million in 2011. But we have experienced better growth in other key business areas - deposit, advance, capital adequacy, sound management and liquidity maintenance. The total deposit rose to Tk. 107 billion in 2012 which was 26% higher than the preceding year. Loans and advances registered a growth of 19% with Tk. 90.00 billion in the year under review. Foreign Trade (import & export) was Tk. 126 billion in 2012 against Tk. 118 billion in 2011 portraying a growth of 7%. During the year under review the Bank handled inward remittance of worth Tk. 16 billion being 20% higher than that of 2011.

Unlike many of our peer competitors in financial services industry, we are well-capitalized, deposit-funded and extremely liquid. We have one of the largest and broadest client bases in the industry. We have a diverse collection of market-leading businesses that help support one another through economic cycles. Our capital management framework is intended to ensure best composition capital in relation to business growth and its judicious use through a mix of investment options. The Authorized Capital of the Bank was Tk. 10.00 billion while its Paid Up Capital portrayed a figure of Tk. 4.67 billion as on December 31, 2012.

## Chairman's Letter to the Shareholders

### continued

Important Indicators	2008	2009	2010	2011	2012
Advances to Deposits Ratio	87	87	90	89	84
Equity to Total Assets	5.62	6.39	7.30	8.80	7.27
Return on Shareholders' Equity (After-Tax)	21%	19%	26%	23%	7%
Return on Assets (After-Tax)	1.18	1.29	2.00	2.22	0.59
Efficiency Ratios (Profit per Employee)	2.82m	3.04m	3.46m	3.48m	2.22m

We are always keen to maintain sufficient capital consistent with Bank's risk profile, Basel-II compliance and all regulatory requirements. For obvious reasons, Bank's capital requirement is periodically reviewed both at Senior Management and Board's level and suitable decisions are taken to enhance Bank's Capital.

In the year 2012, we opened 10 new branches in different geographical locations strengthened by 3 SME centres and an expanded own ATM network. Most of the profits came from core banking business of the bank.

We place paramount importance to customer service. We build lasting relationship of partnership with our customer. As a full house Bank, we provide full range of banking services to individuals, entrepreneurs, small and medium sized enterprises and corporate customers. Our people act as agents to serve our customers. They are deeply committed to provide excellent, innovative and speedy solutions to all customer segments. Ours is a Muslim country. Naturally, there is a demand for Islamic Banking services based on Shari'ah Principles. We have designed and launched 3 (three) Islamic Banking products in 2012 to expand Islamic Banking services. Our conventional banking branches will be utilized to offer Islamic Banking services through using on-line banking facilities to those seeking such services from them.

Commercial lending in import and local trade finance to large and medium group still dominates the lending activities. DBL also took up project finances to agro based industry during the year 2012. The Bank participated in Syndication loans arranged by other banks and financial institutions. Emphases are given to SME and Housing loan under retail, the two most potential sectors for expansion of business. It is worth noting that Bank is not only providing credit but also took initiatives to develop the entrepreneurial skills of SME sector. DBL attended various campaigns and fairs along with the regulators for building awareness and help developing skill.

Dhaka Bank has established All Risk Committee to manage and control different types of risks. The Bank closely examines credit risks from both micro perspective which concerns credit risk of individual customer and macro perspective which considers loan portfolio risk. This allows the credit officers and relationship managers to provide a system of mutual checks and balances.

We are not immune to the impact on the consumers of a volatile economy; however, we believe our consumer portfolios will continue to perform better than the industry as a whole, particularly with regard to our minimal exposure to credit cards. We have taken and will continue definitive steps to resolve our non-performing loans, including implementing strengthened risk management procedures that will help us mitigate our concentration of risk.

Dhaka Bank is now focusing on lending to SME and Agriculture sector in line with the various refinance facilities and initiatives taken by Government. During 2012, our strategy was focused on marketing the Bank's product to wider range of customers and providing working capital and term loan to different manufacturers, traders and service providers including backward and forward linkage industry that fall into SME arena. Our proposition is thus well diversified in SME. It is worth noting that bank is not only providing credit but also took initiatives to develop the entrepreneurial skills of SME sector.

We continued to be inspired by our employees. We are energized by what they bring to work everyday and share with our clients and we are proud that they represent Dhaka Bank. It makes us feel great to know that they, in turn feel passionate towards the work they do here, too. Truly, in order to achieve all our strategic objectives and future success, we have a team of 1,455 Employees having a balanced mix of young and experienced, properly equipped with expertise, necessary skills and knowledge. To keep Dhaka Bank employees update with new Banking knowledge, the bank arranges training for them both at home and abroad.

At Dhaka Bank, we seek excellence – as an organization, of ourselves and for the communities we serve. We actively participate in our neighborhoods by making positive contribution through community development, financial education and volunteerism. Our success is tied directly to the successes of our communities. Dhaka Bank believes that society is one of its contributors to business development and always tries to give back by playing a major role in CSR programmes. We are firmly committed



## Chairman's Letter to the Shareholders

continued

to Corporate Social Responsibilities. In 2012, we dedicated nearly 14.25 million to supporting projects around the country related to education sustainability, community development and we regard those investment in society as investments in our own future.

We feel proud to inform you that Dhaka Bank was awarded ICAB Merit Award and ICMA Best Corporate Award for its outstanding contribution to best reporting initiatives and governance practices.

In conclusion, I would like to thank every shareholder for your patience and continued confidence in our team and the Bank. Everyone at Dhaka Bank is working together toward a common goal: *restoring this Bank to a position of financial and competitive strength*. And, as always, I welcome your thoughts and suggestions.

Thank You.

**Reshadur Rahman**  
Chairman

## Managing Director's Review

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**“Dhaka Bank is still at its best  
in these difficult times and will remain  
the same beyond”**

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**Khondker Fazle Rashid**  
Managing Director





## Managing Director's Review

For a period close to three years, I have had the honour of leading Dhaka Bank through some of the most challenging circumstances in its long history. I am actually aware of the responsibility you- our owners- have placed on me and the Team Dhaka Bank and I can assure you, we are committed to taking Dhaka Bank's image and reputation to newer height as quickly as possible. Over the past years the fundamentals of our business have been severely tested. In responding we have adjusted our strategies to focus on the business priorities to meet the challenges and 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 are responding to the challenge with great commitment by supporting our clients through these very difficult times. I recognize that success depends on all of us working together. I have no doubt that with continued hard work, Dhaka Bank is still at its best in these difficult times and will remain the same beyond.

2012 was year of profound change: change in our economy and change in the financial services industry. Our Bank was not immune from these changes. From the financial perspective, in 2012 Dhaka Bank had a reasonably steady performance in a tough economic environment; with profit of Tk. 3,223 against increasing economic headwinds in 2012, our bank did not meet its profit goal for the year. Although the current economy has made growth difficult, we continued to capture market share. Our Deposit increased to Tk. 107 billion in 2012 indicating a growth of 26%. Loans and Advances have grown to Tk. 90.14 billion – an increase of 19% during the year. Capital adequacy ratio as per BASEL II was 10.74 percent (against required 10 percent). Return on Equity (ROE) and Return on Assets (ROA) were 7.24% and 0.59% respectively as on December 31, 2012. Amount of fee based income stood at Tk. 1,085 million. Most importantly, our 20% growth in inward remittance grossing around Tk. 16 billion gave us comfort to settle most of the LC obligations from our own sources. Amidst dwindling current account balance and high rate of interest on deposit, we performed exceptionally well in terms of international trade and foreign remittance business and achieved 6% growth in export business.

In 2012 we expanded our network by opening 10 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 71 at the end of 2012. In 2012, Dhaka Bank's Agriculture loan outstanding was Tk. 1,620 million achieving an awesome growth of 479% over 2011. We also increased our SME and Islamic Banking exposures.

Over the years credit exposure was focused on medium to large commercial lending, international and domestic trade finance. This has enhanced our core expertise in those areas. The syndication and structured finance unit of the bank managed to maintain a portfolio of Tk. 2,769 million in syndicated term financing.

Our Human Resources capital combines the managerial and operational proficiency and we are reinvigorating the staff to deliver at an optimal level all the time. I have been impressed by the desire of our staff to work together to ensure the success of our integration, by discipline and focus and by commitment to customers. In 2012, we have recruited 247 Employees through a comprehensive and merit based transparent recruitment process. Both experienced and fresh employees are deputed to various training programs at home and abroad to upgrade their knowledge and skills. In addition, Dhaka Bank Training Institute (DBTI) also organized 51 training programs during the year. So far, we have train-up as many as 11 thousand HR forces through total 436 different training initiatives. To meet compliance level, the bank also conducted 22 courses on anti-money laundering and terrorist finances participated by 429 officials of our bank.

Dhaka Bank is always aware of its Corporate Social Responsibilities with an aim to ensure the bank as a socially responsible corporate entity contributing towards quality of life of the society at large without compromising on ecological conditions. During year, Dhaka Bank contributed an amount of Tk. 14.25 million 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 Policy for the Bank.

Dhaka Bank's performance and sincerest efforts were well-appreciated and recognized and the same was reflected in a prestigious awards received during the year. Dhaka Bank secured the Certificate of Merit for the Best Presented and Published Accounts 2011 in banking sector from ICAB and Best Corporate Award for better contribution to business leadership and good governance from ICMAB.

As we entered 2013, I recognize that in order to achieve our return target we need to improve profitability substantially going forward and we are determined to do that using all the means within our control to drive the business. As we have shown in the past, however, Dhaka Bank is well positioned to improve our competitive positioning across business in challenging environment. Our solid capital

## Managing Director's Review *continued*

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base, liquidity and funding positions, give us the balance and flexibility to meet the challenges ahead. I am confident that by putting clients at the center of everything we do, we will support economic growth more broadly and generate financial returns we are targeting over time.

We have a great team in place. We have a plan to sustain our success over the long term. And we're executing that plan for the benefit of all our stakeholders- Dhaka Bank clients, employees and you, our shareholders. The interest of all our shareholders is always on the forefront of everything we do and we're grateful for your continued support as we build upon our strengths.

I am looking forward – with game plan in hand – to great success in 2013 and beyond.

May Almighty Allah grant us wisdom and strength.

Thank you



**Khondker Fazole Rashid**  
Managing Director



## 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 as per BRPD Circular Letter No. 08 dated June 19, 2011 issued by Bangladesh Bank. The Committee was reformed comprising 5 (five) members of the Board. New regulation lays down that the Audit Committee of the Board can be reconstituted with maximum 5 (five) members in the composition from existing 3 (three) members.

In compliance, the present Audit Committee comprised the following members as at the balance sheet date of 2012:

Sl	Name	Status with Bank	Status with Committee
01	Mr. Khondoker Jamil Uddin	Director	Chairman
02	Mr. Abdullah Al Ahsan	Director	Member
03	Mr. M.N.H. Bulu	Director	Member
04	Mr. Md. Amirullah	Director	Member
05	Mr. Tahidul Hossain Chowdhury	Director	Member

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

Basically, the Audit Committee of the Board of Dhaka Bank Limited is responsible for oversight of effective implementation of the processes/procedures set out in business plans and policies of the Bank. Their actions and activities mainly include independent supervision of internal control system and implementation of corporate goal as envisioned by the Board, compliance to state laws and regulatory obligations, assessment of the company's financial reporting along with non-financial corporate disclosures, etc.

Good governance practice aims to keep away from conflict of interest and so, the members of the Audit Committee are excluded from the Executive Committee of the Board. On invitation, senior management executives of the Bank are allowed to attend certain meetings of Audit Committee.

<b>Internal Control</b>	<ul style="list-style-type: none"> <li>Evaluate compliance culture of the Bank Management;</li> <li>Review existing risk management procedures to ensure an effective internal control and compliance system;</li> <li>Review management mechanism for developing and maintaining a suitable Management Information System (MIS);</li> <li>Supervise usefulness of measures taken against ill practices, irregularities and deficiencies;</li> </ul>
<b>Financial Reporting</b>	<ul style="list-style-type: none"> <li>Analyze disclosures on Annual Financial Statements in line with the accounting and reporting standards set by regulatory authorities;</li> <li>Harmonize Auditor's disclosures with management policy and practices through discussion and meeting;</li> </ul>
<b>Internal &amp; External Audit Functions</b>	<ul style="list-style-type: none"> <li>Review efficiency and effectiveness of internal audit functions;</li> <li>Review the activities and organizational structure of internal audit functions to the effect that no unfounded restrictions and limitations are made;</li> <li>Review the extent of management actions and remedial measures against the findings and recommendations by the Internal Auditors;</li> <li>Review findings and recommendations of External Auditors and management response and necessary actions thereon;</li> <li>Make recommendation to the Board regarding the appointment of the external auditors;</li> </ul>
<b>Compliance with laws and regulations</b>	<ul style="list-style-type: none"> <li>Review whether the Bank is run within the framework of regulatory guidelines and the rules and regulations of the state;</li> <li>Appraise the ongoing affairs of the Bank vis-à-vis the internal policies and instructions set out by the Board;</li> </ul>

# Report of the Audit Committee of the Board

## continued

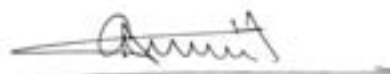
### Meetings and Key Activities in 2012

The Audit Committee held 3 (three) meetings during the year 2011. The Committee met and discussed vital issues with the Internal Audit Team, Finance & Accounts Division, Legal & Recovery Unit and Internal Control & Compliance Division. The Committee also sat and exchanged views with the External Auditors on their findings and ways and means to resolve the issues.

The major areas of focus by the Audit Committee of the Board during 2012 are outlined below:

- Certificate to the Board of Directors on Effectiveness of Internal Control Policy, Practice & Procedure.
- Summary of Loan Classification and Provision as on 31.12.2011.
- Consideration and Recommendation of Annual Accounts along with the report of the Auditors and Directors thereon for the year ended 31st December 2011.
- Precautions for clearing cheque forgeries.
- Recommendation for providing incentives for recovery of overdue loans
- Deviations in Quarterly Operations Report (QOR) for the quarter ended December, 2011.
- Consideration and Recommendation of Un-audited quarterly consolidated Financial Statements of the Bank for the period ended 31st March 2012.
- Summary of Loan Classification and Provision as on March 31, 2012
- Consideration and Recommendation of Half yearly consolidated Financial Statement (Un-audited) including the Subsidiary Company of the Bank for the period ended 30th June 2012.
- Summary of loan classification and provision as on 30.06.2012.
- Consideration and Recommendation of Quarterly Consolidated Financial Statements (Un-audited) including the Subsidiary Company of the Bank for the period ended 30th September 2012.
- Summary of loan classification and provision as on 30.09.2012 (Ref. BRPD Circular No.05/2006), status of Personal Loan positions, realization of Classified Loans.

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



**Khondoker Jamil Uddin**

Chairman

Audit Committee of the Board

### Approval of Financial Statements

The Audit Committee reviewed and examined the Bank's Annual Financial Statements for the year ended December 31, 2012 prepared by the Management and audited by External Auditors M/s. Hoda Vasi Chowdhury & Co. Chartered Accountants with a recommendation to the Board for consideration and approval.



## Report of the Shari'ah Supervisory Committee



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 opinion and necessary directions during the year 2012. During the year under review the Shari'ah Supervisory Committee conducted 04 (Four) 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 to 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 free opinion of participant members. In this year the bank introduced Guidelines for Treasury Functions of Islamic Banking regarding Fund Management & Maintenance of Separate General/Settlement Account for Islamic Banking Branches of the bank. In line with growing enthusiasm and customers' inclination towards Islamic products, the Committee as well as the Board of the Directors of the Bank approved 3 (three) new Islamic Deposit Products under Mudaraba principles of Islamic Shari'ah. Moreover, the Muraqib of the Shari'ah Supervisory Committee conducted audit in all Islamic Banking Branches namely IBB, Motijheel and IBB, Chittagong during the year 2012 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 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. Islamic Banking Training & Workshop for the executives & officers of Head Office & Islamic Banking Branches have been conducted and a good number of officers of the bank obtained Islamic Banking Foundation Training during the period
4. Profits have been announced and distributed in the deposit accounts pursuant to Shari'ah Guidelines.
5. All the lapses as reflected in the Shari'ah Audit Report have since been rectified by the respective Islamic Banking Branch under the guidance of Islamic Banking Division.
6. Shariah Inspection has been conducted in 2 (two) Islamic Banking Branches to strengthen Shari'ah Compliance at Branch level.

### 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.
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 in frequent succession 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



## Core Management Team



**(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



## Asset Liability Committee



**(Seated 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

**(Standing L to R):**

Mr. Anjan Kumar Roy ACA, SAVP & In-charge of Basel-II Implementation Unit  
Mr. Asadul Azim, EVP & Head of CRM  
Mr. Azad Shamsi, EVP & Head of CBD  
Mr. K.M. Faisal Faruqui, SAVP & Head of Treasury  
Mr. Darashiko Khasru, SVP & Head of F&AD

## Management Committee



**(Seated L to R):**

Mr. S A F A Musabbir, EVP & Head of Legal & Recovery  
 Mrs. Shamshad Begum, SEVP & Principal, DBTI  
 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

**(Standing L to R):**

Mr. Md. Saiful Momin, VP & Head of IT  
 Mr. J.Q.M. Habibullah FCS, VP, Board Secretariat & Share Division  
 Mr. Fakhru Islam, SVP & Head of Operations  
 Mr. Sirajul Hoque, EVP & Head of IBD  
 Mr. Ziaur Rahman, SVP & Head of SSFU  
 Mr. A K M Ahsan Kabir, FVP & In-charge of ICC  
 Mr. Asadul Azim, EVP & Head of CRM  
 Mr. Azad Shamsi, EVP & Head of CBD  
 Mr. K.M. Faisal Faruqui, SAVP & Head of Treasury  
 Mr. Mujib A Siddiqui, SVP & Head of HR  
 Mr. Darashiko Khasru, SVP & Head of F&AD  
 Mr. Syed Faisal Omar, VP & Head of GTS  
 Mr. Salahud Din Ahmed, SVP & Head of R&D



## Management Credit Committee



**(L to R):**

Mr. Emranul Huq, DMD, Business Banking

Mr. Khondker Fazle Rashid, Managing Director

Mr. Niaz Habib, Additional Managing Director

Mr. Neaz Mohammad Khan, DMD, Risk Management



## All Risk Committee



**(L to R):**

Mr. Anjan Kumar Roy ACA, SAVP & In-charge of Basel-II Implementation Unit

Mr. Asadul Azim, EVP & Head of CRM

Mr. Md. Saiful Momin, VP & Head of IT

Mr. A K M Ahsan Kabir, FVP & In-charge of ICC

Mr. Khondker Fazle Rashid, Managing Director

Mr. K.M. Faisal Faruqui, SAVP & Head of Treasury

Mr. Fakhruul Islam, SVP & Head of Operations

Mr. Niaz Habib, Additional Managing Director





## HR Committee



**(L to R):**

Mr. Mujib A Siddiqui, SVP & Head of HR  
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. Emranul Huq, DMD, Business Banking

## Basel II Implementation Committee



**(Seated L to R):**

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

**(Standing L to R):**

Mr. Md. Saiful Momin, VP & Head of IT  
Mr. Darashiko Khasru, SVP & Head of F&AD  
Mr. Asadul Azim, EVP & Head of CRM  
Mr. A K M Ahsan Kabir, FVP & In-charge of ICC  
Mr. K.M. Faisal Faruqui, SAVP & Head of Treasury  
Mr. Fakhru Islam, SVP & Head of Operations  
Mr. Anjan Kumar Roy ACA, SAVP & In-charge of Basel-II Implementation Unit



## CSR Committee



**(Seated L to R):**

Mr. Mujib A Siddiqui, SVP & Head of HR  
Mr. Arham Masudul Huq, SEVP & Company Secretary  
Mr. Niaz Habib, Additional Managing Director  
Mr. Emranul Huq, DMD, Business Banking  
Mr. Faruk Ahmed, FVP & Head of CPC-Trade Operations

**(Standing L to R):**

Mr. Mohammad Ibrahim Khalil, AVP & Head of PR & Branding  
Mr. Azad Shamsi, EVP & Head of CBD  
Mr. Darashiko Khasru, SVP & Head of F&AD  
Mr. Syed Faisal Omar, VP & Head of GTS

## Shareholders' Information

**The Preceding Annual Meeting:** Shareholders were invited to attend the 17th Annual General Meeting of holders of common Shares, held on March 29, 2012 at Bashundhara Convention Centre-2, Baridhara, Dhaka at 11.00a.m.

**Upcoming Annual Meeting:** The upcoming 18th Annual General Meeting for the year 2012 is scheduled for Thursday, April 18, 2013 at Bashundhara Convention Center-2, Block-C, Umme Kulsum Road, Bashundhara R/A, Baridhara, Dhaka at 11.00a.m.

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

**Dividends Dates for 2012:** Record and payment dates for common shares are subject to approval by the Board of Directors.

**Record Dates for 2012:** The 'Record Date shall be on Wednesday, March 27, 2013.

### Apportionment of Shareholding

Shareholders' Group	31.12.2012			31.12.2011		
	No of Shares	% of Shareholding	Value of Shares (Taka)	No of Shares	% of Shareholding	Value of Shares (Taka)
Sponsors	203,721,041	44	2,037,210,410	181,440,382	51	1,814,403,820
General Public	161,066,283	34	1,610,662,830	96,870,246	27	968,702,460
Financial Institutions	82,494,834	18	824,948,340	66,098,185	18	660,981,850
Other Investors	19,477,255	4	194,772,550	14,636,890	4	146,368,900
Total	466,759,413	100	4,667,594,130	359,045,703	100	3,590,457,030

**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 2012 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. 24.80 and Tk.24.80 on close of the business of the year 2012. The Bank's market capitalization at 31 December 2012 was Tk. 11,575.63.million which is 0.50% of total market capitalization of DSE and 2.36.% of total market capitalization of listed banking companies under DSE (Source: Monthly Review of December, 2012)

### DBL Stock Details

Particulars	Dhaka Stock Exchange (DSE)	Chittagong Stock Exchange (CSE)
Stock Symbol	DHAKABANK	DHBNK
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

### Financial Calendar 2012

Quarterly Results	Announced on
Unaudited result for 1st quarter	May 8, 2012
Unaudited result for 2nd quarter	July 30, 2012
Unaudited result for 3rd quarter	October 31, 2012
Audited result for the year ended December 31, 2012	April 18, 2013 (Date of holding AGM)

### For queries & complaints:

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



## Shareholders' Information

### continued

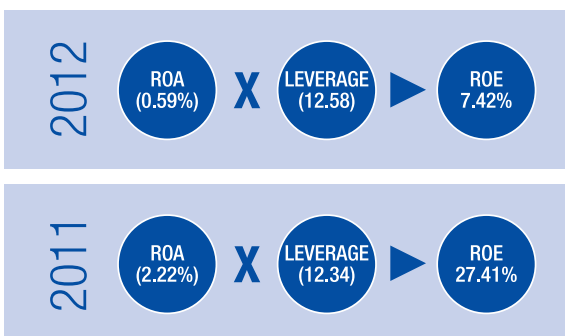
#### Market Price Information-DBL Share

Month	DSE High (Tk)	DSE Low (Tk)	CSE High (Tk)	CSE Low (Tk)	Volume DSE (no of shares)	Volume CSE (no of shares)
Jan-12	45.1	37.1	45.6	34.0	9,793,000	677,960
Feb-12	44.0	33.1	45.0	31.0	6,175,500	1,169,760
Mar-12	35.3	32.1	36.0	30.0	7,934,100	474,942
Apr-12	36.8	34.2	38.0	31.5	9,664,400	685,787
May-12	35.6	30.3	38.0	28.0	7,816,300	360,158
Jun-12	31.1	26.4	33.0	25.2	3,763,800	201,805
Jul-12	27.2	24.3	28.0	23.0	3,126,500	202,726
Aug-12	25.0	22.7	25.9	22.0	3,552,800	210,195
Sep-12	28.4	22.7	25.9	22.0	7,197,300	531,732
Oct-12	27.0	24.4	28.0	22.7	4,067,000	430,443
Nov-12	24.5	21.2	25.8	21.0	2,832,200	131,958
Dec-12	25.2	21.8	24.9	21.8	4,004,100	190,056

Source: DSE Monthly Reviews

#### ROE Decomposition

From first degree decomposition of Return on Equity (ROE) as portrayed below explains, both the efficiency and solvency of the Bank have decreased during the reporting year under review. Assets performed lower (ROA 2.22% in 2011 vs. 0.59% in 2012) whereas solvency (Leverage Avg. Assets / Avg. Equity) has got an increase in 2012. Albeit, in a growing entity, increase of leverage generally adds to higher revenues but it involves risk and downgrade solvency. In 2012, the decrease of ROA & increase of leverage thereby decreased the overall ROE to 7.42% in 2012 against 27.41% in 2011.





## Shareholders' Information

### 5-year Progression

#### 5-year Financial Highlights –The Bank

(Taka in million where applicable)

	2008	2009	2010	2011	2012	Growth(%)
<b>Income Statement</b>						
Interest Income	7,171	7,466	7,405	9,945	13,229	33
Interest Expense	5,214	5,556	4,944	7,611	10,598	39
<b>Net Interest Income</b>	<b>1,958</b>	<b>1,910</b>	<b>2,461</b>	<b>2,335</b>	<b>2,630</b>	<b>13</b>
Non Interest Income	1,929	2,175	3,095	3,894	2,713	(30)
Non Interest Expense	1,353	1,275	1,715	1,945	2,120	9
<b>Net Non Interest Income</b>	<b>576</b>	<b>900</b>	<b>1,380</b>	<b>1,949</b>	<b>593</b>	<b>(70)</b>
Profit before Tax & Provision	2,533	2,810	3,841	4,284	3,223	(25)
Provision for Loans & Assets	669	675	924	630	1,784	183
Provision for Tax (including Deferred Tax)	1,025	1,176	1,239	1,489	738	(50)
Profit after Tax	839	959	1,679	2,165	701	(68)
<b>Balance Sheet</b>						
Authorized Capital	6,000	6,000	10,000	10,000	10,000	-
Paid up Capital	1,934	2,128	2,660	3,590	4,668	30
Reserve Funds & Other Reserve	2,065	2,838	3,920	5,627	5,016	(11)
Shareholders' Equity (Capital & Reserve)	4,000	4,966	6,580	9,217	9,683	5
Deposits (Base & Bank excluding Call)	56,986	60,918	70,420	85,277	107,427	26
Loans & Advances	49,698	52,910	63,591	75,983	90,140	19
Investments	7,239	8,660	8,443	9,576	18,404	92
Fixed Assets	387	424	977	1,703	1,879	10
Total Assets (excluding off-balance sheet items)	71,137	77,767	90,139	104,726	133,142	27
<b>Foreign Exchange Business</b>						
Import Business	65,737	46,160	69,606	71,377	76,648	7
Export Business	39,038	33,305	36,924	46,247	48,928	6
Guarantee Business	7,887	6,462	7,416	9,917	9,591	(3)
Inward Foreign Remittance	11,834	9,786	11,097	13,201	15,840	20
<b>Capital Measures</b>						
Core Capital (Tier I)	3,964	4,634	6,123	8,478	9,000	6
Supplementary Capital (Tier II)	844	1000	2839	3551	3,606	2
Tier I Capital Ratio	9.77	9.30	6.89	7.54	7.67	2
Tier II Capital Ratio	2.08	2.01	3.20	3.16	3.07	(3)
Total Capital	4,822	5,800	9,475	12,399	12,948	4
Total Capital Ratio	11.84	11.31	10.09	10.70	10.74	0
<b>Credit Quality</b>						
Volume of Non-performing loans	1,908	2,946	2,909	2,624	5,656	116
% of NPLs to Total Loans & Advances	3.84	5.57	4.57	3.45	6.28	82
Provision for unclassified Loans	620	625	742	848	899	6
Provision for Classified Loans	825	1,488	1,481	1,063	2,498	135
<b>Share Information</b>						
Number of Shares Outstanding	19.34	21.28	265.96	359.05	466.76	30
Earning per Share (Taka)	39.42	36.07	4.68	4.64	1.50	(68)
Book Value per share (Taka)	207	233	25	26	21	(19)
Market Price per share (Taka)	361	484	76	45	25	(45)
Price Earning Ratio (Times)	9.15	10.72	12.09	9.70	16.50	70
Price Equity Ratio (Times)	1.74	2.07	3.08	1.75	1.20	(32)
<b>Dividend per Share:</b>						
Cash Dividend (%)	15	-	-	5	-	-
Bonus Share	1:10	1:4	7:20	3:10	1.6:10	-



# Shareholders' Information

## 5-year Progression

continued

### 5-year Financial Highlights –The Bank

(Taka in million where applicable)

	2008	2009	2010	2011	2012	Growth(%)
<b>Operating Performance Ratio</b>						
Net Interest Margin	4.60	4.56	5.24	4.30	4.10	(5)
Credit / Deposit Ratio (%)	87.21	86.85	90.30	89.10	83.91	(6)
Current Ratio (Times)	1.28	2.10	1.97	2.09	2.57	23
Return on Equity (ROE) %	20.97	19.32	25.52	23.49	7.24	(69)
Return on Assets (ROA) %	1.18	1.29	2.00	2.22	0.59	(73)
Cost of Deposit (%)	9.40	8.68	7.06	9.33	10.63	14
Cost to Income ratio (%)	34.82	33.64	30.87	30.62	39.67	30
Operating Profit Per Employee	2.82	3.04	3.46	3.48	2.22	(36)
Operating Profit Per Branch	56.30	56.21	68.60	70.84	45.40	(36)
<b>Other Information</b>						
Number of Branches	45	50	56	61	71	16
Number of Employees	898	924	1,109	1,240	1,455	17
Number of Shareholders	8,198	10,530	43,256	45,438	44,445	(2)
Number of Foreign Correspondents/Banks	350	350	411	423	425	0

# Shareholders' Information

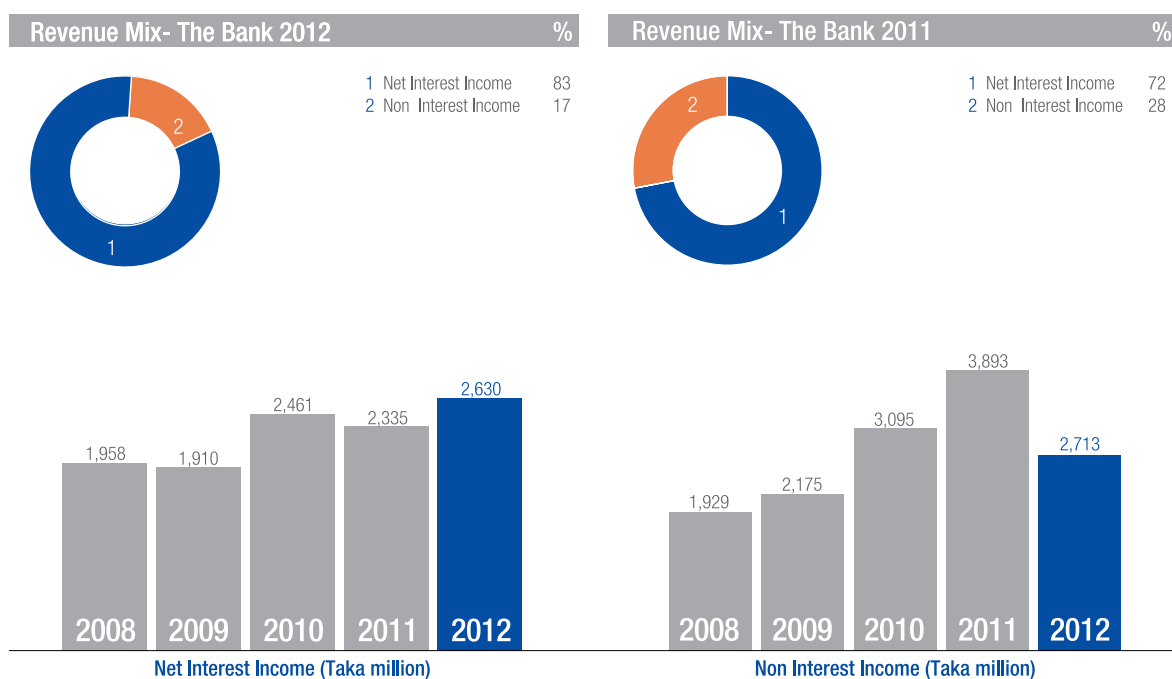
## 5-year Progression

continued

### Essential Performance Graphs- The Bank



### Revenue - The Bank





# Shareholders' Information

## 5-year Progression

continued

### Balance Sheet - The Bank

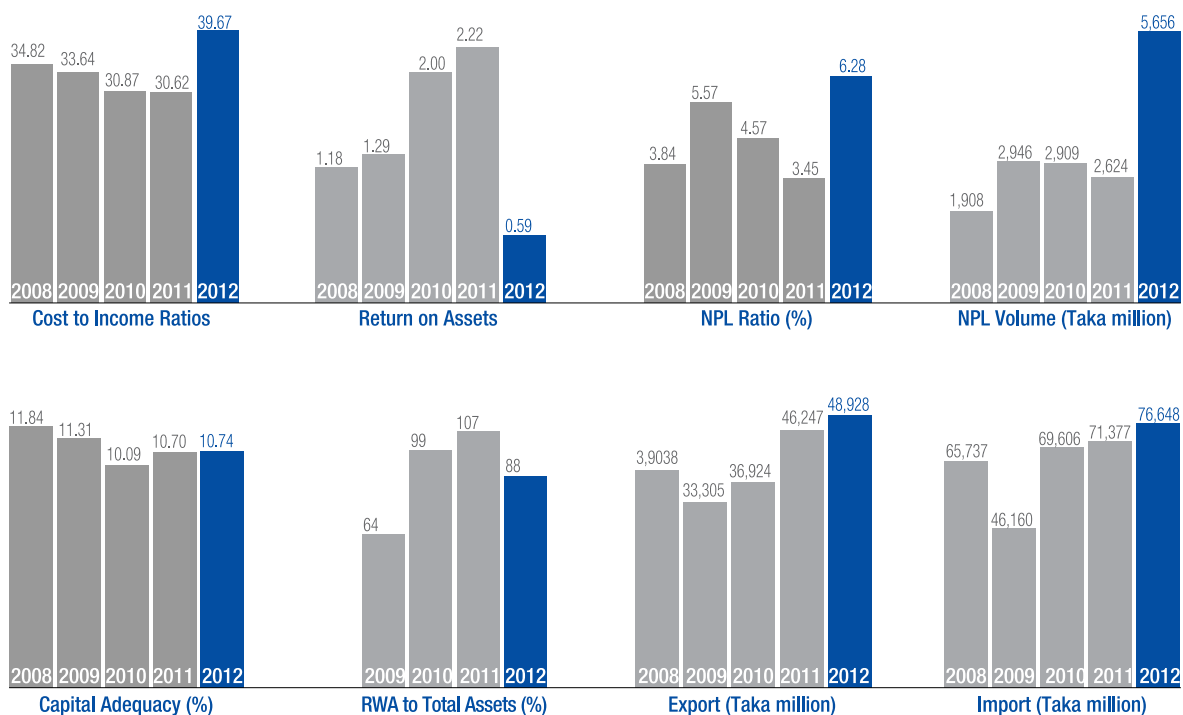


# Shareholders' Information

## 5-year Progression

continued

### Key Ratios- The Bank







## Economic Impact Report

Savings, investment, production, distribution, consumption of goods and services and employment generation are essential parts of an economic system. As a financial intermediary, bank plays an important catalytic role in the mobilization of resources like savings and allocation thereof in productive investments, consumptions and development of trading activities locally and internationally.

Economic impact related to a bank as a financial institution and their ordained activities extend beyond the boundaries of any single entity and it is linked to both environmental and social development. By analyzing economic impact, we seek to understand how a company adds value to society. Bank's direct contribution to the economy would comprise of creation of employment opportunities, collection of taxes on behalf of the Government, etc. including harnessing the savings habits among the members of the community while improvement of socio-economic and environmental

performance through banking services could be considered as indirect contributions.

Dhaka Bank Limited being a responsible corporate citizen and a dynamic financial institution has created value in line with its mission – to be the best performing bank in the country. Towards this value creation DBL has put in place an organizational and operational framework which is based on transparent and ethical conduct of business. Bank has system processes and procedures to create value with appropriate risk. Value Added Disclosure of Dhaka Bank reflecting bank's more add-ons among internal forces, shareholders, Government exchequer, regulatory compliance as well as organization and social growth and well-being has three core components i.e. Value Added Statement, Economic Value Added Statement and Market Value Added Statement.

### Value Added Statement for the year ended 31 December 2012

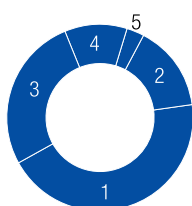
The value added statement for the bank shows how the value is created and distributed among different stakeholders of the bank.

Taka in million

Particulars	2012 Taka	%	2011 Taka	%
Income from Banking Services	15,941.32		13,838.39	
Less: Cost of services & supplies	11,445.04		8,348.98	
<b>Value added by the Banking services</b>	<b>4,496.28</b>		<b>5,489.41</b>	
Non-banking income	-		-	
Loan & Other Provisions	(1,783.55)		(667.03)	
	<b>2,712.73</b>		<b>4,822.38</b>	
<b>Distribution of value added</b>				
To Employees as salaries & allowances	1,196.00	44%	1,058.28	22%
To Shareholders as Dividend	413.44	15%	1,256.66	26%
To Government as Income Tax	738.42	27%	1,488.50	31%
To Statutory Reserve	287.97	11%	730.82	15%
To expansion & growth	76.90	3%	288.12	6%
	<b>2,712.73</b>		<b>4,822.38</b>	

#### Distribution of Value Added- 2012

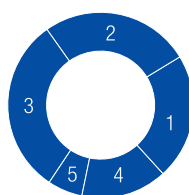
%



1 To Employees as salaries & allowances	44
2 To Shareholders as dividend	15
3 To Government as Income Tax	27
4 To Statutory Reserve	11
5 To expansion & growth	3

#### Distribution of Value Added- 2011

%



1 To Employees as salaries & allowances	22
2 To Shareholders as dividend	26
3 To Government as Income Tax	31
4 To Statutory Reserve	15
5 To expansion & growth	6

# Economic Impact Report

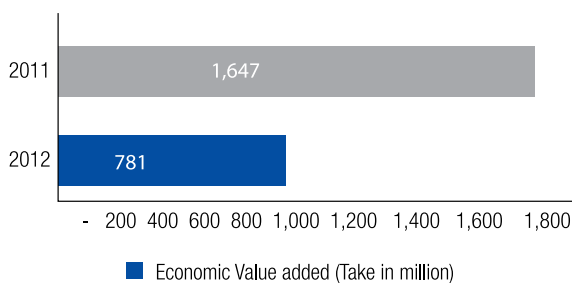
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Economic Value Added (EVA) indicates the true economic profit of the company. EVA is an estimate of the amount by which earnings exceed or fall short of required minimum return for shareholders at comparable risks. Shareholders/Equity providers are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

### Economic Value Added (EVA) Statement for the year ended 31 December 2012

Amount in Taka

Particulars	2012	2011
Shareholders' Equity	9,683,222,474	9,216,754,808
Add: Provision for Loans and Advances	3,762,830,303	2,249,250,000
	13,446,052,777	11,466,004,808
Average Shareholders' Equity	12,456,028,793	10,264,108,098
<b>Earnings</b>		
Profit after Taxation	701,408,393	2,165,606,211
Add: Provision made during the year	1,798,095,146	667,029,740
	<b>2,499,503,539</b>	<b>2,832,635,951</b>
Average cost of Equity (based on weighted average rate of 10 years Treasury Bond issued by Bangladesh Government) plus 2% risk premium	13.80%	11.55%
	1,718,931,973	1,185,504,485
<b>Economic Value Added</b>	<b>780,571,566</b>	<b>1,647,131,466</b>
<b>Economic Value Added (Taka in million)</b>	<b>781</b>	<b>1,647</b>



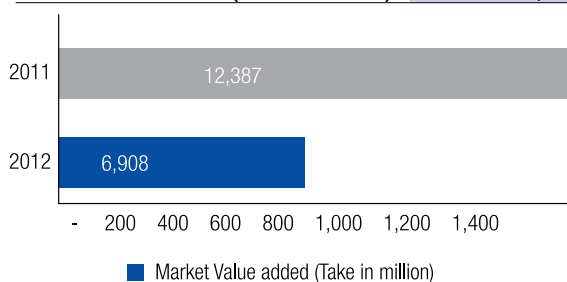
### Market Value Added (MVA) Statement

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 2012

Amount in Taka

Particulars	2012	2011
Face Value per share	10.00	10.00
Market Value per share	24.80	44.50
Number of shares outstanding	466,759,413	359,045,703
Total market capitalization	11,575,633,442	15,977,533,784
Book value of paid up capital	4,667,594,130	3,590,457,030
<b>Market Value Added</b>	<b>6,908,039,312</b>	<b>12,387,076,754</b>
<b>Market Value Added (Taka in million)</b>	<b>6,908</b>	<b>12,387</b>





## Snapshots - 17th AGM



## Directors' Report

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 carries enough strength to weather difficult times. The Board of Directors of Dhaka Bank aspires to honour your dream to make the Bank 'A Top Performing Bank in Bangladesh'.







## Directors' Report

On behalf of the Board of Directors of Dhaka Bank Limited, I joyfully invite you to the majestic event of our 18th Annual General Meeting that is indeed a symbol of our loving bond for years. Before we step in this grand occasion, I am delighted to present Bank's 18th Annual Report to our valued stakeholders and the interested groups of people. The report mainly comprises Auditors' Report, Directors' Report, Management Analysis, 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 believe, the report will give you fascinating insights into the Bank's performance and continuous growth amid stiff competition in the industry.

### The prospects of global economy

The patchy terrains of the world economy have no better tidings in the short term. Policy makers across the borders particularly in the west have sweated much to hammer out an enduring solution to the ongoing economic ills. Four years after the onset of the global financial turmoil, the world economy continues to struggle. Developing economies are still the main driver of global growth, while headwinds from restructuring and fiscal consolidation will persist in high-income countries.

### Policy uncertainty in high-income countries

**In the United States**, uncertainty over future policy in the run up to the November elections and from the so-called fiscal cliff contributed much to the dampening of the recovery in US growth during the second half of 2012. Usually, an improved labor market and consumer demand conditions should infuse new breath into business investment, instead the latter fell at a 1.8 percent annualized pace in the third quarter. Had it instead expanded normally at a rate near 3.5 percent, GDP growth would have been much stronger (perhaps growing by 3.4 instead of the recorded 3.1 percent during the quarter). Eventually GDP growth of US was estimated at 2.2 percent in 2012 going higher over 1.8 percent of 2011.

**In Europe**, output fell sharply in the second quarter on growing concerns over policy reform occurring too slowly. Sovereign debt crises haunted the nations with repeated failure of policy makers to break free. In the third quarter, improved market perceptions led to an easing of the pace of contraction in the Euro Area. However, prospects for the fourth quarter are somber. Industrial production declined sharply in Germany and in the United Kingdom in October and business sentiment indicators remain unusually weak. Overall, Euro Area GDP is estimated to have contracted 0.4 percent in 2012.

### The global outlook in summary

(percentage change from previous year)

	2011	2012	2013e	2014f	2015f
<i>Global Conditions</i>					
World Trade Volume (GNFS)	6.2	3.5	6.0	6.7	7.0
<i>Commodity Prices (USD terms)</i>					
Non-oil commodities	20.7	-9.5	-2.0	-3.2	-2.8
Oil Price (US\$ per barrel)	104.0	105.0	102.0	102.2	102.1
<i>Real GDP growth</i>					
<b>World</b>	<b>2.7</b>	<b>2.3</b>	<b>2.4</b>	<b>3.1</b>	<b>3.3</b>
High income	<b>1.6</b>	<b>1.3</b>	<b>1.3</b>	<b>2.0</b>	<b>2.3</b>
Euro Area	1.5	-0.4	-0.1	0.9	1.4
Japan	-0.7	1.9	0.8	1.2	1.5
United States	1.8	2.2	1.9	2.8	3.0
<b>Developing countries</b>	<b>5.9</b>	<b>5.1</b>	<b>5.5</b>	<b>5.7</b>	<b>5.8</b>
East Asia and Pacific	8.3	7.5	7.9	7.6	7.5
Europe and Central Asia	5.5	3.0	3.6	4.0	4.3
Latin America and Caribbean	4.3	3.0	3.5	3.9	3.9
Middle East and N. Africa	-2.4	3.8	3.4	3.9	4.3
South Asia	7.4	5.4	5.7	6.4	6.7
Sub-Saharan Africa	4.5	4.6	4.9	5.1	5.2

Source: World Bank



# Directors' Report

## continued

**In Japan**, the boost to growth from rebuilding spending in the aftermath of the Tohoku earthquake and nuclear disaster has faded, and as a result GDP fell at a 0.1 percent annualized pace in the second quarter. Political tensions between Japan and China, compounded these woes in the second half of the year, with the yen value of Japanese exports to China falling by 17 percent between June and November 2012 - contributing to a 3.5 percent annualized decline in GDP in the third quarter. As a result, the Japanese economy has slowed sharply and GDP is estimated to have expanded only 1.9 percent for the year as a whole.

### Regional economies: Paid a price of Western weakness, yet better off

GDP growth for East Asia and the Pacific region is projected to slow to 7.5 percent in 2012 – largely on account of weak external demand and policy actions in China directed towards moderating domestic demand and controlling inflation. GDP growth in Europe and Central Asia is estimated to have eased to 3.0 percent in 2012 from 5.5 percent in 2011 as the region faced significant headwinds including weak external demand, deleveraging by European banks, a poor harvest and inflationary pressures. Growth in Latin America and the Caribbean decelerated in 2012 to 3 percent, in response to softening domestic demand in some of the largest economies in the region and a weak external environment. Among the larger economies the growth deceleration was particularly sharp in Brazil (-1.8 percentage points) and Argentina (-6.9 pp.). Output in the Middle East and North Africa region has recovered to above 2010 levels, but continuing political uncertainty and unrest in several countries are weighing on economic activity. Regional GDP grew by 3.8 percent in 2012, mostly due to a 4.6 percent rebound among oil exporters as crude oil production in Libya recovered towards 2010 levels and output in Iraq continued to expand. The war in Syria and the sanction-fueled downturn in Iran are notable sources of instability and weakness in the region.

**South Asia's** growth weakened to 5.4 percent in 2012, mainly reflecting a sharp slowdown in India. Weak global demand exacerbated region-specific factors including subdued investment rates, electricity shortages, policy uncertainties, and weak monsoon rains. Sri Lanka's growth was also dampened by policy efforts to contain overheating and a poor harvest, while growth in Bangladesh slowed in part due to weakening exports.

### Financial market conditions improved a lot

The cumulative effect of national- and EU-wide measures to improve fiscal sustainability, and the augmentation of measures of the European Central Bank (ECB) in defense of the Euro have resulted in a significant improvement in global financial markets. Many market risk indicators have fallen back to levels last seen in early 2010 – before concerns about Euro Area fiscal sustainability took the fore. The decline in financial market tensions has also been felt in the developing world.

- International capital flows to developing countries, which fell by between 30 and 40 percent in May-June, have reached new highs.
- Developing country bond spreads (EMBIG) have declined by 127 basis points (bps) since June, and are now 282 bps below their long term average levels.
- Developing country stock markets have increased by 12.6 percent since June (10.7 percent for high-income markets).

### Monetary policy developments

Central banks around the world expedited their efforts to stimulate growth through policy rate cuts and liquidity injections beginning in the second half of 2011 after an earlier period of monetary tightening. Brazil and Turkey were among the first large developing economies to reduce their policy rates by 50 basis points each in August 2011. The majority of other monetary authorities have implemented a series of policy rate cuts since then, including the European Central Bank (ECB) and the central banks of Australia, Brazil, China, Indonesia, Kazakhstan, South Africa and many others.

### Modest growth outlook in the medium term

By and large, the global economic environment remains fragile and prone to further disappointment, although the balance of risks is now less skewed to the downside than it has been in recent years. Global growth is expected to come in at a relatively weak 2.3 percent and 2.4 percent in 2012 and 2013 respectively, and gradually strengthen to 3.1 percent and 3.3 percent in 2014 and 2015. At an estimated 5.1 percent GDP growth in developing countries during 2012 was among the slowest in 10 years. Improved financial conditions, a relaxation of monetary policy and somewhat stronger high-income country growth is projected to gradually raise developing-country growth to 5.5 percent in 2013, 5.7 percent in 2014 and 5.8 percent in 2015 — roughly in line with these countries' underlying



## Directors' Report

### continued

potential. For high-income countries, fiscal consolidation, high unemployment and very weak consumer and business confidence will continue to weigh on activity in 2013, when GDP is projected once again to expand a mediocre 1.3 percent. Growth should, however, begin firming during the course of 2013, and expand by 2 percent in 2014 and 2.3 percent in 2015. In the Euro Area, growth is now projected to only return to positive territory in 2014, with GDP expected to contract by 0.1 percent in 2013, before edging up to 0.9 percent in 2014 and 1.4 percent in 2015.

### Review of Bangladesh Economy

In fiscal year 2012, Bangladesh economy, forcing a passage through major domestic pressures and weak external environment, appeared to have stabilized albeit at somewhat of a lower level than was targeted. The weaknesses of the macroeconomic situation were manifested by high inflation, stagnation in private investment and economic growth. The achievement of economic growth fell short of target in FY2012 and the early trends of FY2013 do not rule out the possibility of its recurrence at the end of fiscal year. Compared to previous fiscal year, macroeconomic situation has been more stabilized so that the external balance is expected to be at a comfort zone. However, this stability

could come under pressure if the downside risks are not appropriately addressed.

### Economic Growth: Relatively stable for 3 years

Bangladesh economy emerged largely unscathed from the global crisis, averaging 6% growth between FY09 and FY11. The figure for GDP growth for fiscal year 2012 came out to the tune of 6.3 percent, 0.7 percent point lower than the target. According to BBS statistics, a repeat of strong performance by the industry sector (9.5 percent), particularly its manufacturing component (9.8 percent) was the key driver of the GDP growth attained. On the other hand, agriculture sector, particularly the crop production component, failed to maintain its remarkable track record of the past two fiscal years. Service sector maintained its traditional 6 percent plus growth rate, although somewhat lower than the target. FY2012 related to a period of sluggish economic performance in the developed economies with its knock-on effects on the export sector performance of Bangladesh. Contrary to this, growing domestic demand sustained by robust remittance flows had positive impact on the performance of the economy.

#### Contribution to growth (%)

Sector	FY06	FY07	FY08	FY09	FY10	FY11	FY12	Difference (FY11 & FY12)
<b>Agriculture</b>	<b>1.1</b>	<b>1.0</b>	<b>0.7</b>	<b>0.8</b>	<b>1.0</b>	<b>1.0</b>	<b>0.5</b>	<b>-0.5</b>
Crops	0.6	0.5	0.3	0.5	0.7	0.6	0.1	-0.5
<b>Industry</b>	<b>2.6</b>	<b>2.3</b>	<b>1.9</b>	<b>1.8</b>	<b>1.9</b>	<b>2.4</b>	<b>2.8</b>	<b>0.4</b>
Manufacturing	1.7	1.6	1.2	1.1	1.1	1.6	1.7	0.1
Construction	0.7	0.6	0.5	0.5	0.5	0.6	0.7	0.2
<b>Service</b>	<b>3.0</b>	<b>3.3</b>	<b>3.1</b>	<b>3.0</b>	<b>3.1</b>	<b>3.0</b>	<b>2.9</b>	<b>-0.1</b>
<b>Import Duty</b>	<b>-0.1</b>	<b>-0.1</b>	<b>0.5</b>	<b>0.1</b>	<b>0.1</b>	<b>0.3</b>	<b>0.1</b>	<b>-0.2</b>
<b>GDP</b>	<b>6.6</b>	<b>6.4</b>	<b>6.2</b>	<b>5.7</b>	<b>6.1</b>	<b>6.7</b>	<b>6.3</b>	<b>-0.4</b>

Source: BBS

### Revenue receipts

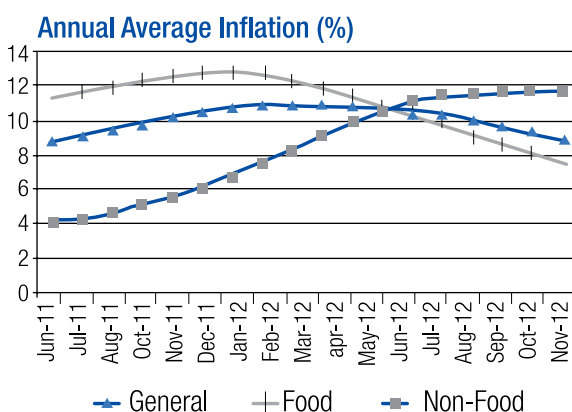
NBR's performance record showed revenue mobilization to be a reliable performer among key macroeconomic correlates in recent years (FY08-FY12). In the past five years, NBR had comfortably surpassed the respective targets four times. In FY12, NBR revenue target was adjusted upward from 15.7 percent to 16.3 percent. Thanks to strong revenue mobilization in import duty, VAT (local) and income tax, NBR was able to surpass its annual revenue collection target by Tk. 2,587 crore. However, NBR revenue growth may witness a shortfall compared with the targets set in the budget. In view of the present economic prospects and the rate of revenue mobilization over the first five months of FY13 during July-November period, reaching the target line of revenue appears to be unlikely.

### Inflation

General inflation (annual average) rate reached 10.6 percent in FY12 which was 8.8 percent in FY11. Average inflation, using the 1995/96 base year, has been declining steadily over the past nine months, from a peak of 10.96 percent in February to 8.74 percent in December. Since the mid-2000s, price level of food items became the dominant contributor to inflation in Bangladesh. However, food inflation started to somewhat slow down since January 2012 after the Aman harvest and indeed inflation rate of non-food items had a greater influence on the final outcome in FY12 as well as in the first half of FY13.

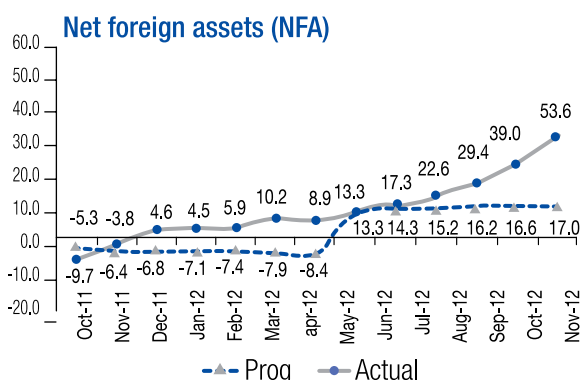
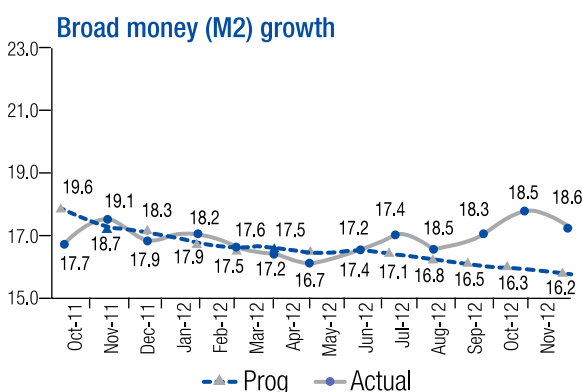
## Directors' Report

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### Monetary Policy

The central bank was reasonably successful in containing the monetary aggregates to their respective targets by the end of June 2012. Monetary policy for the first half of FY13 (July – December 2012) aimed to contain the growth of the broad money and its components further. At the end of October 2012, net domestic asset and its components were well within their respective targets. However, robust inflow of remittances pushed the growth of net foreign asset beyond its programmed limit. As a consequence, growth of broad money supply recorded a growth of 19.5 percent at the end of October 2012 against the target of 16.0 percent (as of December 2012). It appears that, despite considerable credit tightening, the growth of broad money may surpass its target and may remain well above of the figure of June 2012.



Over the years successive monetary policies of the Central Bank were designed to accommodate concurrently the targets set for economic growth and inflation. The last two MPSs have tried to move towards, primarily, containment of the inflationary expectation and took a rather contractionary stance. The MPS for first half of FY2013 had come up with two major objectives: (i) maintaining inflation at moderate levels and (ii) supporting inclusive growth objectives of the Government.

Bangladesh Bank recognized the need to strengthen the financial sector for 'effective transmission of monetary policy'. The central bank has put in place new provisioning and rescheduling procedures for bank loan as of January 2013 in line with international practice, in face of significant resistance from banking and private sector actors. It may be noted that, during the period under the present MPS, classified loans had indeed showed considerable rise. As of the first quarter of FY2013, percentage share of classified loan to total outstanding loan has increased to 8.8 per cent (from 7.2 per cent as of June 2012). This is the second successive quarter in which classified loan had increased as a share of total outstanding loan. Indeed, the overall governance of the banking sector has come under scrutiny in recent months. The biggest banking sector scam in the history of Bangladesh (Hallmark scam), lax supervision of the banking sector, both internal and external, and the delayed appointment of directors of the state-owned commercial banks – all these have undermined financial sector management in FY2013 and have had an adverse impact on overall financial sector performance.

### Export

Export earnings stood at US\$ 24.31 billion in FY12, registering a moderate growth of 6.0 percent. This modest growth fell far behind the impressive growth rate of 41.5 percent posted in FY11. The slow down experienced in FY12 has continued into the early months of FY13. In the five months of FY13, during the July-November period, export earnings recorded a meager growth rate of 4.1 percent. Sectoral growth composition for this period accounted for 5.7 percent in RMG and a negative growth rate of 9.6 percent in non-RMG compared to the matched period of FY12. It is projected that growth in export earnings in FY13 will approximate that of the previous fiscal.

The ongoing economic slowdown in the Euro Zone and sluggish recovery and lower economic growth in many developed countries will likely to have adverse implications for Bangladesh's overall export performance in FY13. IMF (2012) found that emerging markets are being affected by



## Directors' Report

### continued

the lower growth and uncertainty in developed countries and most importantly, growth in world trade volume is projected to slump to 3.2 percent in 2012 from 5.8 percent in 2011 and 12.6 percent in 2010.

### Import

Performance of the import sector had been rather sluggish in FY12. Recording a growth rate of 5.3 percent, total imports amounted to US\$ 35,442.30 million in fiscal year 2012. Growth of import payment in the first quarter of FY13 was 2.0 percent compared to the corresponding period of FY12. Fall in some of the key commodity prices and the overall contractionary policy pursued by the central bank played its role. Statistics with regard to global commodity prices shows a fall in prices of food grains and fuel and a number of other items in the global market.

Among other import items, import of POL recorded a robust growth of 50.1 percent in the first quarter of FY13. In contrast, import of machineries, a significant import component of investment, faced a negative growth rate both in fiscal year 2012 (- 14.0 percent) and in the first quarter of FY13 (-13.6 percent). However, fertilizer growth was high (12.4 percent) and import of raw cotton was also high (48.9 percent). The latter was likely to have positive impact on performance of export-oriented RMG sector in the near term. The declining tendency of overall import was likely to continue in coming months of FY13 in view of the restrained monetary policy pursued by the central bank in order to maintain external balance stability.

### Balance of Payment

In the face of a widening trade balance during the first ten months of FY12, the BoP continued to remain under severe pressure. However, during the last two months of the fiscal year (May-June), when trade balance remained under control due to falling import payments, the BoP situation began to see some positive turn. At the same time, impressive growth of remittance inflow (22.4 percent in FY12) played an important role in improving the BoP scenario. Thus, as FY12 drew to a close, the economy had started to recover some of the early weaknesses with reduced reliance on bank borrowing for financing of budget deficit, improved foreign aid disbursement, somewhat slowdown in the pace of (food) inflation, restrained excessive import payments, improved balance of payment position and stabilized exchange rate (of Taka against USD).

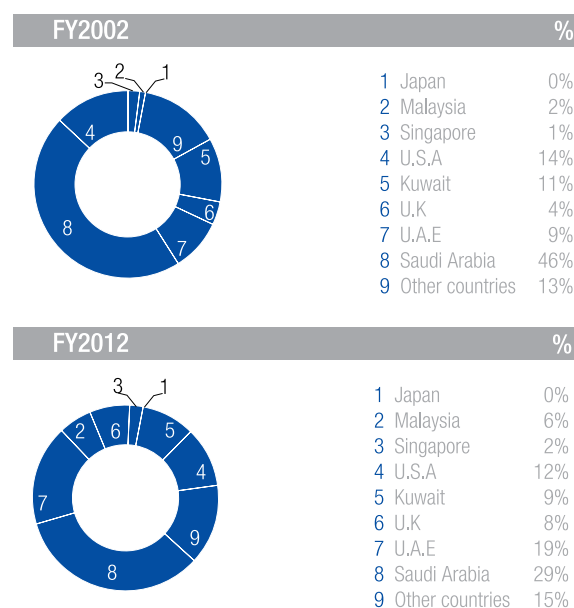
In the backdrop of the volatility observed in FY12, the first four months of the current fiscal year witnessed a balance

of payment surplus mainly because of higher inward remittance and lower import growth. The overall balance reached US\$ 1923 million in July-October period of FY13 from a negative balance of US\$ 384 million for comparable months in

FY12. Trade deficit started to come down and current account registered surplus of US\$ 464 million over the same period of FY13.

### Remittance

Stellar performance of remittance was the most inspiring macroeconomic achievement of Bangladesh in 2012 touching a new height in the history. The flow of inward remittance stood at US\$ 5.01 billion during July to November of the current fiscal year, marking a 24.9 percent impressive growth over the comparable months of the preceding fiscal. This is a remarkable milestone also because remittance earning in FY12 aggregating US\$ 12.84 billion was a significant 10.3 percent higher compared to FY11.



Despite the recent diversification of remittance sources, Middle East countries continued to be the major sources of remittance inflow in Bangladesh. Saudi Arabia was the largest source of remittance with 29 percent share in the total inflow. According to Bangladesh Bank sources, In FY12 other important sources of remittances were UAE, USA, Kuwait, UK and Malaysia.

# Directors' Report

## continued

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### Exchange Rate

During July-October, FY2013 period, Taka had appreciated against all the major currencies including dollar, Euro, British Pound and Chinese Yuan, except the Indian Rupee. This trend was a reversal of the trends experienced during the comparable months of FY2012. The underlying causes for this are higher inward remittances, the lower import demand and the resultant replenishment of the foreign exchange reserves.

Whilst export sector and remittances flow were incentivized by the large scale depreciation experienced in FY2012, recent strengthening of the BDT changes the scenario in a significant way; however, this is likely to have some positive impact on the price of imported commodities in the domestic market.

### Growth and Economic Outlook

Bangladesh economy had passed through a difficult period in FY2012 from the perspective of macroeconomic management. The defensive adjustments adopted by the government, in the course of FY2012 were manifested in various policy actions including those related to fiscal and monetary policies. On the one hand, the policy package had contributed to the restoration of macroeconomic stability to some extent; however, this entailed a cost in terms of the realised economic growth. As the halfway mark of FY2013 approached, economic policy of the government had continued to maintain a similar cautious approach. In the backdrop of unattainment of growth target in FY2012 and its likely repetition in FY2013, the gap between Second Five Years Plan (SFYP) growth target and actual performance will widen. The signals emanating from the first few months of FY2013 indicate that, the policymakers will have to confront a more challenging phase in the coming months.





## Directors' Report DBL Business 2012



# Directors' Report

## DBL Business 2012

### continued

#### DBL at the roaring 18th on its road to excellence

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 of DBL in 1995 amidst great expectation of the countrymen. Now at the roaring 18th on its road to excellence, the Bank has made a history. We call it a tale of prosperity and financial triumph with many petals to look around. DBL has set a milestone in the industry with the required parameters of best performing banks.

DBL formally launched its operation in July 1995 with a Branch at Motijheel, Dhaka. Islamic Banking window was opened in December of the same year. 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 Non Resident Bangladeshis as well as foreign residents by setting up Offshore Banking Unit in 2006. DBL network is now strong with 71 Branches including 2 Islamic Banking Branches, 46 ATMs, 3 SME service centres, 6 Brokerage & Stock Dealing Branches brightened with cutting edge delivery system, internet banking and mobile banking operation.

Dreams are getting bigger for a change faster, higher and wider. We want to be perched in the pinnacle. We have had our balance sheet at a newer height as our total assets picked at Tk. 133 billion in 2012 with a significant growth of 27% from the yester year. We have left behind a track with an illustration of prosperity for 17 long years. 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 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 Shai'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" 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 are listed below:

- 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
- Channel remittance from abroad
- Provide off-shore banking service

#### Towards a binding bond with the millions



Moments of rewarding relationship

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 17 years plus journey, is now a name to reckon with in the world 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 'customer focus' and 'service par excellence'. To do that, DBL has made its presence wider, products diversified, system online and advanced and capacity strong and strengthened.

We are committed to better service to its distinguished



# Directors' Report

## DBL Business 2012

### continued

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.

### Financial Performance Review

In the fiscal year 2012 the economy faced a different set of challenges with respect to persisting inflationary and external sector pressure. BB's monetary policy stance took a more restrained position to overcome those hurdle. As per November 2012 figures, private sector credit growth was 17.4 percent below the BB program level of 18.3 percent. Falling capital machinery imports were a big challenge to industrial growth prospects. Interest rate spreads have on average fallen from 5.68 percent in February to 5.41 percent in 5.41 percent under BB directives to limit interest spread with effect from January 2012. Away from earning on a free pricing model, bankers' income was capped within a price bracket. To comply with the regulation and to enhance liquidity, cost of fund for many banks were comparatively higher.

Most importantly, increasing volume of default loans came up as a big concern for commercial banks. New provisioning and rescheduling guidelines introduced during 2012 added further stresses and strains. As of the first quarter of FY2013, percentage share of classified loan to total outstanding loan has increased to 8.8 per cent (from 7.2

per cent as of June 2012). This was the second successive quarter in which classified loan had increased as a share of total outstanding loan. Rising volume of impaired assets were eating away much of bank's profits when banks were required to make adequate provisions against bad debts. This apart, adjustment cost for greater financial inclusion through scaling up small and medium scale loans against large industrial loans was not less significant for commercial banks. Income from investment in the secondary market suffered a setback amid continuous fall of capital market indices.

Our overall business performance for the year 2012 suggests that our achievement particularly revenue basket was less commendable than we have expected, though we have every reason to explain our position under most difficult circumstances that banking sector went through in 2012. Higher deposit rates, sluggish trend in the capital market, cautious monetary policy and provisioning of non-performing loans eroded our earnings immensely. Bank's gross revenue from total Interest/ Profit received recorded a significant growth of 33% in line with 34% of 2011. Alongside Net Interest Income (NII) grew by 13% during 2012 against a downtrend of 5% in 2011. Despite the rise in gross income, total Operating Income fell by 25% as income from investment, commission/fees, exchange earnings, brokerage and others manifested a downward movement of 30% in 2012 over the preceeding year.

The aftermath of these combined effects had an adverse impact on Bank's operating profit that stood at Tk. 3,223 million during 2012, a decrease of 25% from the preceding year. Furthermore, hefty growth in provision (183%) caused the Profit After Tax (PAT) to decrease to Tk. 701 million in 2012.

At the balance sheet date of 2012, the Bank could shape an amazing balance sheet size (total assets) of Tk. 133 billion with an increase of Tk. 28 Billion from Tk. 105 billion of 2011. This significant growth was achieved on the wings of 19% growth in Loans and Advances. Deposits also showed an impressive growth of 26% from higher mobilization of retail and corporate deposits. The Bank continued to have remarkable capital adequacy at 10.74% in accordance with Basel-II accord. Total Shareholders' Equity increased to Tk. 9.7 billion from Tk. 9.2 billion in 2011. The Bank could maintain an effective control on Loan to Deposit ratio at 84% at the year-end that was quite lower than 2011 level of 89%.

# Directors' Report

## DBL Business 2012

continued

### Key financial ratios of the Bank

Particulars	Bank	
	2012	2011
Return on average equity (PAT/ Average Equity)	7.24%	23.49%
Return on average assets (PAT/ Average Assets)	0.60%	2.22%
Cost to income ratio (Operating expense/ Revenue)	39.67%	30.62%
Capital adequacy ratio	10.74%	10.70%
Advance to Deposit ratio	83.91%	89.10%
NPL ratio	6.28%	3.45%
EPS (BDT)	1.50	4.64
Price to book value ratio (times)	1.19	1.73
Price Earning Ratio (times)	16.50	9.70

### Appropriation of Profit

Profit after Tax (PAT) amounted to Tk. 701 million that included no deferred tax income on provision made against classified loans during the year 2012. So distribution of benefit from the deferred tax income against this provision or showing as a component of Tier 1 capital as per BB guidelines did not apply to this situation. However, profit available for distribution among shareholders is Tk. 1,670 million after a statutory reserve of Tk. 288 million (@20% on PBT) and genarel reserve of Tk. 178 million take effect. Directors have recommended stock dividend @ 16% for the year 2012. (4 shares against 25 shares each held on record date).

Particulars	Taka in Million	
	Year 2012	Year 2011
Profit after tax (PAT)	701	2,165
Retained earnings brought forward	1,435	1,095
<b>To be appropriated</b>	<b>2,136</b>	<b>3,260</b>
Transfer to statutory reserve	288	731
Transfer to Genarel Reserve	178	165
Dividend	1,256	931
<b>Distributable profit</b>	<b>414</b>	<b>1,433</b>
<b>Dividend for the year 2012 (recommended)</b>		
Stock dividend	16%	30%
Cash dividend	-	5%

### 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 as minimum as 1 share for 4 shares each (25% in stocks) and as maximum as 3 shares for 10 years each (30% in stocks) in addition to cash dividend. 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 categorized 'A' in the Stock Exchanges. At the end of 2012, there were 44,445 shareholders of DBL against 45,438 shareholders at the year-end of 2011. On the Record Date i.e. March 27, 2013. The year end closing price of DBL share in DSE was Tk. 25 against Tk. 45 as on December 31, 2012 while year high was Tk. 45.10 and year low was Tk. 21.20 in the DSE.

### Capital Adequacy

This was the third 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. The minimum CAR for 2011 and 2012 was 10% of total Risk Weighted Assets and 9% for the year ended December 2010.

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.





# Directors' Report

## DBL Business 2012

continued

### Eligible Regulatory Capital

Sl.	Particulars	Amount (in crore BDT)	
		2012	2011
<b>A.</b>	<b>Tier-1 (Core) Capital:</b>		
	Fully Paid-up Capital	466.76	359.05
	Statutory Reserve	357.26	328.46
	General Reserve	34.65	16.84
	Retained Earnings	41.34	143.48
	Minority Interest in Subsidiaries	-	-
	<b>Sub-Total:</b>	<b>900.01</b>	<b>847.83</b>
	<b>Less : Other Deductions from Capital:</b>		
	Capital Charge (50% from Tier-1) for exceeding the approved limit under Sec. 26(2) of Bank Company Act, 1991	-	-
	<b>Tier-1 Capital/ Core Capital (A):</b>	<b>900.01</b>	<b>847.83</b>
<b>B.</b>	<b>Tier-2/ Capital/Supplementary Capital:</b>		
	General Provision (including provision for Off-Balance Sheet Exposure)	126.49	118.22
	Assets Revaluation Reserves up to 50%	32.43	32.43
	Revaluation Reserve for HTM & HFT Securities (up to 50%)	1.73	4.50
	Non-convertible Subordinated Bond	200	200
	<b>Sub-Total:</b>	<b>360.65</b>	<b>355.15</b>
	<b>Less : Other deductions from Capital</b>		
	Capital Charge (50% from Tier-1) for exceeding the approved limit Under Section 26(2) of Bank Company Act, 1991	-	-
	<b>Total Tier-2 Capital/Supplementary Capital (B):</b>	<b>360.65</b>	<b>355.15</b>
<b>C.</b>	<b>Total Eligible Regulatory Capital (A+B):</b>	<b>1,260.66</b>	<b>1,202.98</b>

### Capital Adequacy

Sl.	Particulars	Amount (in crore BDT)	
		2012	2011
<b>1.</b>	<b>Risk Weighted Assets:</b>		
	For Credit Risk:		
	On-Balance Sheet	7,879.83	8,081.87
	Off-Balance Sheet	2,454.98	1,992.32
	For Market Risk	468.76	317.22
	For Operational Risk	937.67	855.56
	<b>Total:</b>	<b>11,741.23</b>	<b>11,246.97</b>
<b>2.</b>	<b>Minimum Capital Required:</b>		
	For Credit Risk	1,033.48	1,007.42
	For Market Risk	46.88	31.81
	For Operational Risk	93.76	85.56
	<b>Total:</b>	<b>1,174.12</b>	<b>1,124.69</b>
<b>3.</b>	<b>Total Eligible Regulatory Capital:</b>		
	Tier-1 Capital/Core Capital	900.01	847.83
	Total Tier-2 Capital/Supplementary Capital	360.65	355.15
		<b>1,260.66</b>	<b>1,202.98</b>
<b>4.</b>	<b>Capital Adequacy Ratio:</b>		
	Tier-1 Capital to RWA	7.67%	7.54%
	Tier-2 Capital to RWA	3.07%	3.16%
	<b>Total:</b>	<b>10.74%</b>	<b>10.70%</b>



# Directors' Report

## DBL Business 2012

### continued

In a changing regime of Basel guidelines, the Bank went compliant on Basel II accord that took effect from January 1, 2010 phase by phase. Successfully, the Bank was well above the level of capital requirement in phase-I from 1 Jan – 30 Jun 2010. In phase-II spanning from 1 Jul 2010 – 30 Jun 2011, the Bank fortified its capital base through issuance of subordinated bond of Tk. 2,000 million pushing CAR above 10% against regulatory demand of 9%. As per BRPD Circular No. 10/2002 and BRPD Circular No. 13/2009 issued by Bangladesh Bank, BDT 200,000,000 of Subordinated Bond being 23% of Tier-I capital has been considered as a component of Supplementary Capital (Tier-2) of the Bank.

In Phase-III taking effect from 1 Jul 2011 onwards, the Bank still held its capital strength high against required CAR of 10%.

### Credit Rating of Customers

Bank kept up efforts to pursue its corporate customers to get credit rated by eligible External Credit Assessment Institutions (ECAI). 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 six (06) 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. As on December 31, 2012, amount of corporate exposure rated by ECAs stood at Tk. 3,826.75 crore (which is about 54.66% of total funded corporate exposure) compared to Tk. 883.15 crore as on December 31, 2011. So far a total of 134 no. customers have been rated by authorized credit agencies.

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 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 2013 and beyond.

### Segmented Reporting

#### Islamic Banking

Total assets under Islamic Banking business grew by Tk. 72 million to Tk. 6, 254 million as on December 31, 2012. Operating profits from Islamic Banking window was not significant during 2012. However, deposit and investment grew by 6% and 7% respectively 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 USD 12.80 million equivalent to Tk. 1,023.73 million as on December 31, 2012 compared to USD 18.35 million equivalent to Tk. 1,502.00 million as on December 31, 2011. During the year 2012, OBU has made an operating loss of Tk. 75.71 million against operating profit of Tk. 88.61 million in 2011.

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 2012 and segmental profit and loss account for the year ended 31 December 2012 have been prepared.

### Shareholding and Capital

#### Market Exposure

#### Regulatory Development

Bangladesh Bank aimed to restrain banks' exposure to capital market within a reasonable limit through a circular (DOS circular no. 04 dated 15 June 2010) and advised banks to stay compliant on section 26(2) of Bank Companies Act 1991. The same circular and related section of the Bank Companies Act 1991 imposed certain limit for banks in holding individual securities as well as the total portfolio.

As per stipulation of 'Holding of Individual Share' ceiling rule, the market value of a particular share held by a bank (own, lien and custody) cannot exceed lower of the following two:

- 30% of the paid-up capital of the banking company or
- 30% of the sum of paid-up capital and statutory reserve of the bank



# Directors' Report

## DBL Business 2012

### continued

As per 'holding of share' capping rule, market value of shares (held under own portfolio, as lien and custody) cannot exceed 10% of total liabilities of a bank, whereas under 'Exposure in Capital Market' capping rule, bank cannot have an exposure in capital market exceeding 10% of its total liabilities.

#### Status of Bank's Compliance

Dhaka Bank never deviated from the individual limit as per regulatory requirement. During 2012, the overall portfolio limit ranged between 2.21% to 2.40% of total liabilities.

Quarter end status of Dhaka Bank in 'Holding of Shares' and 'Exposure in Capital Market' as reported to Bangladesh Bank during the year 2012:

	Taka million			
Holding of Shares	Mar 2012	Jun 2012	Sep 2012	Dec 2012
Own Portfolio	1,102.30	1,173.20	1,450.00	1,341.50
Market Value of liened shares	1,113.30	1,124.10	1,082.70	1,412.50
Custody	-	-	-	-
<b>Total Holdings</b>	<b>2,215.60</b>	<b>2,297.30</b>	<b>2,577.70</b>	<b>2,754.00</b>
<b>Total Liabilities</b>	<b>92,132.10</b>	<b>104,037.80</b>	<b>113,740.00</b>	<b>116,985.30</b>
<b>% of value of shares of Total Liabilities</b>	<b>2.40%</b>	<b>2.21%</b>	<b>2.27%</b>	<b>2.35%</b>
<b>Exposure in Capital Market:</b>				
Own Portfolio	1,102.30	1,173.20	1,450.00	1,341.50
Loan to own subsidiary	<b>1,520.00</b>	<b>1,620.00</b>	<b>1,600.00</b>	<b>1,700.00</b>
Loan to others for merchant banking and brokerage activities	<b>316.80</b>	<b>446.70</b>	<b>326.10</b>	<b>268.40</b>
Guarantee against loan of own subsidiary and others	-	-	-	-
Loan to Stock Dealer	-	-	-	-
<b>Total Exposures</b>	<b>2,939.10</b>	<b>3,240.00</b>	<b>3,421.20</b>	<b>3,636.50</b>
<b>% of Capital Market Exposure to Total Liabilities</b>	<b>3.19%</b>	<b>3.11%</b>	<b>3.01%</b>	<b>3.11%</b>

#### Performance of Subsidiary in Brief

DBL Securities Limited is the only functional subsidiary of the Bank. Bearing the brunt of high correlation with the market performance of Dhaka Stock Exchange (DSE), the overall brokerage business suffered a huge setback in terms of index and turnover in 2012. As per DGEN measure, the average daily turnover of the year 2012 was USD 50 million in 2012 in contrast to USD 89 million in 2011. 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.

In 2012, DBL Securities Limited successfully posted profit of Tk. 211.86 million which is 71% up from the previous year. Company's net profit was 8% higher than 2011 amount in Tk. 87.22 million.

#### 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 first attempt for green finance in 2012, we have disbursed a good sum of Tk. 11.00 million among 60 projects across Biogas Plant, ETP, Brick Kiln and so forth.

#### Green Highlights 2012

1. Formulated green banking policy.
2. The Board approved budget for 'Green Finance' and 'Climate Risk Fund'.
3. Signed participation agreement with Bangladesh Bank for 'Refinancing in Hybrid Hoffman Kiln (HHK) or equivalent technology of Brick Field'.
4. Arranged syndication financing to set up a centralized Water Treatment Plant (WTP) for Chittagong Export Processing Zone.
5. The SSFU has also financed a number of Effluent Treatment Plants (ETP) for different textile projects.
6. Arranged syndication financing for construction of 2 (two) Dredgers for re-excavation of the Gorai River, which have already been provided to Bangladesh Water Development Board (BWDB) for trial run.

# Directors' Report

## DBL Business 2012

### continued

7. Financed for setting up 2 (two) environment friendly food-packaging projects in 2012.
8. Encouraged paperless banking by expanding online banking, mobile banking and internet banking, use of e-mail and introduction of IP message system.

### Service and operational excellence

**Enhancement of Network:** DBL has made its buzzing presence around the country with a strong web of networks dotted by 122 delivery points. In 2012, the Bank has opened 10 new Branches including 3 rural Branches, added 11 more ATMs to the existing alternative channels of 35.

**Bangladesh Automated Clearing System:** As per regulatory requirement, Dhaka Bank has implemented this cutting edge mechanism that covers Bangladesh Automated Cheque Processing System (BACPS) and Bangladesh Electronic Fund Transfer Network (BEFTN). The Bank processes cheques from 9 clusters around the country. We undertake Electronic Fund Transfer (EFT) as well against inward remittance from abroad and we are going to initiate outward fund transfer under the guideline of BEFTN.

**Inward Remittance:** Dhaka Bank channeled a huge inflow of remittance all through 2012 that rose from Tk. 13,201 million in 2011 to Tk. 15,840 million in 2012. DBL has agency arrangements with 15 exchange houses located in USA, UAE, UK, Oman, Italy etc to facilitate remittance of NRBs working abroad. DBL is upbeat about establishing its footprints in Qatar, KSA, Malaysia, Singapore etc. Partnership with Western Union and Xpress Money 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 3 years for payment of remittance from their 56 branches in and around Comilla.

### Card Solution

**CMS migration & VISA Debit Card:** In 2012, DBL ATM card was refashioned with a Classic Brand strength and accessibility. It was converted into 'VISA Debit' and reissued to all ATM Cardholders of DBL. VISA debit went live across the whole country with wide network at all VISA outlets and POS centers on 30th September 2012. On the same date DBL successfully completed Credit Card data migration from outsourced system (Cardpro) & started operation in its own host with new software iCard.

**Hajj Card:** Dhaka Bank brought Special Hajj Card for honorable Hajj pilgrims. This arrangement enabled Hajj pilgrims to remit money to Saudi Arabia and receive the cash Hajj Card from VISA ATMs in Saudi Arabia.

### Strategic Partnership

**Signing of Syndicated Financing:** DBL successfully arranged syndicated Term Loan of Tk. 438 million in favour of Ronak Spinning Mills Limited to set up a Textile Spinning Mill at Bogra. The Mill will produce high quality cotton yarn catering to the needs of local market. Dhaka Bank lead arranged the syndication in participation of Bank Asia, EBL, SABINCO Limited.

**Mobile Money Transfer:** DBL introduced country's first ever mobile wallet based money transfer service in association with Western Union and Banglalink.

**Agreement with DESCO:** The Bank signed agreement with DESCO for opening of collection and SND account. Sponsoring PPP Global Investors Forum: Bank undertook

**Gold Sponsorship in PPP Global Investors Forum:** Bangladesh 2012 organized jointly by Public Private Partnership (PPP) Office and the Board of Investment (BOI) wing attached to the Prime Minister's Office (PMO). DBL opened a stall in the location of the Forum highlighting activities and products of Syndication and Structured Finance Unit (SSFU) including financing options in PPP Projects.

**ADB Review on TFFP 2012:** From 2009 onwards, Dhaka Bank Ltd has been a regular participant in the Trade Finance Felicitation Program (TFFP) offered by Asian Development Bank (ADB). This facility offers DBL additional lines to support trade transaction. This year, delegation from ADB visited Dhaka Bank on November 15, 2012 to review the progress of their partnership.

**Bilateral Trade Loan of USD 4.00 Million with AXIS Bank DIFC Dubai Branch:** We have made considerable progress in signing a bilateral trade loan agreement worth of USD 4.00 Million with AXIS Bank, DIFC Dubai Branch by end 2013. Offshore Banking Unit may use the loan for working capital financing towards its A Type customers or making sight payment of deferred L/Cs issued by our On-Shore AD Branches by discounting bills against acceptances received from the On-shore ADs.



## Directors' Report

### DBL Business 2012

continued



#### Towards inclusive banking

Banking with the unbanked has got hold of global vision as the strongest parameter of sustainable banking. 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 business, women entrepreneur finance, rural banking, agricultural finance and others. In 2012, Bank's customer base swelled by 18% to reach the total of 368,400 having a good portion of rural clients. Total delivery centres increased to 122 from 101 of 2011. 10 new Branches included 3 new rural peers during the year moving up the total number of Branches to 71. Rural Branches have increased to 23 during 2012. Number of ADCs (ATMs) increased by 31% (11 units) to 46. Total 3 SME centres and 1 Kiosk have special focus on SME customers. We have ensured 75 Woman Entrepreneur Dedicated Desks at each and every branch totaling 75 at the year end. Total number of SME clients is now 4,050 with a total SME portfolio of 4,770 million. 42 women entrepreneurs have built a lending portfolio of 54 million with 36% increase from the last year. Our agri finance customers numbered a good total of 26,236 with 75% increase from 14,955 in 2011 indicating a growth of 75%.

#### Direct & Indirect Financial Inclusion 2012

Particulars	2012	2011	Change
Total Accounts	368,400	313,263	+18%
Total Delivery Channels	122	101	+21%
Total Branch	71	61	+16%
Rural Branch	23	20	+15%
ATMs	46	35	+31%
SME Customers	4,050	2,875	+41%
SME Portfolio	4,77 cr	4,12 cr	+16%
Women Entrepreneurs	42	31	+35%
WE Lending Portfolio	5.40 cr	3.97 cr	+36%
Customers under Agri Finance	26,236	14,955	+75%
Agri Lending Portfolio	162 cr	28 cr	+479%

#### Awards and Accolades

##### 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 2011 in the 12th ICAB National Awards for Best Presented Annual Reports 2011. 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.

##### ICMAB Best Corporate Award

The first ever Best Corporate Award for the year 2012 by The Institute of Cost and Management Accountants of Bangladesh (ICMAB) was the reflection of Bank's efforts to establish corporate governance inside the entity. In recognition of Bank's best corporate governance initiatives, the ICMAB Best Corporate Award, now in its fourth year, is an encouraging achievement for the Bank and others as well.

##### 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 2012, the Bank made a total of Tk. 14.50 million in various CSR projects whereas Bank's contribution to CSR projects totaled Tk. 34.51 million in 2011, 38.91 million in 2010 and 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 developed 'Shark Fountain' a sculpture embodying sea life, a green square 'Kadam Foara' in front of high court, sponsored 'Rajashik', a famous sculpture before Hotel Ruposhi Bangla and decorated the road island from Central Edgah to Kakrail Mosque with tree and flower plants.

##### 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 deposit excise duty,



# Directors' Report

## DBL Business 2012

### continued

withheld tax and VAT to government exchequer deducted from employees' salary as well as payment to customers and vendors.

#### AGM

The 18th Annual General Meeting of the Bank will be held on April 18, 2013, Thursday at Bashundhara Convention Centre – 2, Block C, Baridhara, Dhaka at 11.00 a.m.

#### Dividend

This is a great pleasure for the Board of Directors of DBL to recommend 16% Stock Dividend i.e. 4 Bonus Share for every 25 Shares for the year that ended on December 31, 2012 subject to approval in the 18th Annual General Meeting.

#### Election of Directors

As per company Act 1994 and the Articles of Association of the Bank, the following Directors will retire in the 18th Annual General Meeting and they are eligible for reelection.

Mr. Abdul Hai Sarker	Director
Mr. Md. Amirullah	Director
Mr. Abdullah Al Ahsan	Director
Mr. Tahidul Hossain Chowdhury	Director
Mr. Jashim Uddin	Director

#### Appointment of Auditors

In terms of Article 141 of the Articles of Association the Company at each Annual General Meeting shall appoint one or more Auditors being a Chartered Accountant or Accountants to hold the office until the next Annual General Meeting. Retiring Auditors shall be eligible for reappointment (Article 141.C.) M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants has completed 3 (three) consecutive years as Auditors of the Bank. As per BRPD Circular letter No. 33 dated December 23, 1992 M/s. Huda Vasi Chowdhury & Co. will not be eligible for reappointment.

#### Goal 2013

Present scenario implies that the challenges of 2012, prevailing in the realms of society, economy and politics, are expected to mount rather than relaxing. Downbeat capital market, high pitched competition in the advent of 7 banking entrants, scarce of liquidity, overheated credit market and growing NPL, rising cost of infrastructure together will leave less comfort for the bankers in the crossroads of business around 2013. Unless we hold back expenses, we can hardly expedite our earnings towards our goal.

Thus, alongside enhancing business, we are required to downsize our cost of fund. Healthy deposit mix with high cost deposit below 50% will be a good proposition. To achieve cost leadership, we have to retrain cost to income ratio within 30%.

Credit quality is another priority. To build a sound credit portfolio, we will drive hard for recovery of loans and minimization of NPL. Credit decision will be made on better judgment and evaluation tools. The Board is determined to provide all-out support to management to mitigate core risks and credit risks in particular.

Sustainability and financial inclusion is gathering pace. We will keep up opening new frontiers among SMEs, agriculture, women entrepreneurs, rural folk, and students across the community. The Bank will remain all awake in fighting financial turbulence stemming from recent financial scam and fraud in the banking sector.

A bearish share market and the memory of its debacle in 2010 have got to improve further to boost the morale of the investors. So core banking business will be our strategic choice keeping aside the non-core business.

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.

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 the border. Convincingly, a power brand carries enough strength to weather difficult times. The Board of Directors of Dhaka Bank aspires to honour your dream to make the Bank 'A Top Performing Bank in Bangladesh'.

On behalf of the Board of Directors.



**Reshadur Rahman**

Chairman of the Board of Directors





## Report on Corporate Governance



Responsible Corporate Governance has always been a high priority at Dhaka Bank. The guiding principles of our governance practice are basically derived from myriad regulatory requirements of Bangladesh Bank (Central Bank of Bangladesh) and Securities & Exchange Commission (SEC). 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.

## Report on Corporate Governance

The fundamental purpose of any company is the creation and delivery of long-term sustainable shareholder value in a manner consistent with its obligation as a responsible corporate citizen. Corporate Governance must be seen in this context – it is not an objective in its own but a vital facilitator to the creation of a long term value for owners. Responsible Corporate Governance has always been a high priority at Dhaka Bank. The guiding principles of our governance practice are basically derived from myriad regulatory requirements of Bangladesh Bank (Central Bank of Bangladesh) and Securities & Exchange Commission (SEC). 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:

1. 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.
2. To identify 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 twin phenomena 'Transparency' and 'Accountability' – one is mirrored in the fact-sheet of our banking operations while the other persists in strong compliance of regulations and laws.*

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 misuse 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.

### Practices we adore:

- Chairman leads the Board of Dhaka Bank Limited.
- Representation of women on the Board is encouraging.
- The Bank is being run inline with Corporate Governance Policy 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 are expected to hold Bank common shares as per Memorandum of Association (MA) and Articles of Association (AA) of the Company.

### Board of Directors Composition

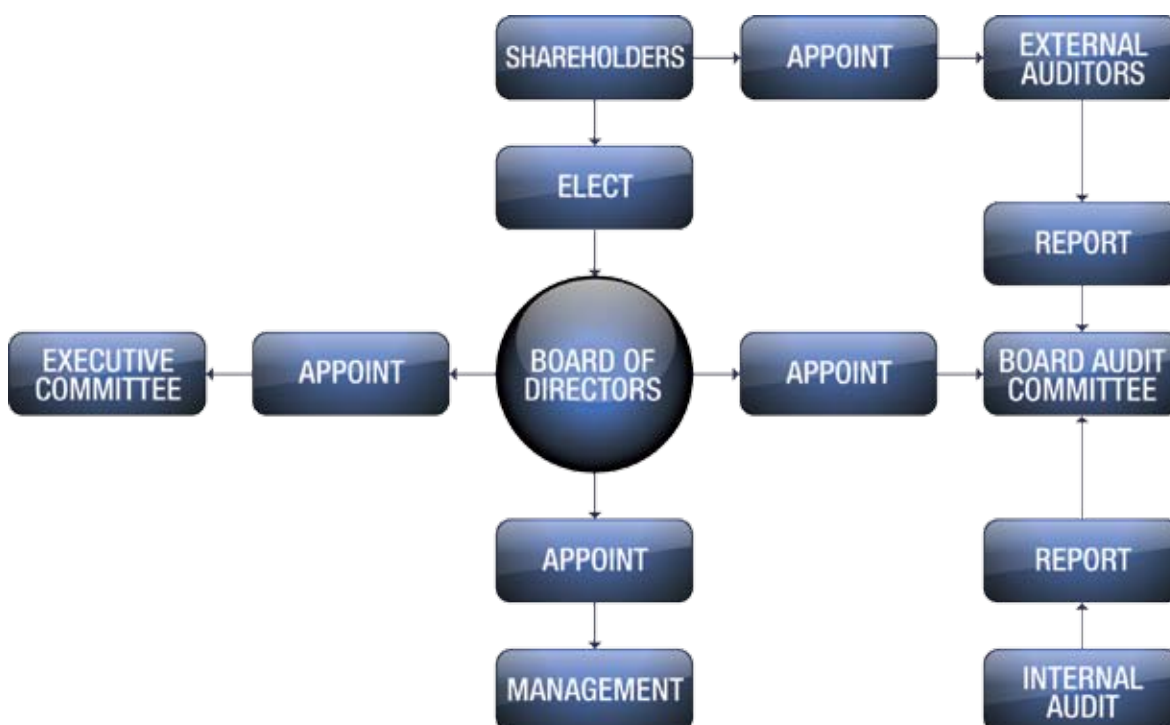
The Bank's Board consists of 17 Directors as of December 31, 2012 including the Managing Director as ex officio member. The Chairman and 15 other Directors are Non-Executive Directors and only the CEO (Managing Director) is an Executive Director. All Directors were elected by the shareholders of the 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.

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 note 15.6 of Auditors Report. The Board of Directors meet at least once every Month/ Quarter. 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.



## Report on Corporate Governance continued

### Chain of Corporate Governance



#### Independent Directors:

Pursuant to SEC Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 7th August 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 a reformist in banking Industry having forty years of checkered career in banking industry while another Independent Director Mr. Suez Islam is a seasoned professional with practical experience in diverse business management applications at home and abroad for eighteen years.

#### Routine Functions of the Board

The Board of Directors is accountable to stockholders/customers 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.

A key objective of our governance framework is to ensure compliance with applicable legal and regulatory requirements and with best governance practice as set out in the Securities and Exchange Commission's Notification. The Directors believe that the Bank has delivered on this objective and expect it to continue to do so.

#### Directors' Fees and Meeting Expenses

The remuneration of Board members comprises Director's fee which is a fixed amount for the year and is paid annually after closure of the year. In addition, the Managing Director receives a fixed regular payment every month and he is

## Report on Corporate Governance continued

also entitled for other benefits and perquisites. Total fees and meeting expenses amounted to 2.7 million in 2012. Each Director is paid an amount Tk. 500 including VAT per meeting attendance as per BB regulations. There was no other financial benefits provided to the Directors of the bank for the reviewed period.

### 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 a year. In this connection, the main task of the Board is to review the reward strategy of the Bank and approve the annual increments and bonus recommended by Management.

### Board Meetings

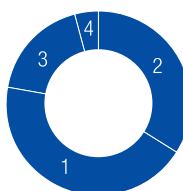
The Board of Directors meet minimum once every month. The Board held 14 (fourteen) scheduled meetings during the calendar year 2012. On the top of the meeting agendas were certain upheavals sweeping the economy and subsequent attempts to develop responses to the market conditions that emerged during the year and, in particular, liquidity issue, rising inflation, foreign exchange crisis, weakening local currency and falling confidence of investors in capital market. Agendas 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 reviewed annually by the relevant authorities and by the Board and are available on the Bank's preservation system or by request to the Company Secretary.

### Apportionment of DBL Shares

%



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

### Board Committees

A bank company can form as many as two committees or sub-committees of the Board but not beyond the limit as set by the Central Bank vide BRPD Circular No. 6, dated February 4, 2010. Accordingly, DBL has two Board committees namely Board Audit Committee and Executive 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 Internal Control & Compliance Division 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 5 (five) Directors:

01	Mr. Khondoker Jamil Uddin	Chairman
02	Mr. Abdullah Al Ahsan	Member
03	Mr. M.N.H. Bulu	Member
04	Mr. Md. Amirullah	Member
05	Mr. Tahidul Hossain Chowdhury	Member

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;





## Report on Corporate Governance *continued*

- 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 (IAS);
- 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.

Securities and Exchange Commission (SEC) has brought in a compliance of Corporate Governance Guidelines vide Notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated August 7, 2012 for the companies listed with Stock Exchanges. Bank's status of compliance is appended at Annexure I, II & III of this report. Annexure-IV contains compliance of Bangladesh Bank guideline for Corporate Governance in Bank Management (BRPD circular no. 6 dated February 4, 2010).

DBL Board Audit Committee held 3 (three) meetings in 2012 and had thorough discussions and review sessions with the Head of Internal Control & Compliance, External Auditors, Hoda Vasi Chowdhury & Co. Chartered Accountants, etc.

Highlights of the Audit Committee activity during the 2012:

- Review and approval of 'Annual Audit Plan 2012' 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 2012.

- Assessment of the status of compliance on Bangladesh Bank Comprehensive Inspection Reports unveiled up to the balance sheet date of 2012.

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 in accordance with Bangladesh Bank BRPD circular no. 16 dated July 24, 2003. 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.

### 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;



## Report on Corporate Governance *continued*

- 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 2012. 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 CG 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.

### Management Committee (MANCOM)

Bank's Management Committee consists of CEO and his Direct Reports. This Committee meets twice (first and third Sunday - working day) 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 20 (twenty) meetings to settle prevailing issues round the year 2012.

### 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 2012, 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.



## Report on Corporate Governance *continued*

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. 13, dated 21 April, 2010) 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 everyday.

The Management of Dhaka Bank Limited had formed Risk Management Unit (RMU) unit 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:

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. Fakhru Islam	SVP & Head, Operations	Member
5.	Mr. Saiful Momin	VP & Head, Information Technology Division	Member
6.	Mr. A. K. M. Ahsan Kabir	FVP & In-Charge, Internal Control & Compliance Division	Member
7.	Mr. K. M. Faisal Faruqui,	SAVP & Head, Treasury Division	Member
8.	Mr. Anjan Kumer Roy ACA	SAVP, Risk Management Unit	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

## Report on Corporate Governance *continued*

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 March 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 to the extent that investments do not exceed the cap (currently 10% of total liabilities) as stipulated by Bangladesh Bank.

### The Auditors and Status of their Independence

The Board of the Directors of DBL has reappointed Hoda Vasi Chowdhury & Co. Chartered Accountants in the 17th Annual General Meeting held on 29 March 2012 as the statutory auditors for the year 2012.

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 Hoda Vasi Chowdhury & Co. Chartered Accountants entrusted with statutory audit was not involved in any of the following responsibilities during 2012:

- 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.

### Role of Chairman and Managing Director

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. 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 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.

### 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.

### Election / Re-election of Directors

Directors appointed since the last Annual General Meeting are submitted to shareholders for election at the next Annual General Meeting following their appointment and for re-election at intervals of not more than three years



## Report on Corporate Governance continued

thereafter. At the forthcoming Annual General Meeting, the following directors, will retiring as per Companies Act 1994 and Articles of Association of the Bank and they are eligible for re-election.

Mr. Abdul Hai Sarker	Director
Mr. Md. Amirullah	Director
Mr. Abdullah Al Ahsan	Director
Mr. Tahidul Hossain Chowdhury	Director
Mr. Jashim Uddin	Director

The Board has concluded that each director eligible for reelection in the 18th AGM has made a valued contribution to the overall development of the Bank and continued to demonstrate commitment to his role. Therefore, the Board recommends that shareholders vote in favour of their re-election in each case. Directors are normally appointed for an initial three years term with an expectation of a further term of three years assuming satisfactory performance. In conformity with the MA & AA of the Company, a Director may hold office longer than the above terms subject to annual re-election by shareholders.

### 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](http://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 on record date while 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 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.

### 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

## Report on Corporate Governance *continued*

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 organisational 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.

Dhaka Bank all the way sticks to payment commitment as per well established payment policies for all suppliers and explains in clarified terms the payment method and system to the suppliers. The process is reviewed before providing work order. Bank has the right to resort to legal option in default of the suppliers. Till the balance sheet date in 2012, there were 56 legal cases filed by the Bank while 25 cases were filed against the Bank by the suppliers.

### 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. Details of related party transactions are presented on Annexure-G of Auditors' Report 2012.

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.

### DSE & CSE Corporate Governance Requirements

All companies listed on the Dhaka Stock Exchange and Chittagong Stock Exchange are required to disclose any significant differences between their corporate governance practices and the requirements of DSE and CSE. The Bank believes that there are no significant differences between its corporate governance practices and the requirements of the DSE and CSE.





## Sustainability



A couple of years ago Corporate Social Responsibility topics were only a 'nice to have' experience on many executive floors. It was something dealt with after hours. That has changed for good. Corporate sustainability today is a 'must have' phenomenon. Leaders around the world have started to see the shape of a new era of sustainability coming into view. In the face of rising global competition, technological change and the most serious economic downturn in nearly a century, corporate commitment to the principles of sustainability holds strong throughout the world: most of the dominant players see sustainability as important to their company's future success.

## Sustainability

### Corporate Social Responsibility (CSR)

In today's corporate world, Corporate Social Responsibility (CSR) is a big buzzword. We often confuse charity with CSR, and indulge in numerous activities in the name of CSR. Lately there has been a tendency towards mixing up CSR with Corporate Governance as well. The word CSR is more than just corporate philanthropy and/ or charity. Today, Corporate Social Responsibility goes far beyond charity. It is not just making a contribution to good causes or a charitable organization but a year-round responsibility that companies should discharge to serve the community and each other. It must integrate corporate values, culture and strategy and at the same time, contribute to sustainable social progress.

Dhaka Bank considers Corporate Social Responsibility (CSR) as the main pillar of corporate value and growth. As a part of our business strategy, we have clearly identified key initiatives with a medium-to long-term perspectives and are working to take specific measures in each area. On the basis of this policy, Dhaka Bank seeks to put into practice and commitments it has made to clients, shareholders, employees and communities through its daily business activities and variety of activities that give back to society. In these and other ways, we seek to do business in ways that reflect of management philosophy. The Bank also considers environment and social impacts, governance, economic development, pollution control and responsible use and protection of natural resources to fall under the umbrella Sustainable Development.

A recently published report on "The Business Case for Sustainable Banking" suggests that Sustainable Banks have outperformed global banking giants in growth in loans, deposits, assets, equity and income. The report further reveals that in a time between 2002 and 2012, the loans at the world's biggest bank or Global Systemically Important Financial Institutions (GSIFs) as they called grew at 7.8 percent, which is 19.7 percent in case of Sustainable Banks. GSIFs deposits rose by 10 percent compared to 19.6 percent of Sustainable Banks. Its assets, equity and total income grew by 10.4, 11.5 and 6.9 percent respectively compared to 19, 20.1 and 16.6 percent respectively of Sustainable Banks.

#### Corporate Social Responsibility

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 2012, DBL has made a provision for Taka 12 million for DB Foundation at 1% on pretax profit.

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

#### Education

##### BN Ashar Alo School of Chittagong



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. 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 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 limited donated a school bus to BN Ashar Alo School and Rehabilitation Center, a specialized school for autistic children run by the Bangladesh Navy Family Welfare Association (BNFWA), as a part of Bank's Corporate Social Responsibility (CSR) program.



## Sustainability

### CSR continued

#### University of Science & Technology Chittagong:



With a view to promoting science technological frontiers and as a part of financial grant programme, Dhaka Bank Donated tk. 30 lac to University of Science and Technology, Chittagong.

#### Enabling Healthcare

##### Glaucoma Research & Eye Hospital:



Good health is prerequisite to rapid socio-economic development of the country; believing this the bank has donated large volumes of equipment and facilities to various hospitals across the country to underline its commitment to quality health care delivery in Bangladesh. To promote, control and timely treatment of Glaucoma, a critical vision disorder and eventual impairment, Dhaka Bank Limited has contributed an amount of Taka Twelve Lac to Glaucoma Research and Eye Hospital, a project of Bangladesh Eye Care Society, to help support research for Glaucoma and other eye diseases.

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 Tk.21,93,650 to Proyash for the overall welfare and arranging event for autistic and disable children.

#### Community

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.

#### SEID Trust



In our noble venture to support community Dhaka Bank donated Tk. 12. Lac SIED Trust on 12th February 2012. 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.

#### IRRI

Dhaka Bank Ltd has contributed an amount of Tk. 6 lac to International Rice Research Institute (IRRI) to help support research for food security and poverty alleviation.

#### Blanket distribution



Dhaka Bank also took Blanket distribution initiative among low income people at different places of the country (Narayanganj, Panchgarh and Rangpur) as a part of Corporate Social Responsibility.

#### Games & Sports

Dhaka Bank has tradition of patronizing and sponsoring sports and culture of the country. To support country's sports activity particularly for the development of football Dhaka Bank has donated Tk. 25 lac in 2012.

## Sustainability

### CSR continued

#### ISO 26000 'Seven Principles of Social Responsibility'

1. Accountability
2. Transparency
3. Ethical Behavior
4. Respects for Stakeholders
5. Interests, Respects for International Norms of Behavior
6. Respects for Human Rights &
7. Respect for the Law

#### Remodeling CSR: Dawning from inside

Companies in Bangladesh often focus external CSR as projects and donations. But strong is the necessity for CSR to materialize from inside just as charity begins at home. New model of CSR (which is hammered out from lessons of global economic downturns) preaches that companies cannot be good for all unless they are good to themselves. Thus good CSR is hard to decide without occupational safety and health, employee relations and reasonable consumption of energy and office equipment. It is historically tested that companies' preference for reporting projects and donations skews public perception of those companies understanding of CSR.

New insight into CSR contains plenty potentials to enhance brand image and supreme leadership. To achieve this end, DBL Research & Development Division will continue its efforts to remould CSR understanding with different outlook in addition to CSR projects and donation in progress. A new CSR policy and practice will be a tremendous lift in building a culture that makes everybody proud of the company. DBL R&D is going to work out an abiding CSR policy on the following guiding principles:

1. Make sure that staffs work in safe conditions, with adequate levels of lighting, ventilation and air conditioning. The use of energy will also be important. For example, modern computer equipment like flat screen monitors consume significantly less power than old style monitors. Make a choice for Process equipment that causes least environment damage.
2. Be laid out in ways that are efficient and also where there are no tripping hazards e.g. loose floor coverings or trailing electrical cables, telephone wires or network cabling.
3. Link CSR principles to Lean Continuous Improvement (LCI) principles. The LCI wastes are rejects & defects, goods that do not meet customer requirement, inefficient transportation, unnecessary stocks, unnecessary motion, under-utilized human talents, waiting time, over production and over processing.
4. Prevent waste of human resources – the talent, intellect, potential and ambition of staff and workers. Choose to make the most of the staffs human potential, where there are respectful empowering, enabling supervisors and where salaries and wages and other rewards are directly linked to the staff commitment and achievement.
5. Enforce ethical standard in all business practices, with fair dealing and fair trading application.
6. Apply a holistic approach to the whole gamut of

stakeholders that range from suppliers entrusted with the supply of stationery, ICT support services or office equipment and the customers buying a product or service in addition to employer, management and internal workforce. The stakeholders will also include the community around the company office.

7. Share empathy and values with the family members of office staff who do not expect unnecessary long office hours which would mean poor family relationships or low wages which might lead to problems in paying for their children's education or for family health care. Inspire a strong bond between office and family life.
8. Be committed to Green Lending Products and 4Rs – Reduce, Reuse, Recycle & Rebuy.
9. Record, measure and evaluate the outcomes of CSR policy, practice and projects that will lead to more focused investment and better 'value for CSR money'.
10. Regard ISO26000 International Guidance on Social Responsibility as a useful basis for this purpose.

In the coming years, DBL will like to see that the company has mature and confident CSR policies and practices and will report on those activities on website and in Annual Reports and other company documents to enable the stakeholders to judge whether a public commitment to CSR is followed through into consistent practice. The company will try to stick to Triple Bottom Line (3BL) accounting – People, Profit, Planet to identify and report on the world class CSR.





# Sustainability Green Banking





## Sustainability

### Green Banking

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 climate change vulnerable countries. 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 Activities:

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 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.

#### Green Banking Initiatives of Dhaka Bank:

- 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.
- Green Banking Financial Products: Dhaka Bank Ltd. has developed innovative green banking financial products which can directly or indirectly contribute to the reduction of carbon emissions.
- The Boar 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.

- Recently a participation agreement for "Refinancing in Hybrid Hoffman Kiln (HHK) or equivalent Technology of Brick Field" between Bangladesh Bank and Dhaka Bank Limited has been singed at the conference room of Bangladesh Bank. 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. (Photograph enclosed)
- Online banking, mobile banking, internet banking facilities for our clients to encourage paper less banking.
- Use of e-mail and IP message system for internal communication throughout the bank.
- In-House Green Banking Activities: 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 your computer properly and switch off your 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.



## Sustainability

### Green Banking

continued



Shark Fountain, Cox's Bazar

#### Others:

- Avoid use of disposable cups/glasses to become more eco-friendly;
- **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 of projects 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 beatification program.



Beautification



Effluent Treatment Plant (ETP)

## Compliance Report on SEC Notification

Annexure-I

**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 Securities and Exchanged Ordinance, 1969.**

**As per SEC 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 page No. 58
- The number of Board Meetings and Executive Committee Meetings and the attendance of Directors during the year 2012 showed in Annexure-II.
- The pattern of share holding along with name wise details of:
  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.
  2. Directors: Shareholding presented in Related Party Disclosure at Annexure-G of Auditors' Report 2012 and 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 appended in Auditors' Report.

3. Shareholders holding ten percent (10%) or more voting interest in the company as at 31th December 2012: Nil.



# Compliance Report on SEC Notification

continued

Annexure-II

## Number of Board Meetings and attendance of Directors as on 31.12.2012

Name of Directors	Position	Number of Meeting Held in 2012	Attended
Mr. Reshadur Rahman	Chairman	14	13
Mr. Mirza Abbas Uddin Ahmed	Director	14	05
Mr. Abdul Hai Sarker	Director	14	09
Mrs. Rokshana Zaman	Director	14	14
Mr. Altaf Hossain Sarker	Director	14	14
Mr. Md. Amirullah	Director	14	14
Mr. Abdullah Al Ahsan	Director	14	10
Mr. Khondoker Monir Uddin	Director	14	06
Mr. M.N.H. Bulu	Director	14	09
Mr. Tahidul Hossain Chowdhury	Director	14	14
Mr. Jashim Uddin	Director	14	02
Mr. Mohammed Hanif	Director	14	13
Mr. Khondoker Jamil Uddin	Director	14	12
Mr. Mirza Yasser Abbas	Director	14	03
Mr. Syed Abu Naser Bukhtear Ahmed	Independent Director	14	04
Mr. Suez Islam	Independent Director	14	08
Mr. Khondker Fazle Rashid	Managing Director	14	13

After appointment of Mr. Mirza Abbas Uddin Ahmed (i.e. on 29.03.2012) a total No. of 05 Board Meetings were held.

After appointment of Mr. Mirza Yasser Abbas (i.e. on 03.07.2012) a total No. of 04 Board Meetings were held.

After appointment of Mr. Suez Islam (i.e. on 03.07.2012) a total No. of 08 Board Meetings were held.

After appointment of Mr. Syed Abu Naser Bukhtear Ahmed (i.e. on 03.05.2012) a total No. of 04 Board Meetings were held.

## Number of Executive Committee Meetings and the attendance of the Directors, as on 31.12.2012)

Name of Directors	Position	Number of Meeting Held	Attended
Mr. Reshadur Rahman	Chairman	44	42
Mr. Mirza Abbas Uddin Ahmed	Director	44	21
Mr. Abdul Hai Sarker	Director	44	33
Mrs. Rokshana Zaman	Director	44	42
Mr. Altaf Hossain Sarker	Director	44	39
Mr. Mohammed Hanif	Director	44	40
Mr. Mirza Yasser Abbas	Director	44	02
Mr. Khondker Fazle Rashid	Managing Director	44	41

After inclusion of Mr. Mirza Abbas Uddin Ahmed (i.e. on 29.05.2012) in the EC a total No. of 21 EC Meetings were held.

After inclusion of Mr. Mirza Yasser Abbas (i.e. on 01.11.2012) in the EC a total No. of 02 EC Meetings were held.

# Compliance Report on SEC Notification

continued

## Annexure-III

Status of Compliance with the conditions imposed by the Securities and Exchange Commission's Notification No.SEC/CMRRCD/2006-158/134/Admin/44 dated 7th August 2012: issued under section 2CC of the Securities and Exchange Ordinance, 1969:  
SEC Checklist: (Report under Condition No. 7)

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
<b>1.0</b>	<b>Board of Directors</b>			
1.1	Board's size shall not be less than 5 and more than 20	✓		-
<b>1.2</b>	<b>Independent Director</b>			
1.2 (i)	Independent director: At least 1/5th of the total number of directors			Out of 15, two are independent; appointment of another one is underway
1.2 (ii)	For the purpose of this clause "independent director" means a director.	✓		-
1.2 (ii) a)	Independent director does not hold any share or holds less than one percent (1%) shares of total paid up capital.	✓		-
1.2 (ii) b)	Independent Director is not a sponsor of the company and is not connected with the company's Sponsor Or Director Or Shareholder who holds 1% or more shares of the company (certain family members are also required to comply with this requirement).	✓		-
1.2 (ii) c)	Independent director does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies.	✓		-
1.2 (ii) d)	Independent directors are not the members, directors or officers of any stock exchange.	✓		-
1.2 (ii) e)	Independent director is not the shareholder, director or officers of any member of Stock Exchange or an Intermediary of the capital market.	✓		-
1.2 (ii) f)	Independent director is/was not the partners or executives during preceding 3 (three) years of concerned company's statutory audit firm.	✓		-
1.2 (ii) g)	Independent directors is not the independent director in more than 3 (three) listed companies.	✓		-
1.2 (ii) h)	Independent director is not convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a non-bank financial institution (NBF).	✓		-
1.2 (ii) i)	Independent director has not been convicted for a criminal offence involving moral turpitude.	✓		-
1.2 (iii)	The independent director shall be appointed by the Board of Directors and approved by the Shareholders in the AGM.	✓		Such Appointment to be approved in the ensuing AGM of Dhaka Bank Limited
1.2 (iv)	The post of independent directors cannot remain vacant for more than 90 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.	✓		Guidelines of Bangladesh Bank are followed in terms of code of conduct
1.2 (vi)	The tenure of office of an Independent Directors shall be for a period of 3 (three) years which may be extended for 1 (one) term only.	✓		-
<b>1.3</b>	<b>Qualification of Independent Director (ID)</b>			
1.3 (i)	Independent director shall be knowledgeable individual with integrity who is able to ensure required compliance.	✓		-
1.3 (ii)	The independent director must have at least 12 (twelve) years of corporate management/ professional experiences along with other requisites.	✓		-
1.3 (iii)	In special cases above qualification may be relaxed by the Commission			Not required
1.4	Separate Chairman and CEO and their clearly defined roles and responsibilities.	✓		-
<b>1.5</b>	<b>Directors Report to Shareholders</b>			
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)	Discussion on cost of goods sold, gross profit margin and net profit margin			Discussion on interest income, expense, operating and net profit provided
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss	✓		-
1.5 (vi)	Basis for related party transaction- a statement of all related party transactions should be disclosed in the annual report	✓		-
1.5 (vii)	Utilization of proceeds from public issues, right issues and/ or through any others instruments.	Not Applicable		-





# Compliance Report on SEC Notification

continued

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1.5 (viii)	An explanation if the financial results deteriorate after the company goes for IPO, RPO, Rights Offer, Direct Listing etc.	Not Applicable		-
1.5 (ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.	✓		-
1.5 (x)	Remuneration to directors including independent directors.	✓		-
1.5 (xi)	The financial statements prepared by the management of the company present fairly its state of affairs, the results of its operation, cash flows and changes in equity.	✓		-
1.5 (xii)	Proper books of account of the company have been maintained.	✓		-
1.5 (xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgement.	✓		-
1.5 (xiv)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh 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.	✓		Departure has been disclosed in financial statements
1.5 (xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	✓		-
1.5 (xvi)	There are no significant doubts upon the company's ability to continue as a going concern.	✓		-
1.5 (xvii)	Significant deviations from the last year's operating results of the company shall be highlighted and the reasons thereof should be explained.	✓		-
1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	✓		-
1.5 (xix)	If the company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.	✓		-
1.5 (xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	✓		-
<b>1.5 (xxi)</b>	<b>The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:</b>			
1.5 (xxi) a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details);	✓		-
1.5 (xxi) b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	✓		-
1.5 (xxi) c)	Executives (top five salaried employees of the company other than stated in 1.5(xxii)b);	✓		-
1.5 (xxi) d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	✓		-
<b>1.5 (xxii)</b>	<b>In case of appointment/re-appointment of a Director the Company shall disclose the following information to the Shareholders:</b>			
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 holds the directorship and the membership of committees of the board.	✓		-
<b>2.0</b>	<b>Chief Financial Officer, Head of Internal Audit &amp; Company Secretary</b>			
2.1	Appointment of CFO		✓	The Condition is under review
	Head of Internal Audit and Company Secretary and their clearly defined roles, responsibilities and duties.	✓		
2.2	Attendance of CFO and the Company Secretary at Board of Directors meeting	✓		

# Compliance Report on SEC Notification

continued

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
<b>3</b>	<b>Audit Committee:</b>			
3 (i)	Audit Committee shall be the sub-committee of the Board of Directors.	✓		-
3 (ii)	The Audit Committee shall assist the Board of Directors 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 Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	✓		-
<b>3.1</b>	<b>Constitution of the Audit Committee</b>			
3.1 (i)	The Audit Committee shall be composed of at least 3 members.	✓		-
3.1 (ii)	Constitution of Audit Committee with Board Members including one Independent Director.		✓	The Condition is in the process of being 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)	Filling of Casual Vacancy in Committee	✓		-
3.1 (v)	The Company Secretary shall act as the secretary of the Committee.	✓		-
3.1 (vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 independent director.	✓		-
<b>3.2</b>	<b>Chairman of the Audit Committee</b>			
3.2 (i)	Chairman of the Audit Committee shall be an Independent Director.		✓	Selection of Chairman from Independent Director is under review
3.2 (ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	✓		-
<b>3.3</b>	<b>Role of Audit Committee</b>			
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 along with the management, the annual financial statements before submission to the board for approval.	✓		-
3.3 (vi)	Review along with the management, 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)	When money is raised through Initial Public Offering (IPO)/ Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/ applications of 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.	Not Applicable		
<b>3.4.</b>	<b>Reporting of the Audit Committee</b>			
<b>3.4.1</b>	<b>Reporting to the Board of Directors</b>			
3.4.1 (i)	The Audit Committee shall report on its activities to the Board of Directors.	✓		-
3.4.1 (ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:	✓		-
3.4.1 (ii) a)	Report on conflicts of Interests.	NIL		
3.4.1 (ii) b)	Suspected or presumed fraud or irregularity or material defect in the internal control system;	NIL		
3.4.1 (ii) c)	Suspected infringement of laws, including securities related laws, rules and regulations;	NIL		
3.4.1 (ii) d)	Any other matter which shall be disclosed to the Board of Directors immediately.	NIL		



# Compliance Report on SEC Notification

continued

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
3.4.2	Reporting of anything having material financial impact to the Commission.	NIL		
3.5	Reporting to the Shareholders and General Investors.	✓		-
<b>4</b>	<b>External/Statutory Auditors should not be engaged in:</b>			
4 (i)	Appraisal or valuation services or fairness opinions.	✓		-
4 (ii)	Financial information systems design and implementation.	✓		-
4 (iii)	Book-keeping or other services related to the accounting records or financial statements.	✓		-
4 (iv)	Broker-dealer services.	✓		-
4 (v)	Actuarial services.	✓		-
4 (vi)	Internal audit services.	✓		-
4 (vii)	Any other service that the Audit Committee determines.	✓		-
4 (viii)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that Company.	✓		-
<b>5</b>	<b>Subsidiary Company</b>			
5 (i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.	✓		
5 (ii)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.		✓	Inclusion of Independent Director 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.	✓		-
<b>6</b>	<b>Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO):</b>			
6 (i)	They have reviewed financial Statements for the year and that to the best of their knowledge and belief:	✓		In such case sign off by the Head of Finance instead of CFO
6 (i) a)	These financial statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.	✓		-
6 (i) b)	These financial 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.	✓		-
<b>7</b>	<b>Reporting and Compliance of Corporate Governance:</b>			
7 (i)	The company shall obtain a Certificate from a Professional Accountant/ Secretary (CA/CMA/CS) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	✓		-
7 (ii)	The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	✓		-

## Hoda Vasi Chowdhury & Co Chartered Accounts

Independent Correspondent Firm to Deloitte Touche Tohmatsu

### Certificate on compliance of conditions of corporate governance guidelines to The shareholders of Dhaka Bank Limited

We have examined the compliance of conditions of corporate governance guidelines of the Bangladesh Securities and Exchange Commission ("BSEC") by Dhaka Bank Limited (the "Bank") as stipulated in clause 7(i) of the BSEC notification **no SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012.**

The compliance of conditions of corporate governance guidelines as stated in the aforesaid notification and reporting of the status of compliance is the responsibility of the Bank's management. Our examination for the purpose of issuing this certification was limited to the checking of procedures and implementations thereof, adopted by the Bank for ensuring the compliance of conditions of corporate governance and correct reporting of compliance status on the attached statement on the basis of evidence gathered and representation received.

To the best of our information and according to the explanations given to us, we certify that, except as reported on the attached status of compliance statement, the Bank has complied with the conditions of corporate governance stipulated in the above mentioned BSEC notification dated 7 August 2012.



Manzoor Alam, FCA  
Senior Partner  
ICAB Enrolment Number 132  
For Hoda Vasi Chowdhury & Co  
Chartered Accountants

Dhaka, March 12, 2013



# Compliance Report on SEC Notification

continued

Annexure-IV

## Status of Compliance of Bangladesh Bank's guideline for Corporate Governance (BRPD circular no 06 dated 04.02.2010)

Sl No	Particulars	Compliance Status
01	<b>Responsibilities and authorities of the Board of Directors</b>	Complied
	<b>(a) Work-planning and strategic management:</b> (i) The board shall determine the objectives and goals and to this end shall chalk out strategies and work-plans on annual basis. It shall specially engage itself in the affairs of making strategies consistent with the determined objectives and goals and in the issues relating to structural change and reorganization for enhancement of institutional efficiency and other relevant policy matters. It shall analyze/monitor at quarterly rests the development of implementation of the work-plans. (ii) The board shall have its analytical review incorporated in the Annual Report as regard the success/failure in achieving the business and other targets as set out in its annual work-plan and shall apprise the shareholders of its opinions/recommendations on future plans and strategies. It shall set the Key Performance Indicators (KPIs) for the CEO and other senior executives and have it evaluated at times.	
	<b>(b) Lending and risk management:</b> (i) The policies, strategies, procedures etc. in respect of appraisal of loan/ investment proposal, sanction, disbursement, recovery, reschedulement and write-off thereof shall be made with the board's approval under the purview of the existing laws, rules and regulations. The board shall specifically distribute the power of sanction of loan/investment and such distribution should desirably be made among the CEO and his subordinate executives as much as possible. No director, however, shall interfere, directly or indirectly, into the process of loan approval. (ii) The board shall frame policies for risk management and get them complied with and shall monitor at quarterly rests the compliance thereof.	Complied
	<b>(c) Internal control management:</b> The board shall be vigilant on the internal control system of the bank in order to attain and; maintain satisfactory qualitative standard of its loan/investment portfolio. It shall review at quarterly rests the reports submitted by its audit committee regarding compliance of recommendations made in internal and external audit reports and the Bangladesh Bank inspection reports.	Complied
	<b>(d) Human resources management and development:</b> i) Policies relating to recruitment, promotion, transfer, disciplinary and punitive measures, human resources development etc. and service rules shall be framed and approved by the board. The chairman or the directors shall in no way involve themselves or interfere into or influence over any administrative affairs including recruitment, promotion, transfer and disciplinary measures as executed under the set service rules. No member of the board of directors shall be included in the selection committees for recruitment and promotion to different levels. Recruitment and promotion to the immediate two tiers below the CEO shall, however, rest upon the board. Such recruitment and promotion shall have to be carried out complying with the service rules i.e., policies for recruitment and promotion.  ii) The board shall focus its special attention to the development of skills of bank's staff in different fields of its business activities including prudent appraisal of loan/investment proposals, and to the adoption of modern electronic and information technologies and the introduction of effective Management Information System (MIS). The board shall get these programs incorporated in its annual work plan.	Complied
	<b>(e) Financial management:</b> (i) The annual budget and the statutory financial statements shall finally be prepared with the approval of the board. It shall at quarterly rests review/ monitor the positions in respect of bank's income, expenditure, liquidity, non-performing asset, capital base and adequacy, maintenance of loan. Loss provision and steps taken for recovery of defaulted loans including legal measures.  (ii) The board shall frame the policies and procedures for bank's purchase and procurement activities and shall accordingly approve the distribution of power for making such expenditures. The maximum possible delegation of such power shall rest on the CEO and his subordinates. The decision on matters relating to infrastructure development and purchase of land, building, vehicles etc. for the purpose of bank's business shall, however, be adopted with the approval of the board.	Complied
	<b>(f) Formation of supporting committees:</b> For decision on urgent matters an executive committee, whatever name called, may be formed with the directors. There shall be no committee or sub-committee of the board other than the executive committee and the audit committee. No alternate director shall be included in these committees.	Complied



# Compliance Report on SEC Notification

continued

Sl No	Particulars	Compliance Status
	<b>(g) Appointment of CEO:</b> The board shall appoint a competent CEO for the bank with the approval of the Bangladesh Bank.	Complied
<b>02</b>	<b>Responsibilities of the Chairman and Board of Director</b> (a) As the chairman of the board of directors (or chairman of any committee formed by the board or any director) does not personally possess the jurisdiction to apply policymaking or executive authority, he shall not participate in or interfere into the administrative or operational and routine affairs of the bank. (b) The chairman may conduct on-site inspection of any bank-branch or financing activities under the purview of the oversight responsibilities of the board. He may call for any information relating to bank's operation or ask for investigation into any such affairs; he may submit such information or investigation report to the meeting of the board or the executive committee and if deemed necessary, with the approval of the board, he shall effect necessary action thereon in accordance with the set rules through the CEO. However, any complaint against the CEO shall have to be apprised to Bangladesh Bank through the board along with the statement of the CEO.	Complied
	(c) The chairman may be offered an office-room, a personal secretary/ assistant, a telephone at the office and a vehicle in the business-interest of the bank subject to the approval of the board.	Complied
<b>03</b>	<b>Responsibilities of Adviser</b> The adviser, whatever name called, shall advise the board of directors or the CEO on such issues only for which he is engaged in terms of the conditions of his appointment. He shall neither have access to the process of decision- making nor shall have the scope of effecting executive authority in any matters of the bank including financial, administrative or operational affairs.	As on the stipulated date there was no advisor
<b>04</b>	<b>Responsibilities and authorities of CEO</b> The CEO of the bank, whatever name called, shall discharge the responsibilities and effect the authorities as follows: (a) In terms of the financial, business and administrative authorities vested upon him by the board, the CEO shall discharge his own responsibilities. He shall remain accountable for achievement of financial and other business targets by means of business plan, efficient implementation thereof and prudent administrative and financial management. (b) The CEO shall ensure compliance of the Bank Companies Act, 1991 and/ or other relevant laws and regulations in discharge of routine functions of the bank. (c) The CEO shall include information, if any, which is contrary to Bank Company Act 1991 or any other law/act while preparing any memo for the Board of Directors meeting or any other sub committee meetings. (d) The CEO shall report to Bangladesh Bank of issues violative of the Bank Companies Act, 1991 or of other laws/regulations and, if required, may apprise the board post facto.- (e) The recruitment and promotion of all staff of the bank except those in the two tiers below him shall rest on the CEO. He shall act in such cases in accordance with the approved service rules on the basis of the human resources policy and sanctioned strength of employees as approved by the board. The board or the chairman of any committee of the board or any director shall not get involved or interfere into such affairs. The authority relating to transfer of and disciplinary measures against the staff, except those at one tier below the CEO, shall rest on him, which he shall apply in accordance with the approved service rules. Besides, under the purview of the human resources policy as approved by the board, he shall nominate officers for training etc.	Complied
<b>05</b>	<b>Convening Board of Directors Meeting:</b> Board of Directors meeting of the Bank may be one or more based on the requirement but Board meeting must not be less than one in every three months time.	Complied
<b>06</b>	<b>Number of Members of the Executive Committee:</b> The number of members of the Executive Committee shall not be more than one third of the total members of the Board. However, the Banks having Executive Committee member more than above shall reduce the number within the one third of the total numbers of the Board of Directors	Complied
<b>07</b>	<b>Training of the Directors:</b> The Director shall acquire the knowledge relating to Banking law and other relevant laws/ provision including the duties and responsibilities of the Directors.	Complied



## Management Review of Business



**“It’s a journey, not a race to finish – we’re pushing ahead, anticipating a smoother road just around the bend.”**

## Management Review of Business

In spite of global downturn, which had caused strain on the country's economy too and during which many other countries had experienced negative growth, Bangladesh recorded a GDP growth of 6.3%. In fact Bangladesh was among the top five in the list of countries achieving the highest GDP growth rate last year.

### Global Economic Environment 2012

The global economy has yet to shake off the fallout from the crisis of 2008-2009. Global growth dropped to almost 3 percent in 2012, which indicates that about a half a percentage point has been shaved off the long-term trend since the crisis emerged. This slowing trend will likely continue. Mature economies are still healing the scars of the 2008-2009 crises. But unlike in 2010 and 2011, emerging markets did not pick up the slack in 2012, and would not do so in 2013. Uncertainty across the regions – from the post-election 'fiscal debate' question in the U.S. to the Chinese leadership transition and reforms in the Euro Area – will continue to have global impacts in sluggish trade and tepid foreign direct investment. A number of challenges stood in the path to more widespread global economic growth, including a protracted Euro-zone crisis, waning demand for Chinese products, reduced reliance on commodities in the Asia/Pacific region, and economic sensitivity in emerging economies. North America proved a rare bright spot, however, thanks to a strengthening US private sector.

#### Main results:

- Across the advanced economies, the Outlook predicts 1.2 percent growth in 2013, compared to 1.1 percent in 2012. The slight uptick is largely due to Europe, which is expected to return to very slow growth of 0.3 percent after the -0.2 percent contraction in 2012. U.S. growth is expected to fall from 2.2 percent in 2012 to 1.6 percent in 2013.
- In the medium-term, the outlook expects the U.S. and other advanced economies to go some ways toward closing large output gaps – that is, the difference between current output and the level of output an economy can produce in a noninflationary way, given the size of its labor force and its potential to invest in and create technological progress. The current output gap is a result of weak demand due to the 2008-2009 crisis. This development should allow the U.S. to average 2.3 percent annual growth during 2013-2018 before falling to 2.0 percent in 2019-2025. In the same two periods, Japan is expected to grow at 0.9 percent per annum.
- A more significant slowdown is expected for less mature economies over the next year – and beyond. Overall, growth in developing and emerging economies is projected to drop from 5.5 percent in 2012 to 5.0 percent in 2013, with growth falling in China from 7.8 to 7.5 percent and in India from 5.5 to 4.7 percent. From 2019-2025 emerging and developing countries are projected to grow at 3.3 percent.
- The long-term global slowdown we project to 2025

will be driven largely by structural transformations in the emerging economies. As China, India, Brazil, and others mature from rapid, investment-intensive 'catch-up' growth to a more balanced model, the structural 'speed limits' of their economies are likely to decline, bringing down global growth despite the recovery we expect in advanced economies after 2013.

### Economic Overview: Bangladesh 2012 Upbeat Country Rating

Of late, Moody's, the prestigious global country rating agency, reported that Bangladesh's credit stability has been shored up by the momentum in reforms agenda. It gave the country a respectable score of Ba3 putting it on par with the Philippines and Egypt among the 130 countries rated. This score is ahead of Pakistan (B3), Sri Lanka (B1) and Vietnam (B1). It is just behind Indonesia (Ba1) and India (Baa3/Ba1) the two major economies of Asia. In spite of global downturn, which had caused strain on the country's economy too and during which many other countries had experienced negative growth, Bangladesh recorded a GDP growth of 6.3%. In fact Bangladesh was among the top five in the list of countries achieving the highest GDP growth rate last year. The government has set a real GDP growth target of 7.2 percent for fiscal year 2013. This growth expectation hinges on a sharp rise in investments, improvement in infrastructure and power situation as well as global economic scenario. The growth was 0.74 percent higher from the 5.47 percent growth in the previous four years from 2002-2005, the data showed.

#### Historical growth of Bangladesh GDP growth:

Fiscal	FY 08	FY 09	FY10	FY 11	FY 12
Growth	6.2	5.9	6.1	6.7	6.3

#### Sector-wise performance of the economy:

Sector	FY 10	FY 11	FY 12
Agriculture	5.2	5.0	5.2
Industry	6.5	8.2	8.5
Services	6.5	6.6	6.7
GDP	6.1	6.7	6.3



## Management Review of Business continued

### Surge in Consumer Demand

The main drivers behind the surge in demand were growth in agriculture sector, huge exports of readymade garments and increase in foreign remittances. Agricultural growth has fundamentally changed the character of the economy. Secondly, the readymade garment sector has continued to employ more women and semi-skilled workers. More and more international buyers are sourcing their readymade garments from Bangladesh. Total export earnings from this sector now is over USD 20 billion. Thirdly, remittances sent by Bangladeshis abroad continue to climb. Remittances may therefore climb to an all time high. This huge inward remittance of over USD 12.885 billion (up to November 2012) has further fuelled demand for consumer goods. But it may also have put pressure on prices of commodities in the market.

### Waning Inflation

The year-on-year inflation rate remained in single digits since April 2012, while the annual average rate of inflation dropped to single digits in September 2012. Point-to-point inflation declined from a peak of 11.59 percent in January 2012 to 7.41 percent in December 2012. This decline has largely been due to lower food price inflation which fell from 10.90 percent in January 2012 to 6.55 percent in December 2012 due to reasonable food production and a slowdown in international food prices.

### Improving Balance of Payment (BoP)

In the face of a widening trade balance during the first ten months of FY12, the BoP continued to remain under severe pressure. However, during the last two months of the fiscal year (May-June), when trade balance remained under control due to falling import payments, the BoP situation began to see some positive turn. At the same time, impressive growth of remittance inflow (22.4 percent in FY12) played an important role in improving the BoP scenario.

### Lukewarm Share Market

The Dhaka Stock Exchange (DSE) & Chittagong Stock Exchange (CSE) continued its losing streak throughout 2012, after having declined in 2011. According to the annual market update, 2012 of Citi NA, the benchmark index, DSE General Index (DGEN), fell in excess of 21 percent year to date and stands at 4,219.31 as of December 30, 2012. Market capitalization which was about USD 53 billion at its peak in December 2010, stood at USD 30 billion on December 30, 2012. Market liquidity also declined, with average daily turnover of USD 50 million

in 2012, as compared to about USD 89 million in 2011. Country's premier bourse the Dhaka Stock Exchange was the worst performing stock market in 2012 in comparison with the major stock markets across the globe whereas it was one of the best performing market around the world in 2010. Seventeen new securities — sixteen equity stocks and one mutual fund — raised Tk 11,860 million from the country's capital market through initial public offerings in 2012 but most of them had failed to perform as per the expectations of the investors.

### Emerging Sectors

New areas of growth have also become evident this year. These are shipbuilding, production of electronics (white goods) and high-end pharmaceuticals, as well as information technology (IT) products and services. During 2012, Bangladesh was able to produce an additional 3,000 MW of electricity. When added to the previous generation, it totals 6,350 MW. Further steps are underway to continue to generate even more electricity. This will help meet the accelerated demand for energy.

### Policy Support

At the same time, the government has introduced policy measures that encourage the setting up of solar units in homes and in markets around the country. Grameen Sakti is just one of the many companies supplying solar power to homes. Single-handedly it has completed the setting up of one million solar units during 2012, while another million homesteads are in the process of being connected by this company. Businesses and educational institutions of Bangladesh are literally being lit up now at night benefiting from this development. Micro-credit agencies, the banks as well as the World Bank are supporting this massive change. Empowerment of the individuals is also being increasingly aided by use of mobile phones (total subscriber base is now 100 million people). Internet penetration is also increasing rapidly.

### Future Outlook

Bangladesh will need to grow by 7 percent to 8 percent a year to achieve its development objectives for the next decade. The resilience of the Bangladesh economy over the past several years has been impressive and GDP growth has been broad-based, thus helping the country achieve 6 percent growth on average. Given Bangladesh's young demographic, vibrant private sector and the fact that it is sitting at the crossroads of the world's most dynamic economies, Bangladesh has great potential going forward. So far, the economy has responded well. Bangladesh Bank

## Management Review of Business *continued*

### Extract:

In the galaxy of customer choice and need, our orbit around the banking system is unique and universal, mostly oriented with goodness, goodwill and good governance. This is an added advantage to our brand that is reciprocated with love and loyalty of our fond customers and growth is the logical sequence.

has been rebuilding its foreign reserves buffer since the early 2012. The government is also committed to moderate fiscal consolidation aimed at preserving stability.

### Dhaka Bank Challenges 2012

Dhaka Bank Limited was incorporated and started its journey in 1995 under the leadership of some proactive entrepreneurs in Bangladesh. With the commitment, sincerity, caring mindset to customer loyalty, excellent team work, technological leadership, quality focus, confidentiality and strong resilience in tough market conditions, Dhaka Bank emerged as one of the leading financial frontiers of second generation Banks in Bangladesh. 2012 was a year of profound changes: changes in our economy and changes in the financial services industry. Our Bank was not immune from these changes. Dhaka Bank had to reap benefits from the market under many daunting challenges in 2012, some of which topping the list is:

- The early quarters of 2012 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, upward revision of energy prices 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 growing deposit and lending rates, expected return to liability customers as well as concentration on the maximization of shareholders' value and size of balance sheet to reach 2012 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;
- Healthy deposit mix to downsize cost of fund and competitive pricing to stay afloat in competition;

- Maintaining asset quality and growth;
- Sluggish trend in country's capital market and strong regulatory control on funding capital market investment;

### Outlook 2013

The world is perpetually changing, as are the needs of any community. To keep pace with a growing, changing population we must anticipate the increasing banking needs of every community we serve. Our banking facilities are continuously expanding and upgrading along with our services. Today, Dhaka Bank has country wide 71 banking locations accompanied by a number of service centres as well as alternative delivery channels. In addition to full-service commercial banking, we offer brokerage services, Off-shore Banking, Islamic banking, Internet banking services including on-line banking, bill-pay and cash management for businesses. And while we recognize the necessity of adaptation, our dedication to our community efforts, integrity and our principles will always take precedence. It was true in 1995 and it remains true today. We look forward to 2013 with more optimism. We will focus on growing earnings over long term at a rate that will keep it above the peer group benchmark. In the process, DBL will focus on its delivery channels, technology, people and its brand for growth of the shareholders' value.

**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 regulatory capital in 2012 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 Tawfeer, Lakhopoti and Kotipoti Deposit Plan, Edusavings, 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.





## Management Review of Business continued

**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.

**Employee Motivation:** DBL strives to attract, develop, compensate and retain the most qualified people in a work environment characterized by discipline and affection.

Dhaka Bank is well positioned to meet the challenges of 2013 and continue to strive to innovate and capture opportunity for growth and value creation. We will continue to maneuver and harness potentials lying 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 2013. People, product and technology platform will be increasingly the deciding factors for our plans for 2013. Details are provided in Directors' Report as well as Auditors' Report.

Facing the challenges head-on in a compliant manner should be our goal towards creating Dhaka Bank a sustainable, profitable and forward-looking banking front. We need to do more and run faster with clear visibility about the destination. Perhaps, it also has to do a lot with the overall governance and accountability situation in the country.

## Financial Review of the Bank

### Income Statement

#### Interest Income

During 2012, DBL earned Tk. 2,630 million as interest income recording a growth of 13% over preceding year. The growth of interest income was attributable to real growth in overall asset portfolio, good sales of loan products, downsizing of loan delinquency and efficient utilization of fund. Average yield on advance was 17.20% in the respective year. Net interest income was the highest contributor to total income which was 83% to total income. The 13% growth in net interest income was also a combined outcome of efficiencies achieved both in interest income and interest expense.

Net interest margin (NIM) derived from dividing net interest income by average assets was 3.36 percent in 2012 as compared to 13 percent in 2011. The net interest income manifested on increase of 13 percent due mainly to considerable yield on loans and advances.

### Comparative position of income, expense & profit over 5 years

(Taka million)

	2008	2009	2010	2011	2012
Operating Income	9,100	9,641	10,500	13,838	15,941
Operating Expense	6,567	6,831	6,659	9,554	12,718
Profit	2,533	2,810	3,841	4,284	3,223

### Investment Income

DBL's investment income comprised interest earned on treasury bills and bonds and dividend received on shares, capital gains from sale of Government securities, dividend on shares and interest on debentures. Investment income during 2012 was recorded at Tk. 1,388 million compared to Tk. 2,050 million of 2011.

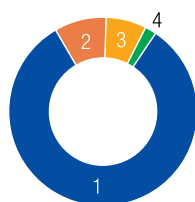
### Commission, Exchange & Brokerage

Income from commission, exchange and brokerage during 2012 decreased by Tk. 1,085 million. 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.

## Management Review of Business *continued*

Revenue Mix: 2012

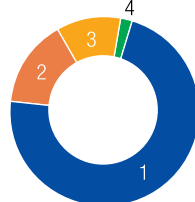
%



1 Interest Income	83
2 Investment Income	9
3 Fees & Commission	7
4 Other Income	2

Revenue Mix: 2011

%

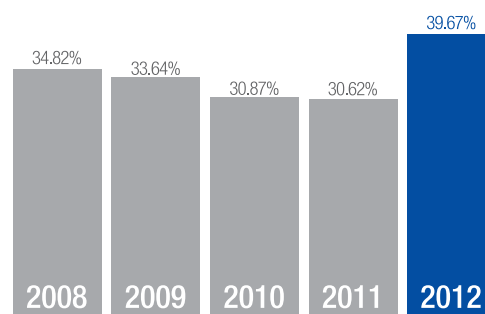


1 Interest Income	72
2 Investment Income	15
3 Fees & Commission	11
4 Other Income	2

### Key operating financials:

	Taka million		
	2012	2011	Change %
Interest Income	13,228	9,945	33
Interest Expenses	10,598	7,610	39
<b>Net Interest Income</b>	<b>2,630</b>	<b>2,335</b>	<b>13</b>
Investment Income	1,388	2,050	(32)
Fees & Commission	1,085	1,505	(28)
Other Operating Income	239	339	(29)
<b>Operating Income</b>	<b>5,342</b>	<b>6,229</b>	<b>(14)</b>
Operating Expenses	2,119	1,945	9
<b>Operating Profit</b>	<b>3,223</b>	<b>4,284</b>	<b>(25)</b>
Provision for Loans	1,685	441	282
Provision for Off-Balance Sheet Exposure	31	75	(59)
Provision for diminution in Value of Investment	66	114	42
Other Assets	1	-	-
Total Provisions	1,783	630	183
<b>Profit Before TAX (PBT)</b>	<b>1,440</b>	<b>3,654</b>	<b>61</b>
TAX Provision	738	1,489	(50)
<b>Profit After TAX (PAT)</b>	<b>702</b>	<b>2,165</b>	<b>(68)</b>

### Cost to Income Ratio



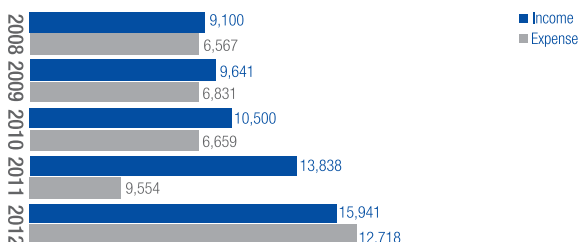
### Other Operating Income

In 2012, other operating income of the Bank decreased by 14% over the preceding year generated from other charges, recoveries in normal course of business and sale of portfolio shares during the year.

### Total Operating Income

Total operating income stood at Tk. 5,342 million in 2012 against Tk. 6,229 million in 2011. This was the after effect of respective growths in NII, investment income and other operating income.

Operating Income Vs Expenses (Taka million)



### Operating Expenses

The Bank had to undergo restructuring of its operations, renovation of systems and processes, expansion in infrastructure and logistics in compliance with internal and external rules and regulations and in support of Bank's target for 2012. To catch up with the growth of SME, retail business and expansionary activities, substantial number of manpower was recruited and outsourced at different levels of banking operations. Across the year, DBL also made significant contribution in CSR activities. Moreover, DBL focused on developing brand image with increased promotional and advertisement expenses.



## Management Review of Business *continued*

For smooth running of business under a restructuring and compliant environment, the bank's operating expenses increased by Tk.175 million from Tk.1,945 million in 2011 to Tk. 2,119 million in 2012. The increased costs were contributed primarily by increase in head count and payroll expenses (Tk.135 million increase in salary and allowances, increment & bonus), in rents and utilities (Tk.15 million increase in rent, tax, insurance, electricity, etc) and increase in maintenance & repair expenses by Tk. 18 million due to renovation, relocation of branches, building of new ATM booths as well as investment in IT infrastructure. Bank's CSR contribution amounted to Tk. 14.5 million at different spheres of the society.

### Employee productivity continued to grow as per following details:

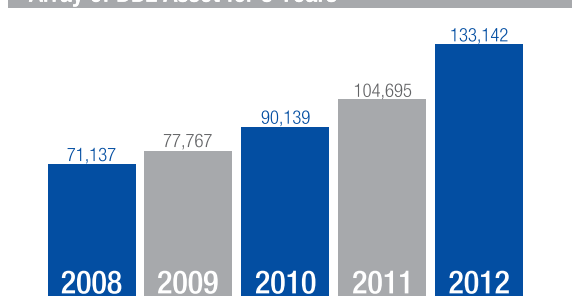
Taka in million		
Particulars	2012	2011
Income per employee	10.96	11.16
Profit before tax per employee	2.22	3.48
Asset per employee	91.51	84.46

## Balance Sheet

### Total Assets

DBL's total assets at December 31, 2012 were Tk. 133 billion, up by Tk. 28 million demonstrating an outstanding 27 percent rise over 2011. Significant increase 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 growth in credit lines and holding of securities for SLR.

Array of DBL Asset for 5 Years



### Cash and Balance with Bangladesh Bank & its Agent

The position of Cash and Balances with Bangladesh Bank and its Agents is Tk.10,934 million as at December 31, 2012 recording a growth of 15% from Tk. 9,510 million in 2011. Balance with Bangladesh Bank swelled up under regulatory compliance of maintaining Cash Reserve Requirement at higher margin on the backdrop of growing

volume of deposits. The Bank afforded to maintain quite adequate balance of CRR throughout the year.

### Balance with other banks and financial institutions (FI)

DBL's balance with other banks and financial institutions increased by Tk. 3,100 million in 2011 to Tk. 4,828 million at balance sheet date. The growth resulted from transfer of fund to current account of different banks to channel inward foreign remittance to beneficiaries.

### Growth of Balance Sheet Items:

Particulars	Taka in million		
	Balance in 2012	Balance in 2011	Growth (%)
Assets	133	105	27
Deposits	107	85	26
Loans & Advances	90	76	18

### Money at Call and Short Notice

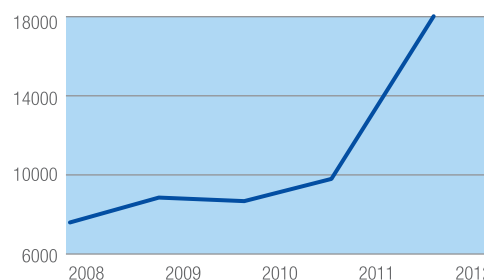
DBL Treasury is responsible to manage this major area of operation. Bank's balance in Money at Call and Short Notice was as much as Tk. 669 million at balance sheet date. In the last quarter of 2012, call money turned dearer in the overheated market in want of liquidity badly. The soaring rate of Call Money marked a record high point in the past few years. Under the prevailing conditions, our Treasury opted for investing amount of placement at higher rate of interests in banks or NBFIs. That paid off well for us yielding high returns from money market.

### Investment

DBL made significant investment in long term government securities during the year 2012 adding up to Tk. 15,775 million in total as against Tk. 7,820 million in 2011. The 102 percent growth achieved in investment was contributed by government treasury bonds purchased to cover the increased SLR in line with increased deposit liabilities.

5 Years Investment

Taka million



## Management Review of Business *continued*

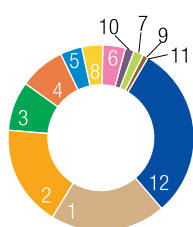
### Loans and Advances /Investments

Loans and Advances of the Bank as on December 31, 2012 stood at Tk. 90 billion compared to Tk. 76 billion of 2011 reflecting a growth of 19%. Investment of Islamic Banking Branches increased by Tk. 286 million to Tk. 4,600 million during 2012. 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. 1,024 million. Concentration of loans and advances was well diversified details of which are explained in note 7 of the financial statements.

Sector- Wise Loans & Advances 2012

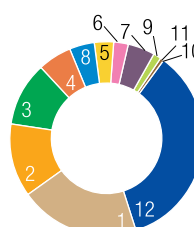
%



1	Textile & Garments	19.93
2	Housing & Construction	13.20
3	Engineering & Metal	11.56
4	Food & Allied Industries	5.65
5	Transport & Communication	5.24
6	Service Industry	2.49
7	Energy & Power	2.41
8	Chemical Industries	2.58
9	Pharmaceuticals	1.02
10	Electronics & Automobiles	1.13
11	Agricultural Industry	0.63
12	Other Industries	34.16

Sector- Wise Loans & Advances 2011

%



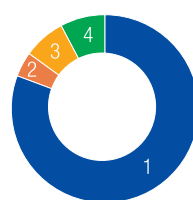
1	Textile & Garments	20.03
2	Housing & Construction	12.27
3	Engineering & Metal	10.71
4	Food & Allied Industries	5.68
5	Transport & Communication	4.18
6	Service Industry	3.22
7	Energy & Power	2.44
8	Chemical Industries	4.52
9	Pharmaceuticals	1.30
10	Electronics & Automobiles	0.33
11	Agricultural Industry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

### Liabilities

Total liabilities of DBL excluding shareholders' equity stood at Tk. 123 billion as of December 31, 2012 recording a growth of 29% over preceding year.

Composition of Total Liabilities

%



1	Deposits	80.69
2	Due to banks & Repos	4.28
3	Equity	7.27
4	Others Liabilities	7.76

Borrowing from financial institutions and agents Treasury Division had to resort to borrowing from money market to keep supply and demand in equilibrium for efficient management of assets and liabilities. Borrowing from banks, financial institutions and agents including refinance from Bangladesh Bank increased by Tk. 3,148 million at the year-end 2012 to meet regular liability obligation of customers and lending commitments to sustain ongoing business growth and goal for 2012.

### Deposits

Customers' deposit grew by Tk. 22 billion or 26% to Tk. 106 billion at the year-end 2012 from Tk. 84 billion of 2011 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 strong customer base included individuals, corporations, small & medium sized enterprises, NBFIs, government entities, NGOs and autonomous bodies and others.

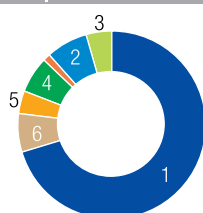
Stretching over the year, Dhaka Bank refashioned many of its liability products with enthusiastic advertising drive in parallel in an effort to meet market demand, global impact on local market, new monetary policy and the urgency for healthy deposit mix with increased low cost and no cost components. Moreover, our Islamic banking Units offered attractive packages for Hajjis and Hajj planners promising considerable profits to enable holy journey to Mecca financially safe and sound. On the whole, the well devised schemes and initiatives proved rewarding in swelling our deposit balance at the year-end. In 2012, DBL's deposit blend was stable with cost free and low cost deposits in comparison with the year 2011. Still, fixed deposits maintained dominance in the deposit line occupying highest 70% of the deposit mix. Average cost of deposits was 10.63% in 2012 as against 9.33% in 2011. At the year-end 2012, the ratio of customers' deposit to total liabilities stood at 81% compared to same at the end of 2011. A great range of liability products are now available at DBL to meet variant needs of deposit clients.



## Management Review of Business *continued*

Deposit Blend 2012

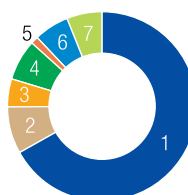
%



1	Fixed Deposit	70.31
2	Savings Deposit	6.63
3	Other Deposit	3.93
4	Current Deposit	6.26
5	Bills Payables	1.26
6	Deposit Schemes	7.18
7	Short Term Deposits	4.43

Deposit Blend 2011

%



1	Fixed Deposit	66.98
2	Savings Deposit	8.04
3	Other Deposit	4.80
4	Current Deposit	6.81
5	Bills Payables	1.29
6	Deposit Schemes	6.00
7	Short Term Deposits	6.08

### Allowance for classified loans

Provision against classified loans stood at Tk. 2,498 million in 2012 compared to Tk. 1,067 million of 2011. Tk. 899 million was allocated for provision against unclassified loans while 2011 provision against unclassified loans amounted to Tk. 848 million. General provision for off-balance sheet exposure stood at Tk. 366 million as against Tk. 334 million of previous year. 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.

### Net Profit before Tax

DBL's net profit stood at Tk. 1,440 million after making above provisions.

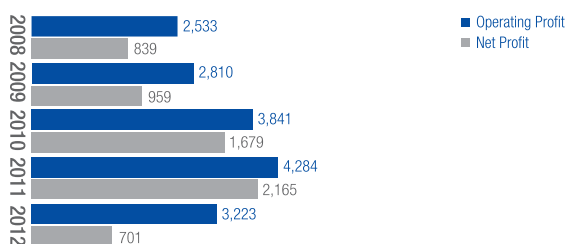
### Provision for income tax

Provision against current year income tax was Tk. 738 million compared to Tk. 1,489 million of year 2011. The Bank had no deferred tax liability/ asset during the reporting period.

### Net profit after tax

DBL earned net profit after tax of Tk. 701 million during 2012. Earning per share (EPS) portrayed Tk. 1,50 as at December 31, 2012.

Operating Profit Vs Net Profit (Taka million)





## Management Review

### Corporate Banking



**We are committed to helping our clients achieve their ambitions by continuing to serve them in confronting challenges of 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 top.**

**Mr. Emranul Huq**  
Deputy Managing Director  
Business Banking

#### Our Strategy

- Leveraging our broadest client bases
- Diversification of collection of market-leading businesses
- Continued focus on enhancing capability to serve better at the operational level.

#### Objectives 2013

- To provide the best services to Corporate Clients who are the significant contributors of the Bank's revenue by improving our internal process & enhanced employee capability.
- To maximize corporate portfolio in coming days intensifying cross selling and selectively channeling credit to new customers in promising segments. Dhaka Bank footprints further to be enhanced into Packaging, Food, Power,
- Construction, Aviation, Glassware, Edible Oil Refinery, Healthcare, Renewable Energy, Telecommunications, Plastic Polymer, Agri-Business (poultry, food processing) etc.
- To ensure 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.
- To explore new avenues for low cost deposits.
- 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.

#### Dhaka Bank Corporate Banking Approach

Dhaka Bank introduced its Corporate Banking Division (CBD) in 2011 with a view to providing the best services to our Corporate customers in a structured way. In line with Bank's aspiration to be one of the best performing banks in the country, our Corporate Banking Division has been playing a vital role for the growth of the Bank. With our expertise and dedication we, at Dhaka Bank Corporate Banking, aim to help clients to achieve success in every business endeavor.

Bank's total asset portfolio has most in it corporate credit and thus, several strategic business units (SBU) are put to work under the umbrella of corporate banking namely General Credit, Trade Finance, Lease Finance, Syndication and Structured Finance and Industrial Project Finance and so forth.



## Management Review

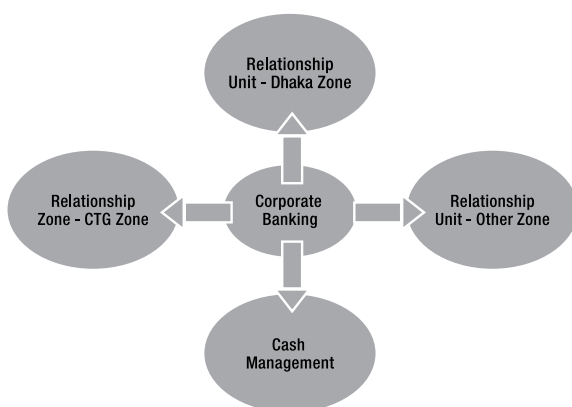
### Corporate Banking

continued

All through the year 2012, DBL persisted in its key role in supplying business capital in the form of loans and organizing collective finance with a high standard of diligence and full compliance to help build economy and social and physical infrastructure of the country. Dhaka Bank is well conversant with the sophistications of corporate lending modalities with a tailored approach to its corporate customers in a cost effective way. At the close of balance sheet date, total corporate lending stood at around Tk.81 billion reflecting about 89.38 percent of total credit portfolio with a growth of 19.71 percent over the preceding year. A review of sectoral allocation in corporate lending reveals that term finance accounted for 27.56 percent followed by working capital finance making up 34.18 percent and overdraft facilities recording 11 percent. Textile & Garments topped the list of industry exposures with 19.93 percent of total corporate lending. Other major areas of financing took account of construction, shipbuilding, housing, steel and commodity finance. Bank's finance was also visible in power, energy and other physical and social infrastructure such as telecommunication and ICT at 3.45 percent of its corporate folder. DBL credit portfolio consists of Loans and Advances under conventional practice and investment s based on Islamic Shari'ah.

- Corporate Banking Division and Dhaka Bank branches will give their joint effort in providing better services to the existing corporate clients as well as booking new corporate clients.
- Better customer service will be ensured through effective co-ordination amongst people working in Front-office and Bank-office.
- In order to address the import business for increasing revenue in the non-funded business area, we will put our utmost effort to increase our export oriented clients mainly in 3 (three) thrust sectors: Garments, Jute goods and Leather. Besides, a significant number of new clients in RMG sector is targeted to be booked in both Dhaka and Chittagong region.
- Corporate Banking Division is working with focus on the target sectors identified with extensive analysis of the current portfolio. These sectors will be prioritized while financing new projects.
- We will also provide our best effort to explore business opportunities in the other thrust sectors.
- Corporate Banking Division will ensure the coordination of Head Office and Branches to perform the activities in order to achieve the objectives of the year 2013.

### Our Planning in 2013



Dhaka Bank Corporate Banking Division is planning to establish separate wings for Corporate Assets, Corporate Liability and Cash Management Services. These wings will operate relationship units in different zone. The above units will provide their all out supports for our corporate clients with all kind of corporate banking solutions ranging from working capital management, cash management to trade finance, project finance and structured products. Besides, the basic course of action of Corporate Banking Division comprises the following:

### Credit Portfolio

At the end of 2012, credit portfolio of the Bank increased by Tk. 14,166.76 million to reach the total of Tk.90,140.28 million against Tk.75,973.52 million of 2011. The growth reflected an impressive 18.95 percent over the preceding year. Despite mounting hard drive for recovery of delinquent loan accounts, our non-performing loans moved to 6.28 percent of total portfolio of 2012. Bank's credit to deposit ratio was maintained at 83.91 percent on an average during the year. 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.

## Management Review

### Corporate Banking

continued

#### Portfolio distribution by Industry/Business Segments as on December 31, 2012

Figure in Million

Sector	Amount	%
Agricultural Industries	568.07	0.63%
Chemical Industries	2,324.42	2.58%
Electronics & Automobile Industries	1,019.46	1.13%
Energy & Power Industries	2,170.86	2.41%
Engineering & Metal Industries including Ship Breaking Industries	10,420.11	11.56%
Food & allied Industries	5,092.16	5.65%
Housing & Construction Industries	11,893.60	13.19%
Other Industries	30,799.97	34.17%
Pharmaceuticals Industries	915.12	1.02%
Service Industries	2,241.70	2.49%
Textile & Garment Industries	17,968.91	19.93%
Transport & Communication	4,725.89	5.24%

#### Breakdown of portfolio

Tk. in million

Segments	Exposure as of December 31, 2012	% of total
Corporate	80,534.19	89.34%
SME	4,770.32	5.29%
Retail	1,894.69	2.10%
Card	221.11	0.25%
Brokerage	1,699.91	1.89%
Agri	362.20	0.40%
Staff	657.86	0.73%
Grand Total	90,140.28	100.00%
Pharmaceuticals Industries	915.12	1.02%
Service Industries	2,241.70	2.49%
Textile & Garment Industries	17,968.91	19.93%
Transport & Communication	4,725.89	5.24%
Total	90,140.28	100.00%

#### 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.

#### 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 56 Non - AD branches. Despite sweeping downturns of global economy across the borders of the developed zones in particular, Bangladesh economy did better than expected in 2012 with a surge in export volume to USD 24.30 billion comparing to 22.93 billion in the preceding year. A lot of exporters now bank with us and the volume of direct exporters in 2012 was worth Tk.48,929 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 2012. 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 program.



## Management Review

### Corporate Banking

continued

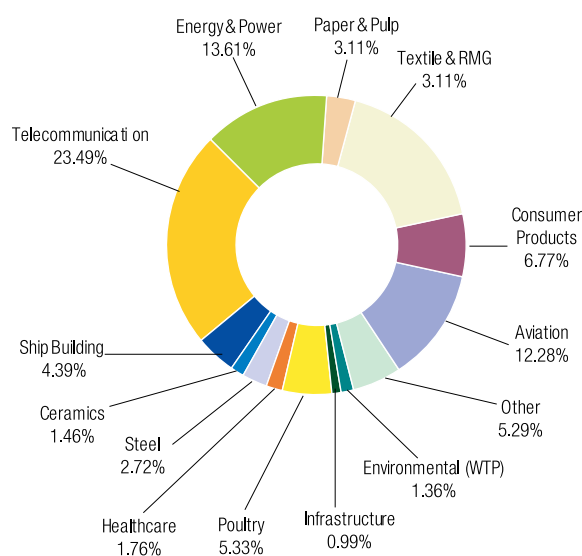
#### Syndications & Structured Finance Unit



The Bank's Syndications & Structured Finance ("SSF") Unit has started its journey in 2004 to cater the needs of Corporate Banking of the Bank. SSF Unit being one of the leading structured finance solutions provider including syndication offers wide range of products namely Local Currency Term Loan, USD Term Loan, IPFF Fund, Offshore Finance, etc. Meanwhile, the Bank is the dominant, tested and proven name in loan syndication market and till today, the Bank's notable achievements are as under:

- Raised over BDT 16.95 billion as Lead Arranger for 19 different projects;
- Provided Agency and Security Trustee functions to a good number of projects;
- Participated in 41 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, poultry, consumer products, etc. of the economy along with the environment friendly projects. Total Syndicated Term lending outstanding reached at Tk. 2,769.21 million as on December 31, 2012. The chart below gives an overview of the sectoral exposure of the unit as of October 31, 2012:





## Management Review

### Corporate Banking

continued

The Bank has already prioritized financing in the environment friendly/green projects for preserving scarce resources for future generation, and for sustainable development of the country. As part of green banking initiatives of the Bank, the SSF Unit has already arranged syndication financing to set up a centralized Water Treatment Plant (WTP) for Chittagong Export Processing Zone. The Unit has also financed a number of Effluent Treatment Plants (ETP) for different textile projects. Moreover, the Unit has also arranged syndication financing for construction of 2 (two) Dredgers for re-excavation of the Gorai River, which have already been provided to Bangladesh Water Development Board (BWDB) for trial run. The unit has also financed for setting up 2 (two) environment friendly food-packaging projects in 2012. 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 came out with keen interest to promote the concept of Public Private Partnership (PPP) in Bangladesh. Dhaka Bank has responded to the government's initiative by arranging fund for 2 (two) power projects and 1 (one) WTP project under Investment Promotion Financing Facility (IPFF) scheme of Bangladesh Bank. In the coming years, 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 2012, the overall syndication financing faced a setback due to severe liquidity crunch in the first half of the year and unavailability of the utility connections. 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 successfully raised fund for a textile-spinning project in year 2012.



Creative Paper Mills Limited



Ronak Spinning Mills Limited



Vosta LMG Karnafuly JV Consortium Limited



D-Water Tech Limited





## Management Review

### SME Banking

#### Strategic Choice

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

<b>2012 Priorities</b>	<ul style="list-style-type: none"> <li>• Enhance and accelerate lending portfolio</li> <li>• Focus on Woman Entrepreneur Finance and cluster finance</li> <li>• Expand share of refinance from local and foreign funds</li> <li>• Improve asset quality</li> <li>• Step up campaign for awareness and marketing</li> <li>• Educate SME customers through training &amp; workshop</li> <li>• Liaise with the partners for exchange of expertise, technical and resource supports</li> <li>• Showcase SME profile and products through participating in SME Fairs</li> </ul>
<b>Financial Highlights</b>	<ul style="list-style-type: none"> <li>• SME Lending Portfolio 16 % up</li> <li>• Total Outstanding Taka 4,770.30 million</li> <li>• Total SME Customers 41% up</li> <li>• No of Customers 4050</li> <li>• WE Lending Portfolio 36 % up</li> <li>• Total Outstanding Taka 38.90 million (WE Finance)</li> </ul>
<b>Objectives 2013</b>	<ul style="list-style-type: none"> <li>• Develop new products both for asset and liability basket</li> <li>• Restructure SME into 4 key segments i.e. SME(Medium), SME(Small), SME(Liability) MIS &amp; Monitoring</li> <li>• Pursue target for ME, SE, WE and cluster finance with geographical concentration</li> <li>• Arrange meeting, seminar, training for SME customers on regional basis across Dhaka, Chittagong, Khulna, Sylhet and North Bengal</li> <li>• Integrate SME with green banking initiatives and financial inclusion programmes</li> <li>• Sign deals with the partner organizations for more funds under refinance and resource support</li> <li>• Developing a 'Business Plan for New Venture' promoting capacity building for SMEs</li> </ul>

# Management Review

## SME Banking

### continued

#### New definition of SMEs on the basis of business size:

Business Segment	Sector	Business Size (Tk.) Fixed Asset other than Land & Building	Employed Manpower (Not above)
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)

Note: If a firm belongs to one more categories (business segment) on any criterion, the same will be deemed as belonging to the 'larger' category.

### Present Context

A pragmatic approach is visible in remodeling SMEs through a new definition promulgated by Bangladesh Bank SMESPD Circular No. 01, dated 19 June 2011. Given the key parameters to characterize SME namely cost of fixed asset (barring land & building but including installation cost) and number of employee, SME business entities will now traverse an expanded region across the economy. As a result, possibilities for small and women entrepreneurs will go up triggering new scopes for refinance facilities with respect to extended loan limit, new areas of financing like micro and cottage, agro-based rural industry and so on. Commitment to refinance is on a rising tide with more options coming in from ADB, WB, JICA and Bangladesh Bank. Financing in clusters (a chain of industries centered on similar products/services) has gathered an upsurge of enthusiasm. A broad-based SME Market Segmentation Database is underway to envision the new universe of SME built on client-wise inputs at micro level for the purpose of macroeconomic analysis on variant indicators. So with all SMEs under a new sun, there begins a new hope.

### Our Approach

As a commercial bank, Dhaka Bank Limited has made best possible efforts to contribute to the development of SME sector through its countrywide network. The Bank has formally stepped into financing SMEs in the country in 2003. At present, the Bank is catering SME banking services through its 71 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 EC 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 such as weaving in Belkuchi, shrimp in Khulna, Hatchery in Cox's Bazar and so forth to encourage growth of new clusters and support existing clusters to prosper. Bank's exposure to SME business is well diversified among as many as 4,050 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 each SME program such as SME Fair, Workshop, Seminar, Symposium,



## Management Review

### SME Banking

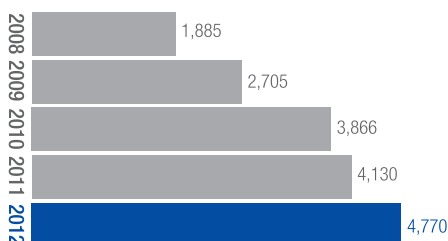
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Focus Group Discussion (FGD) organized by SMESPDF of Bangladesh Bank, SEDF, IFC and many other national and international agencies to disseminate expertise, knowledge and information. SME Monitoring Unit has been equipped to oversee SME loan target, 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.

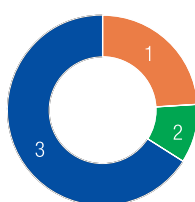
### Financial Highlights

Dhaka Bank's current SME portfolio stands at Tk.4,770.50 million as on December 31, 2012. Bank's disbursement to SME sector during 2012 aggregated Tk5,854.70 million against the budgetary target of Tk. 6,500 million. During 2012, the Bank has a record achievement of refinance for Tk.205.55 million obtained from respective funds of BB, ADB, WEF, EGBMP and so on.

#### Progress of SME Portfolio in 5 years (Taka million)



#### Sector- wise Outstanding



#### Refinance History (5 years Receipt of Fund)

Figure in million Taka

2008	2009	2010	2011	2012
762	199	72	107	206

### SME Asset Products

Business Credit Lines	Business Loans
OD (SME) – Overdraft SME	SLTP – SME Long Term Product
OD(WO) – Overdraft Work Order	SMTP - SME Mid Term Product
OD (PO) – Overdraft Pay Order	STLS –Short Term Loan SME
OD (Share) – Overdraft Share	FSTL – Festival Short Term Loan
SOD (SME) – Secured Overdraft SME	SSTL - Short Term Loan SME
OD (Pledge) – Overdraft Pledge	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

### Operational Highlights 2012

1. Arranged a seminar for discussion about prospects of SME and disbursement of SME loan in Bogra in cooperation with Bangladesh Bank.
2. Arranged SME Banker – Entrepreneurs Meeting and Loan Distribution Programme at Shilpakala Academy Satkhira in cooperation with Bangladesh Bank.

### New Products underway:

1. SME COMFORT: SME Liability product against approved lending facility to SME clients
2. DBL SME EQUITY BUILDER: Quarterly Deposit Scheme to help build SME capital base

### Women Entrepreneur Finance

#### Key Attributes:

1. Available at all DBL Branches and SME Service Centers
2. Easy terms and conditions
3. Rate of interest only at 10.00% under Women Entrepreneur Refinance Scheme (BB)
4. Quick approval process
5. Unsecured facility for a certain limit

# Management Review

## SME Banking

### continued

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#### Financial Highlights 2012:

1. No. of women entrepreneurs: 42
2. WE Loan Portfolio: Tk. 39 million
3. Percentage of WE lending to total SME lending: 8%
4. Number of women entrepreneurs dedicated desks/ SME help desks: 75
5. Sector-wise disbursement: Industry Tk. 11.6 million, Trade Tk. 51.8 million and Service Tk. 1.3 million

#### Financial Progress

Total outstanding in WE Finance is around Tk. 39 million. Total disbursement to WE reached Tk. 65 million in 2012 against Tk. 46 million in 2011 indicating a growth of 41 percent. The Bank obtained refinance of Tk. 65 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, Training Center and so forth.

#### Operational Highlights 2012

1. Participated in a conference on “Promoting Women’s Entrepreneurship in Bangladesh” organized by BWCCI (Bangladesh Women Chamber of Commerce & Industry).
2. Participated in a Women Entrepreneurs Meet in Monipur, Sylhet where Bank extended Micro Finance to a loom business belonging to a Woman Entrepreneurs through the Honourable Governor of Bangladesh Bank.
3. Participated in SME Entrepreneurs and Bankers Meet 2012 in Barisal and extended SME loan to Woman Entrepreneurs and SME Clients.

#### New Products underway:

1. SUCHONA: Woman Entrepreneur Lending Product
2. ANNONO DEPOSIT SCHEME: Term Deposit Scheme offering highest benefit to Woman Entrepreneur as well as the Womenfolk

#### Development Planning 2013

The Bank has a plan to arrange couple of trainings in collaboration with Windmill Education Services Limited (WESL), an IFC accredited Business Edge™ training provider in Bangladesh, for both men and women entrepreneurs of SMEs on regional basis. The training will focus on “Developing a Business Plan for New Venture” for promoting capacity building activities of SMEs.



## Management Review

### Special Credit Unit (SCU)

### 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 2011-2012, Dhaka Bank pursued a disbursement target for Tk. 1,280 million under agriculture and made total disbursement of Tk. 1,282.00 million approx. up to 30th June 2012, achieving 100.16 % of the target value.

This year, in compliance with Bangladesh Bank circular, we have taken up an ambitious disbursement target for Tk. 1,600 million in agriculture which is 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. Besides agricultural finance, Special Credit Unit is responsible for Green Banking Finance and development. In 2012, Dhaka Bank disbursed a total of Tk. 11.00 million in 60 green projects including Biogas Plant, ETP, Brick Kiln and others.

#### Achievement 2012

1. Dhaka Bank has been accorded 'Letter of Appreciation' from the Honourable Governor of Bangladesh Bank for its relentless efforts in achieving disbursement target in the fiscal year 2011-2012.



2. The Bank Signed participation agreement for "Refinancing in Hybrid Hoffman Kiln (HHK) or equivalent technology of brick field" with Bangladesh Bank.

#### NGO 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).

#### 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. In addition, Padakhep raised its fund-base through different other partnerships to a total of Tk. 1,350 million. Total beneficiaries under the network of Padakhep numbered 180,163 at the year end. To chase the target, Padakhep developed a huge outreach consisting of 235 centres across 13 Zonal Offices in the country. The partnership with Padakhep has helped carry fund to the farmers' doorsteps. The ultimate goal is a shining Bangladesh built on strong food security and growing employment opportunities in the remote countryside.

#### 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. 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 (12,473 farmers), fisheries (2,035 farmers), livestock (4,156 farmers), poverty alleviation (2,077 farmers).



## Management Review

### Special Credit Unit (SCU)

### Agriculture/ Rural Credit

continued



#### 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 wholesale fund of Tk.15.95 million 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. The NGO raised its fund-base through different other partnerships and disbursed a total of Tk. 295.88 million among 16,216 agricultural entrepreneurs during the year 2012. SEHEO has a large outreach consisting of 16 centres through 2 zonal offices in Jessore region.

#### Zone-wise disbursement of agricultural loans by SEHEO during 2012

Zone	Number of Borrowers	Disbursement Amount (million Tk.)
Jhenidah Sadar	8,900	162.63
Harinakundu	7,316	133.25
Total	16,216	295.88

Hopefully, DBL is on course to achieve the annual target of Tk.1,600 million in Agri Finance having disbursed Tk. 537.88 million till December 31, 2012 through own Branches, MFIs & NGOs.



# Management Review

## Asset Liability Management

The Asset Liability Management has structured a systematic process to earn a sufficient return while maintaining a comfortable surplus of Assets beyond Liabilities. The 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 prepares 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.

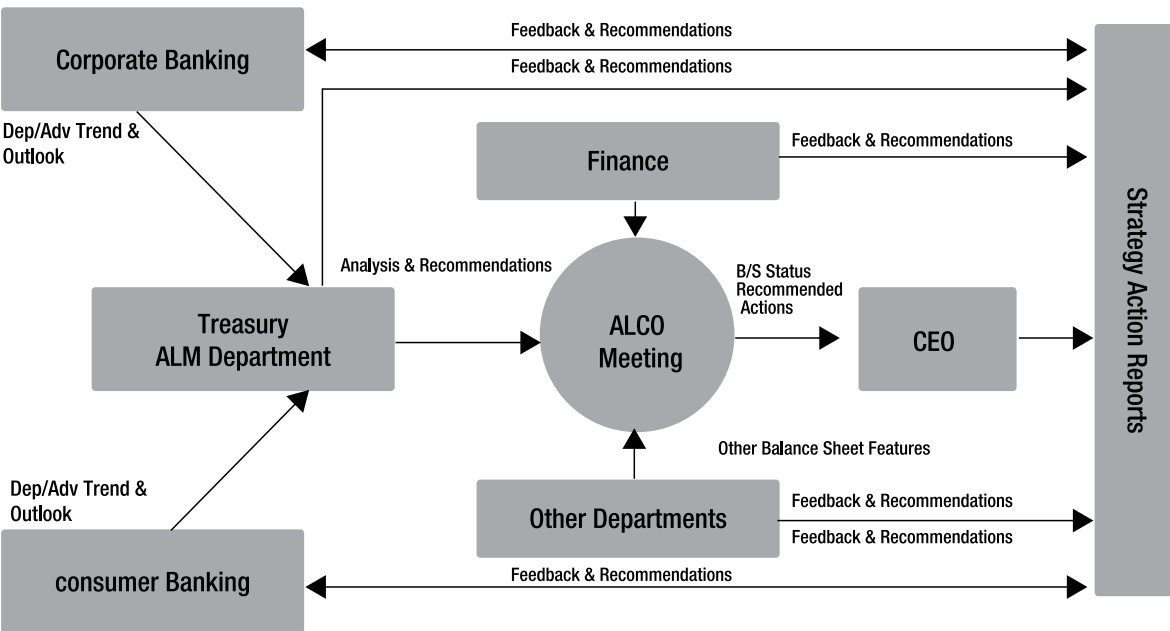
ALCO takes necessary market information from Treasury Division, Finance & Accounts Division and from all other well conversant members of the committee to take strategic decisions. ALCO also includes invitees to enrich the decision making process by their valuable understanding.

### The members of the committee are:

1. The Managing Director/ CEO
2. The Additional Managing Director
3. The Deputy Managing Director - Risk Management
4. The Deputy Managing Director- Operations
5. The Deputy Managing Director-Business Banking
6. The Head of Credit
7. The Head of Retail Banking
8. The Head of Finance & Accounts Division
9. The Head of Risk Management Unit
10. The Head of Treasury

### ALM Process

Through ALCO, Dhaka Bank takes all major strategic plans 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.



## Management Review

### Asset Liability Management

continued

#### Liquidity Risk Management

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 established a robust liquidity risk management framework that ensures that it maintains sufficient liquidity, 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 tenure 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.

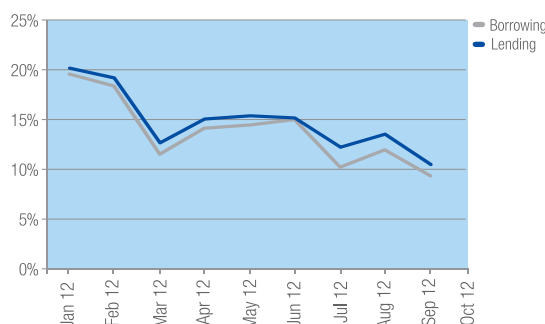
#### Money Market Scenario:

Money Market has experienced a huge Liquidity shortfall in the first half of the year 2012. In accordance with the Monetary Policy for that period, the Central Bank has reduced cash flow in the market to curb the inflation rate. In the July-December 2012 Monetary Policy Statement (MPS) issued by BB, it is declared that the lending to the Government sector is being limited and unproductive sector get less fund for investment for boosting up the Productive Private Sector lending growth rate to 18.30%. It has been also pointed out in the MPS that in no way Government Borrowing can suppress the Private Sector lending and has been closed monitored by Central Bank. The Remittance flow from the expatriate has increased in a decent rate throughout the year 2012 and helped to reach Foreign Currency reserve up to USD 11.25 Billion marks. The liquidity position is softening in the second half of the year due to less import payment and banks' extra effort to remain with the committed Advance Deposit ratio. Introduction of devolvement of Government securities to the Non Primary Dealer's Bank has made holding of the securities rational and reduces the excessive pressure of surplus securities from the Primary Dealer's Banks.

#### DBL Average Call Money Rate

Month	Borrowing	Lending
Jan' 12	19.64%	20.06%
Feb'12	18.49%	19.03%
Mar'12	11.58%	12.51%
Apr'12	14.13%	14.93%
May'12	14.52%	15.29%
Jun'12	15.00%	15.00%
Jul'12	10.28%	12.05%
Aug'12	11.94%	13.35%
Sep'12	9.37%	10.34%

#### DBL Average Call Money Rate - 2012





## Management Review

### Consumer Banking

#### Financial Highlights:

**Loans & Advance Taka 2,297 million**

**2.55% of Total Loans**

**Deposits +37%**

**Taka 14,150 million**

**13.17% of Total Deposit**



**“We work with consumers and small business owners to meet everyday financial needs and to pursue lifetime dreams. We make your everyday banking a pleasure trip with differentiated products and a dedicated team of banking experts.”**

**Mr. Niaz Habib**

Additional Managing Director

DBL is one the pioneering banks in Consumer Banking sector amongst local and multinational financial institutions. In 2012, we strengthened our focus on customer segment through proper channeling of variety of retail products and services to ensure quality asset/ liability, product innovation and brand building. Consumer Banking at Dhaka Bank Limited was launched in 2002. As of December 31, 2012, Consumer banking loan outstanding (including Credit Card) is Tk. 2,297 million which is 2.55% of total DBL loans & advance outstanding of Tk. 90,140.28 million.

Consumer Banking Division (CBD) is composed of 4 units providing services through all 71 branches:

- Marketing & Business Development Unit (Cards & Loans)
- Risk Assessment & Credit Approvals Unit (Cards & Loans)
- Loan Operations & Disbursement Unit
- Legal & Recovery Unit

#### Recent Amendment

Retail Banking Division vide a Circular dated May 3, 2012 (EC Memo No.DBL/RBD/2012-400) has been renamed as 'Consumer Banking Division' with a very specific operational guideline.

The major attributes include-

1. Consumer Banking customers are precisely defined
2. Marketing & Booking of fresh loans will be done at branch level
3. Branch will be responsible for day-to-day follow up of unclassified (UC) loan
4. Head Office will co-ordinate in terms of marketing, collection and approval process
5. Legal & Recovery Unit, CBD shall be fully responsible to manage & recover classified accounts.



## Management Review

### Consumer Banking

continued

#### Performance of Consumer Banking

Consumer Banking Division has been offering its asset & liability products through branch-network of the Bank since March 2002. Consumer Banking assets are 16.23% of its liabilities. CBD portfolios are appended below:

(Tk. in Crore)

	Deposit Type	Date of Launching	As of 31-Dec 2010	As of 31-Dec 2011	As of 31-Dec 2012
LIABILITY	Deposit Pension Scheme	Since 2005	300.26	421.13	647.99
	Deposit Double Scheme	Sep 2005	260.59	379.26	472.94
	Savings Bundle	Mar 2009	171.76	110.20	100.15
	Smart Plant	Feb 2005	0.86	0.85	0.75
	3 Years (SDS)	-	123.62	167.82	184.78
	MDS	-	-	0.23	0.11
	Gift Cheque	Sep 1998	0.71	1.00	1.35
	<b>Sub Total</b>		<b>857.80</b>	<b>1,080.49</b>	<b>1,408.07</b>
	Edu Savings	May 2011	-	1.24	6.07
	Shopno Jatra	Sep 2010	5.18	7.67	0.11
	Excel A/c	Sep 2002	1.90	1.78	1.36
	<b>Grand Total</b>		<b>864.80</b>	<b>1,091.18</b>	<b>1,415.61</b>

	Asset Type	Date of Launching	As of 31-Dec 2010	As of 31-Dec 2011	As of 31-Dec 2012
ASSET	Car Loan	Jan 2003	249.22	185.45	111.71
	Personal Loan	Sep 2003	100.42	82.17	73.02
	Home Loan	Sep 2004	9.52	12.66	17.59
	<b>Sub Total</b>		<b>359.16</b>	<b>280.28</b>	<b>202.32</b>
	Credit Card	Sep 2003	16.38	18.35	22.11
	<b>Sub Total</b>		<b>375.54</b>	<b>298.63</b>	<b>224.43</b>
	Smart Plant	Feb 2005	0.38	0.26	0.10
	Shopno Jatra	Sep 2010	3.93	5.71	5.19
	Excel A/C	Sep 2002	0.009	0.087	0.009
	<b>Sub Total</b>		<b>4.40</b>	<b>6.06</b>	<b>5.29</b>
	<b>Total</b>		<b>379.94</b>	<b>304.69</b>	<b>229.73</b>

#### Business Review

##### ATM Services

DBL went live with its own ATM switching and debit card management software 'IRIS' in 2010, which is fully integrated with Flexcube and the existing Cash Link network. Having its own ATM switch enables the Bank to connect with all ATM networks in the country for better service to its valued clients. In this way we have already launched 31 ATMs in 2010 and 15 ATMs in 2012 giving a total of 46 ATMs across the country. Adding a new dimension to our automated networking, Cash Deposit Machine (CDM) was installed. We also look forward to more ATMs and CDMs around the country in 2012.

Besides, DBL has network sharing agreement with Omnibus and Dutch Bangla Bank Limited to connect all DBL customers with thousands of ATMs through DBBL, BRAC Bank, Omnibus Member and Cash Link ATMs.

##### Card Services

DBL Dual Currency VISA Credit Card has already taken a stand among credit card users in Bangladesh. We have already taken measures to grow the size and quality of our retail portfolio by cross selling through a bundle of retail offerings and CASA Credit Card Campaign for the existing DBL customers. By expanding the market of DBL Dual Currency VISA Credit Card, we intend to add more value to Bank's operating profit and portfolio size to the entire satisfaction of customers in the coming years.

We have taken steps to introduce Pre-paid and Credit Card for our valued customers in 2012. Thus, DBL customers will be privileged to choose from many diversified card offerings. In 2011, DBL will further strengthen retail banking portfolio through innovative asset and liability products, enhanced asset quality and expanded overall retail customer-base for the Bank.





## Management Review

### Consumer Banking

continued



#### Business Strategy

In purview of above, a seminar was held on September 15, 2012 where managers/representatives of the 22 focused branches were present. After an elaborate discussion the branches were given target next 4 months of 2012. Achievement till December 31, 2012 by the branches is quite significant.

Considering existing 4 consumer loan products (personal loan, car loan, home loan & credit card) of Consumer banking Division of the Bank, business strategy is appended-

Primarily the marketing of consumer loans should be for the following:

- Focused towards existing valued clients
- Focused 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 staffs of private multinational telecom operator
- Officer & executives of private commercial banks and financial institutions

#### Target Market:

Considering the loan product features (secured & unsecured) and potential customer status, we need to focus

on following market.

**Personal Loan:** As PL is totally unsecured loan, we need to focus on the following customer segment.

- Individual Salaried Person from Multinational Company (MNC), reputed large Local Company (LLC) and Bank
- Reputed Professional: Doctors, Engineer & Architecture
- Salary/Income: BDT 50,000 & above
- Reputed Self-employed/Businessmen: Gross income BDT 80,000 & above (DBL existing clients)
- Existing Corporate Relation who are maintaining salary account with Dhaka Bank
- Business source / attachment:
  - a. DSA
  - b. Existing corporate relation
  - c. Product advertisement in newspaper/radio
  - d. Promotional campaign

**Car Loan:** As car loan is secured loan, we need to focus on the following customer segment.

- Individual Salaried Person from Multinational Company (MNC), reputed large Local Company (LLC) and Bank
- Reputed Professional: Doctors, Engineer & Architecture
- Salary/Income: BDT 80,000 & above
- Reputed Self-employed/Businessmen: Gross income BDT 100,000 & above (DBL existing clients)
- Existing Corporate Relation who are maintaining salary account with Dhaka Bank
- Business source / attachment:
  - a. DSA
  - b. Maintain relation with reputed car showroom through written MOU
  - c. Product advertisement in newspaper/radio
  - d. Promotional campaign

**Home Loan:** Fully secured loan.

- Individual Salaried Person from Multinational Company (MNC), reputed large Local Company (LLC) and Bank
- Reputed Professional: Doctors, Engineer & Architecture
- Salary/Income: BDT 100,000 & above
- Reputed Self-employed/Businessmen: Gross income BDT 200,000 & above
- Existing Corporate Relation who are maintaining salary account with Dhaka Bank
- Business source / attachment:
  - a. Dedicated product DSA
  - b. Maintain relation with reputed car showroom through written MoU
  - c. Product advertisement in newspaper/radio
  - d. Promotional campaign

## Management Review

### Consumer Banking

continued

#### Credit Card

- Product Design with additional features
- Marketing Strategy
- Sales Strategy
- Reporting or MIS
- Cards Recovery unit

#### Product Enrichment: Product design with additional features

- Reward program
- Installment payment/ InstaBuy
- Card Cheque
- SMS Alert
- Cash Back
- Insurance Coverage
- E-Statement

#### Marketing Strategy

Bulk Sale for corporate sales (Minimum 20 application):  
Need special offer with price & features -

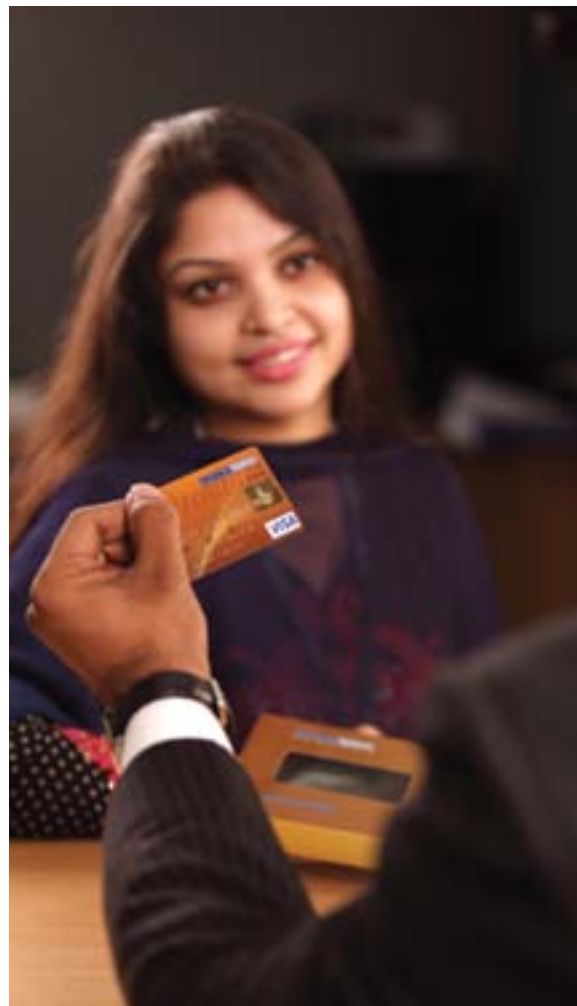
- In House Corporate client
- Large local corporate client
- Management staff of multinational group
- Teachers/Professors of reputed private universities

#### Branch Sales: Individual with Regular Offer

- Professional group i.e. Doctors/Engineers/Bankers
- Teaching staff of prominent English medium school
- Top level & mid level staff of good leading hospital
- Local staff of foreign embassies/airlines
- Existing reputed clients (salaried or businessmen)

Arrange promotional campaign

Arrange discount offer





## Management Review

### Business Operations



Rolling out strategic planning, impeccable action and stunning service delivery requires a smooth operator equipped with a passionate dream-team believing in agility and actions. We, at Dhaka Bank, are blessed with such forces of dynamism in transforming this corporate craft into 'A House of Excellence'.

**Mr. Sajjad Hussain**  
Deputy Managing Director  
Operation

Business Operations Division's firm commitment to excellent customer service delivery has resulted to remarkable progress in its areas of operation during 2012. A number of service delivery wings 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 backed by modern technology for smooth payments and transactions for the customers. Under Central processing environment, Business Operations Division is always aware regarding settlement of various payments and transactions as well as compliance related issues. We furnished below the details of executed/processed data through Business Operations Division in 2012:

Particulars	No of Transaction	Amount
Export Proceeds realized	7333	USD 422.04 Million
Settlement of Outward Remittance	783	USD 14.38 Million
Settlement of Inward Remittance	5796	USD 220.00 Million
Settlement of Forex Deal	352	USD 968.37 Million
Settlement of Money Market deal	2569	BDT 2167.08 Crore
Settlement of other transactions	987	BDT 1013 Crore

### Anti Money Laundering

Anti Money Laundering initiatives of DBL are not only for meeting compliance requirements but also act as a catalyst in escalating Bank's business as well as reputation. In an effort to guard against money laundering and terrorism financing transactions through banking channel, DBL has strengthened its efforts as per Bangladesh Bank directives and various circular and guidance note, complying with the Prevention of Money Laundering Act-2009 and Anti terrorism act-2009. In line with this, Dhaka Bank Ltd formed a Separate Central Compliance Unit under the leadership of a Senior Vice President. Meanwhile, around 900 Executives, Officers and other staff (including BAMLCO) have completed training on Anti Money Laundering regulations under supervision of CCU. BAMLCO are instructed to make themselves thoroughly familiar with the AML policies and guidance and they arrange monthly discussion meeting on AML related issues to create awareness on KYC /TP at the time of opening Accounts and updating Transaction Profile (TP) of the customers from time to time. To further enhance the effectiveness of the BAMLCO function on AML

## Management Review

### Business Operations

continued

issues, CAMLCO Office continuously arranged Training and Workshops on Anti Money Laundering issues. We furnish below the details on training information in 2011.

Particulars	No. of Participants	Locations
AML Training –Lead Banker	35	Satkhira District
AML Training –Lead Banker	61	Gazipur District
AML Training	120	Chittagong
AML Training	55	Sylhet
AML Training	35	Khulna
AML Training	200	DBTI-Dhaka

### Cash Management Operations

With a view to maintaining sufficient liquidity of clients and maximizing their return, DBL 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-2011:

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 etc.

Dhaka Bank Ltd Successfully settled a number of Companies IPO refund money and Cash Dividends to beneficiaries' accounts under Cash Management Operations in 2012. Details as follows:

Particulars	No of Instructions	Amount in BDT
Settlement of IPO refund money	49,657	50.29 Crore
Settlement of Cash Dividend	1359	1.59 Crore
Banker to the Issue & Underwriting	13 Companies	

### EFT Operation

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. The creation of the Bangladesh Electronic Funds Transfer Network (BEFTN) by Bangladesh bank is the most important component in the development of a modern payments system infrastructure. This new electronic funds transfer network will provide the foundation for providing access to every banked and non-banked consumer as well as every business customer to facilitate electronic commerce. It is also the only payment system that handles a wide variety of credit transfer applications such as payroll, foreign and domestic remittances, social security, dividends, retirement, expense reimbursement, bill payments, corporate payments, government tax payments, government licenses and person to person payments as well as debit transfer applications such as mortgage payments, membership dues, loan payments, insurance premiums, utility bill payments, government tax payments, government licenses and fees. Under EFT Operations, Dhaka Bank Ltd successfully completed following transactions in 2012.

Particulars	No of transactions	Amount in BDT
Inward Fund transfer	5,149	23.27 Crore
Outward Fund transfer	11,611	81.36 Crore

Particulars	No of transactions	Amount in BDT
Inward Cheque processed	366,561	17,544.78 Crore
Outward Cheque processed	298,402	16,251.87 Crore

### Bangladesh Automated Clearing House (BACH)

A modern national payment system is the backbone for a country's monetary and financial infrastructure. The modern payment system also plays a vital role in the country's current and future economic development. In this regard Bangladesh Bank has started automated payment system called BACH (Bangladesh Automated Clearing System) which covers the Bangladesh Automated Cheque Processing System (BACPS) and Bangladesh Electronic Fund Transfer Network (BEFTN).

Accordingly, Bangladesh Bank has taken steps to standardize the security of the cheque and other features like MICR (Magnetic Ink Character Recognition), personalization and size of the cheque for using images in



## Management Review

### Business Operations

continued

the new system in clearing instead of presenting physical cheques.

Dhaka Bank has been participation in this new system from the very first day.

Dhaka Bank also executes Electronic Fund Transfer against the inward remittance received from abroad for customers of other banks through BACH. At the same time Dhaka Bank is also initiating outward fund transfers under the guideline of BEFTN.

The tables below provides the numbers of transactions processed through BACPS and BEFTN:

#### CHEQUE up to 15.11.2012:

Month	Item Inward	Inward Taka	Item Outward	Outward Tk.
2010	96,122	44,429,139,075.66	68,332	40,620,256,228.78
2011	406,429	200,059,996,124.60	346,314	187,868,120,885.20
2012	308,451	181,142,420,158.39	322,589	201,683,418,501.34
TOTAL	811,002	425,631,555,358.65	737,235	430,171,795,615.32

#### EFT up to 15.11.2012

Month	Item Inward	Inward Taka	Item Outward	Outward Taka
2011	7,269	3,833,041,589.28	150,734	6,917,039,488.06
2012	55,077	3,833,041,589.28	150,734	6,917,039,488.06
TOTAL	62,346	7,666,083,178.56	301,468	13,834,078,976.12



## Management Review

### Central Processing Centres - Trade & Credit

#### Financial Highlights 2012

From January 01, 2012 to December 31, 2012

Number of Import L/C		13,166
Number of Export Bills	Foreign Export	8,359
	Local Export	6,786
Total Contract Executed		73,311



The trade operations of Dhaka Bank Ltd. had been centralized since 2009. It was a big challenge for the Bank and we have accepted the challenge as we have done it in the past. Now on the edge of its four years of operations it has been proved to be a successful milestone of achievement for Dhaka Bank Ltd. and we are one step ahead of the peer group and competitors. When some of those think about centralization, they consider us as their role model.

Now CPC-Trade Operations has reached its maturity level where it can deliver any kind of services related to trade. It was quite usual for such efficient and energetic employees of Dhaka Bank Ltd. to come up to the challenge and today it is running smoothly, efficiently, and effectively towards its goal and management objectives.

Trade operations require continuous communication with all the branches, other banks both inside and outside the country, regulatory bodies and with the prospective customers also. And all these communications are performed perfectly keeping the interest of the customers and bank in mind.

From its inception CPC Trade Operations has always tried to deliver better services and add value to the Bank so that our Stakeholders can feel proud.



## Management Review

### Central Processing Centres

#### - Trade & Credit continued

#### How CPC Adds Value

International Trade is full of risks of various sorts. To add to the woes of the parties engaged in international trade, frauds of all hues are coming in the way of realizing the full potential of this growing area of trade in goods and services

#### 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. The records will be stored in the server and anybody having access to the server will be able to get any information 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 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 pervue 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 like Hallmark.

All loans and advances are routed through CPC (Credit and Trade), funded loans are dealt by Credit and Nonfunded portion by Trade. Monthly average number of transactions handled by CPC-Credit Operations is as follows

Year	2011	2012
No. of Transactions	13858	18319

#### 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 9000 clients' credit history. Dhaka Bank Ltd. established a CIB online cell state of the art as per requirement of Bangladesh Bank.

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. Getting an updated Credit Report from Bangladesh Bank website is now a matter of few seconds.

Immediate retrieval of Credit Report is not the only feature of Online CIB, it also provides historical data of the borrower for last 24 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.

## Management Review

### Global Trade Services (GTS)



Global Trade Services 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 divisions:

- Financial Institutions Division, ii. Remittance

#### Financial Institutions Division:

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 & export.

Financial Institutions Division 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
5. Arranging Credit lines

#### FID Achievements in 2012:

In the year 2012, Financial Institutions Division has been able to encounter a series of achievements. Bearing the drive to grow further and fuelling the motive to embrace new endeavors, FID 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, FID 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. As on November 2012, rebate income amounted to BDT 12.03 Million which almost 5% higher than that of previous year. This is mainly due to the seamless network of banks both at home and abroad and smooth business relations maintained with them.
- **Newly Opened Nostro A/Cs:** Accommodating the escalating business volumes of Dhaka Bank Trade Finance has always been a challenge. In order to create more and renewed ways to support the additional tonnage of DBL's business, we have opened a Saudi Riyal (SAR) Nostro A/C with Al Rajhi Bank, KSA.



## Management Review

### Global Trade Services (GTS)

continued

#### Account with Al Rajhi Bank:

In June 2012, a Nostro Account has been opened with Al Rajhi Bank, KSA. The Al-Rajhi Bank is the world's largest Islamic bank and a major investor in Saudi Arabia's business world. It is one of the largest joint stock companies in the Kingdom, with a paid up capital of SR 6.75 billion. Its Head Office is located in Riyadh and there are six Regional Offices. By opening this nostro a/c we are having services like: 1) Issue Drafts favoring Individual Hajj Pilgrims 2) Transferring money in SAR to beneficiaries maintaining a/c with Al-Rajhi or other banks in KSA. 3) Opening a/c by Hajj Agents with KSA banks 4) Settling SAR LC payments & Making Islamic Deposits

#### Bilateral Trade Loan of USD 4.00 Million with AXIS Bank DIFC Dubai Branch

We are in a process of signing a bilateral trade loan agreement worth of USD 4.00 Million with AXIS Bank, DIFC Dubai Branch by the end of this year. The agreement may be signed with our Off-shore Banking Unit who is authorized to take loans from non-resident persons/institutions under the license accorded by Bangladesh Bank. OBU may use the loan for working capital financing towards its A Type customers or making sight payment of deferred L/Cs issued by our On-Shore AD Branches by discounting bills against acceptances received from the On-shore ADs.

#### 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 November 15, 2012 at our Head Office premise.

Our Managing Director, Mr. Khondker Fazle Rashid along with AMD and DMD-BB presided over the meeting. Among others; (from 3rd right) Mr. Javier Fargas, Team Leader-Senior Bank Adviser (Business & Finance Consulting), Mr. Jacob Aderson-Senior Bank Adviser (BFC), Edward Faber- Senior Bank Adviser (BFC), Donna Marie De Lara-Wenceslao-Trade Finance Associate (ADB) and our Heads of Divisions were present.

#### Remittance Unit

In order 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 inflow of DBL rose from US \$ 117.09 million in 2010 to US \$ 128.72 million in 2011. At present, DBL has agency arrangements with 15 exchange houses located in USA, UAE, UK, Oman, Italy etc to facilitate remittance of expatriate Bangladeshis working abroad.

DBL is upbeat about establishing its footprints in Qatar, KSA, Malaysia, Singapore etc. Moreover, arrangements of DBL with Western Union and Xpress Money enable people to get direct inward remittances from every corners of the globe. DBL is tied up with PAGE Development Center (a Comilla based regional NGO having the highest number of branches in Comilla region) for last 3 years for payment of remittance from their 56 branches in Comilla. DBL has online software for disbursing remittance. Its delivery channels provide fast track remittance services to its customers. Even these outlets are rendering services to those customers who do not maintain any account with DBL. Beneficiary can send their remittance through DBL's associate exchange house and banks around the globe. DBL's expertise, remittance handling experience 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. DBL has always brought in pioneering initiatives in the banking industry with technology and innovation for the benefit of customers. Shopnojatra (designed for students going abroad for higher studies), Tawfeer (an Islamic Banking product exclusively designed for NRBs residing in the Middle East countries), may be glorious examples evidencing this.





## Management Review

### Information Technology (IT)



#### Green Banking Initiatives

- Dhaka Bank introduced E-Statement which reduced the usage of hard copy statement. This statement is generated by the system and sent to the customer automatically at specified interval with full authentication and security. The launching of E-statement of Dhaka goes parallelly with the concept of Go-Green to save the nature.
- Digitization of official document is in place in our bank. Most of the documents of the banks are converted into softcopy. Lion share of the internal and external communication are done through due authentication.

In Today's highly competitive financial market, Dhaka Bank strives to make best use of the key assets available to us. One such asset is the information used to drive the decision-making process. We started the strategic process of re-engineering our business operation vis-à-vis technology up-gradation by bringing all branches under centralized online banking platform. Our IT preparedness, infrastructure build and expenditure has been part of our strategic commitment to our customer, in ensuring Excellence in Banking, by delivering superior banking services through the effective use of technology. Here in Dhaka Bank our promised return on our investment in IT has been the content it carries and not in the technology itself. We take decisions based on the value that our technology holds. So our IT has helped bring information centre stage as a key resource, a commodity and power base. To continue meeting these goals, we have made some significant changes to IT functions in 2012.

#### 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 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.

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.

Dhaka Bank is going to implement a fully online-based system for collecting passport fees on behalf of the Department of Immigration & Passport within a very short period of time. After implementation of this system the customers will be facilitated to deposit their passport fees at any branch of Dhaka Bank Ltd.

#### Remittance Disbursement

Dhaka Bank always tries to meet the customer needs. So, the Bank pays great importance to Remittance Software. According to the road map, Dhaka Bank fully deployed Western Union Software last year. This year Dhaka Bank deploys three more remittance software -CASHEXPRESS (AL-ANSARI), PLACID and XPRESSMONEY.





## Management Review

### Information Technology (IT)

continued

#### Training through E-Learning Suite

Dhaka Bank IT has executed an enhancement in the Dhaka bank Web portal on DBLTI section and made the section more interactive, dynamic and user friendly. From now on wards any employee of Dhaka Bank Limited can update his knowledge on Banking from the resources available in the resource directory, which will be maintained by DBTI personnel. This newly introduced interface also enables any employee to sit for online examination which can be administrated remotely. The result also can be published online. This self-evaluation mechanism also allows the employee to gauge his knowledge base and take necessary measure to get it updated from the resource directory if required.

#### VISA DEBIT Card Implementation

Dhaka Bank IT has jointly worked together with DBL Card division in order to implement VISA enable debit card project. Of late, Dhaka Bank IT has established the VISA debit card link with core banking system of DBL which enables the customer to perform paper less transaction from ATM booth, POS, Internet etc.

#### National Payment Switch:

Dhaka Bank Ltd. making necessary up-gradation and customization of existing switching solution to join the national payment switch. The main objective of NPSB is to create a common platform for payments originating from different delivery channels and existing shared switches in order to facilitate inter-bank electronic transactions. The NPSB will facilitate expansion of the card-based payment networks substantially and promote e-commerce, m-commerce and paperless transaction throughout the country.

#### Green Banking Activities:

We have been using a high performance core banking software and e-mail for intra bank official correspondence and with the other organization those have same connectivity since the voyage Dhaka Bank initiated. With a view to 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.

#### Call Centres

In order to boost our mission for delivering high quality services backed by latest technology and a team of highly motivated personnel to deliver Excellence in Banking, we have initiated a small Helpdesk service and will be transformed in to a full-blown call Center by 2013. Any Customer from anywhere can easily connect to our support service of any type in 24/7.



**Software Upgrade:** We are one of the pioneers in introducing the most modern hi-tech customer centric platform – Flexcube. We launched Flexcube in April 01, 2004 and presently operating with 73 branches, including Islamic and Off-shore banking service, 50 ATMs, Internet/ SMS Banking.

As both the local and global business landscapes shift in the winds of technology and time, Dhaka Bank, of late, initiated upgradation of core banking software to latest version to support its sustainability and growth. A new state of the art system Data Center at Kakrail is in the offing and to be completed hopefully within 2013.

#### Website:

Dhaka Bank website launched back in 2005 perhaps is one of the most effective of its kind. However, after a long run and operation, a new website development project has since been undertaken and to be in place hopefully by early 2013.

#### Priorities in 2012

- Two factor authentication process for Internet Banking service which will ensure higher level of security.
- Full-fledged Mobile Banking service implementation for both banking and non-banking customers".
- Implementation of new Card Management System, fully EMV compliant for card issuance and acquiring.

## Management Review

### Human Resources

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.

#### HR Vision

Team Dhaka Bank represents the brand of Dhaka Bank through the ir excellent services. To strengthen the team spirit HR Division has set its own vision that is best managed, most productive and cost efficient workforce among local banks in Bangladesh.

#### Recruitment, Selection & Hiring

Every year HR Division does manpower planning and forecast the need for the bank. According to the plan and need, Dhaka Bank arranges talent hunts to include best caliber with the winning team. It invites best talents, experts to work in an excellent environment where they can exploit to their knowledge, skills and abilities.

Dhaka Bank has prescribed code of conduct and employees are not permitted to solicit or accept any inducements, which are likely conflict with their duties to clients. Appraisal of their individual performance is done in a rating scale against objectives and the Bank's prescribed core values.

Dhaka Bank recruits talents on permanent and contractual basis. The support stuffs are outsourced. This year we have recruited 247 numbers of people. Among them MTOs were 239 while number of executives were 8. This year employee turnover rate was 2.31.

#### Compensation & Benefit

In making decisions around compensation, we had to balance between the banks existing funds with the commercial necessity of attracting and retaining the talents we need to generate profit for all our shareholders. In terms of facilitating employees with the competitive package to maintain the centre of excellence we are fully compliant with regulatory body.

We have done the salary survey for further salary enhancement. This year highest number of profit bonus has been disbursed. Continuing with the short-term benefit i.e. Leave Fare Assistance (LFA), Maternity Allowance, Hospitalization Allowance, the long term benefits i.e. provident fund, gratuity, super annuation fund, house building loan, and provident fund loan has also been increase significantly.

In terms of providing health care facilities, Dhaka Bank has agreement with different Hospitals and Diagnostic Centres to provide employees best health care facilities at a discounted rate.

#### Training & Development

To nourish the quality of the talent pool collected from the different segments of the country Dhaka Bank arranges ranges of in-house, local and international training provided by local and international training experts of the banking industry. Each employee of the bank can be turned into an asset through proper grooming and guidelines. Dhaka Bank Training Institute plays a vital role in terms of giving theoretical knowledge to every employee of the bank. In the year 2012 DBL altogether has trained 1,344 employees of the Bank. It covers areas like Basle II, Retail Banking, SME, Corporate Banking, Green Banking etc. Moreover, we arrange seminars on the practical scenarios and current issues of the Banking industry.

#### Our Strategic Objective for training:

1. Capture training based on competence framework
2. More effective instructional method for learning retention
3. Develop employees for succession
4. Provide continuous learning opportunity for all
5. Better coordination between HR and Dhaka Bank Training Institute (DBTI)

#### Some activities of DBL HR

- Recruited 8 Executives and 239 Officers in the year 2012 as per the manpower planning.
- From its drive to recruit excellent people Dhaka Bank took a recruitment test for some fresh graduates. They were short listed in the process and were finally recruited in 2012.
- Provided internship to 227 students as part of their academic curriculum and giving them good corporate orientation.
- Salary Revision 2012 effective from July 2012.



## Management Review

### Dhaka Bank Training Institute



#### Our Centre for Excellence

Training is the perpetual process that unlocks the future. Human resource development is the most important part in any organizational sustainability, growth, development and expansion. The need for 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 later 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 October 2012, the DBTI trained as many as 11,220 participants through 452 different training programs covering all diverse courses for banking, finance, management, law etc. 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 programs DBTI arranges short programs and events and regularly visit branches and conduct different workshops.

#### Academics & Logistics:

Besides the Principal, DBTI & Faculty members, internal resource persons, DBTI invites experienced and knowledgeable external resource persons including MDs, 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 approach and broader perception of training. It has full-furnished training facilities with computers, IT and all modern electronic devices to accommodate about 50 trainees at a time.

Sufficiently furnished & properly equipped, DBTI can smoothly organize group discussion, exams where lab, newspaper corner, lunch & snacks rooms 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 & international journals & periodicals. At present we have around 1,400 books in our library.

## Management Review

### Dhaka Bank Training Institute *continued*

In order to enrich & improve DBTI library, we have professional linkages with many organizations at home & abroad like the British Council, Asia Foundation, Islamic Foundation of Bangladesh, Bangladesh Institute of Bank Management, National Institute of Bank Management-India and so on through whom we collect books on Banking, Islamic Banking, Micro- & Macro Economics, Managerial & other Accounting, Bank Marketing, Corporate-, Business- & Human Communication etc.

#### Training Consultancy/Tie-up/Partnership

As a complete Training Institute we train not only 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 Limited, Premier Bank Limited, EXIM Bank Limited, Jamuna Bank Limited, Citi Bank N.A., Bangladesh Development Bank Limited. (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 Institutes 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.

#### New Hostel

DBTI has added a new facility for training participants. Considering the need for accommodation for distant participants, the Bank has introduced residential facility with a capacity for 27 personnel since September 9, 2012. The new house was taken out on rent at Shahidbagh, Dhaka. During the training session, we provide break-fast, lunch and dinner/supper for the participants at DBTI Hostel

#### Liaisons:

The DBTI maintains constant liaison with universities, other organizations, training institutions for keeping itself updated 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 & 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. In 2009, DBTI conducted 47 courses involving 1,192 participants; In 2010, 43 courses involving 1,325 participants and in 2011( up to April) 18 courses involving 688 participants.



## Management Review

### Dhaka Bank Training Institute continued

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. List of participants and the courses attended in DBTI Premises are appended below:

#### Executive Development Program/ Training Course /Workshop up to October 2012

Sl. No.	Title of Courses	Number of Courses	Number of Participants
1	Foundation Training for Bankers Course (Batch 30-35)	6	206
2	Training Workshop on "Telephonic Etiquette & Glimpses on Banking"	1	23
3	Training Workshop on "ASA (Adaptive Security Appliance) Firewall"	1	16
4	Training Workshop on "Electronic Fund Transfer (EFT) Operation in Banks"	1	39
5	Training Workshop on "Guidelines on Information Communication Technology & ICT Security"	1	45
6	Demonstration session on "E-learning solution" by Core Knowledge Ltd.	1	16
7	Training Workshop on "Export Overview and EXP Online"	1	26
8	Training Course on "Credit Management" (3rd and 4th Batch)	2	90
9	Training Workshop on "Overview on Currency Management & Detection of Fake Notes"	1	36
10	Workshop on "Disaster Management in Information Technology"	1	29
11	Training Workshop on "VISA Transaction Reconciliation through ATM switch"	1	12
12	Training Workshop on "Card Management Software – I Card"	1	22
13	Training Workshop on "Internal Audit, Control and Compliance"	1	47
14	Executive Development Program on "Management & Leadership in Finance & Banking"	1	32
15	Training Workshop on "Enterprise Data Warehouse"	1	28
16	Training Course on "Basic of Banking & Marketing Bank Services"	1	32
17	Training Course on "International Trade, Finance & Foreign Exchange"	1	33
18	Training Workshop on "Overview on Information Communication Technology & Flexcube software in banking operation"	1	22
19	Training Workshop on "The Negotiable Instrument Act -1881 and Clearing Procedures & Handling of MICR Instruments under BACH"	1	39
20	Training Workshop on Contemporary Issues on "Islamic Banking, Income Sharing Ratio (ISR)" Profit Distribution System in Mudaraba Deposit Accounts of Islamic Banking Operation	1	35
21	Training Workshop on "Public Awareness for Detection of Fake Notes" at Local Office	1	28
22	Conducting Out Reach Training Workshop on "Money Laundering Prevention Act-2012, Anti-Terrorism Act and The Negotiable Instrument Act, 1981 and Clearing Procedure and Handling of MICR Instruments under BACH"	22	429
23	Orientation Programme for "Management Trainee Officers"	1	41
24	Training Workshop on "WASA Bill Collection Procedure"	1	18
<b>Grand Total</b>		<b>51</b>	<b>1,344</b>



## Management Review

### 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.

#### 2012 Priorities

- Develop new asset and liability products
- Repackage low performing liability products
- Explore market opportunities
- Streamline banking operations
- Research on business policy
- Strengthen communication system
- Feasibility on the new Branches at new locations
- Lend ideas and insights to new branding initiatives

#### 2012 Performance Highlights

##### New Products

- 2 (two) deposit scheme products (consumer banking)
- 3 (three) deposit products (Islamic Banking)

##### Repackaging

- Special Deposit Scheme (Consumer Banking)
- Edusavings Plan (Consumer Banking)
- Deposit Double Scheme (Consumer Banking)

##### Business Development

- Feasibility on prospects of new rural & urban Branches
- Inventory of Dhaka Bank Products & Services
- Analysis on historical profitability of PCBs

##### Branding Support

- Concept & design for DBL Calendar 2013

##### Publication

- Annual Report 2011
- Newsletter INSIGHT (4 issues, 2012)

#### Objectives 2013

- MAJESTIC LOUNGE: Priority Banking Initiative
- New product for Woman Entrepreneur Finance
- Deposit products for senior citizens
- SME liability products
- Green banking initiatives
- Creating a power brand for Dhaka Bank
- Strengthening cash management services
- Feasibility study on new Branches at suitable locations
- Analysis on Income Sharing Ratio under Shari'ah Principles
- Upgrading service excellence of the Bank
- Publication of Annual Report 2013 & Newsletter INSIGHT



## Management Review

### Research & Development

continued

#### 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 dawn 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. Hereunder we give an account of our achievements 2012:

#### R&D Achievements – 2012

SL	Project Name	Performance Impact 2012	
		A/c	Deposit
01	Special Deposit Scheme Redesigned	Increase: 2,220	Tk. 2,100 million
02	EduSavings Redesigned	Increase: 71	Tk. 2.0 million
03	Deposit Double Redesigned	Increase: 1,791	Tk. 917 million
04	Mudaraba Deposit Double Redesigned	Increase: 34	Tk. 27.0 million
05	Inventory of DBL Products	Better equipped Management to adopt strategy, policy & decision	
06	Analysis of Historical Profitability of PCBs	Better equipped Management to adopt strategy, policy & decision	
07	3 new IBB Products: i. Tawfeer Mudaraba Savings Bond ii. Tawfeer Mudaraba DPS iii. Tawfeer Mudaraba Remit Account	Started adding new dimension to Islamic Banking Business with growing customers response	
08	Tawfeer Implementation & Launching ground-work	Held launch the products in time after approval	
09	2 new Consumer Products: Lakhpoti Deposit Scheme i. Kotipoti Deposit Plan	Earned sizeable response from the target customers.	
10	Priority Banking Venture: Majestic Lounge	Unergoing final phase of development	
11	Feasibility study on prospects of Urban & Rural Branches in Dhaka region for 2013	Added dimension to Management strategy, policy & decision in expansion of banking network	
12	Concept & design for the Calendar 2013	Achieved wide spread acclaim from different quarters and stakeholders.	
13	Publication: Annual Report 2011 (Draft, design & compile)	1. ICAB National Award for best published report & accounts 2011 2. ICMAB Best Corporate Award 2011	
14	Editorial support to Bank's Newsletter INSIGHT Publication: (issue 1,2,3 & 4)	Helps perpetuate Bank's internal Management Information system & Bank's market presence year round	

# Management Review

## Research & Development

### 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.

#### Product Development Phases

##### Phase 1

##### Concept Generation

1. Origination of concept/idea
2. Placement thorough official channel
3. Screening out by process of elimination
4. Survey on the acceptability of proposal
5. If convincing, R&D embarks on the mission

##### Phase 2

##### Development

1. Structuring of the product
2. Market feedback, IT simulation & cost benefit analysis
3. Exchange of views with the stakeholders
4. Test of efficacy & adaptability to banking system
5. Management review on product features & market findings

##### Phase 4

##### Ownership, Launching & Marketing

1. Handing over product legacy by R&D to the authority of ownership
2. Formal launching of the product in concert with all stakeholders (divisions/ unit)
3. Circulation to Branches promulgating process flow & operational guidelines
4. Rolling out of plans for selling the products & supervising performance

##### Phase 3

##### Approval Process

1. Drafting of memorandum for approval,
2. Vetting by the authority of ownership
3. Comments from other stakeholders & senior management
4. Management level approval
5. Approval by the Board/ EC of the Board

##### Phase 5

##### Post Launching Review

1. Review product performance at regular interval
2. Collect necessary feedback on the product
3. Review the lapse if any and then repackage
4. Build a quarterly reporting system and effect timely reporting to Bank Management

#### 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 2012 and turn our sails to more ambitious feat of 2013.



## Management Review

### 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

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 properly and documented in the 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;
- Ensure 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.

#### Internal Audit & Inspection Statistics

SI No	Nature of Audit/Inspection	Frequency	Number of Audit/Inspection(s)	
			2012	2011
i)	Comprehensive Inspection	Yearly (Branch & SME Centers)	63	51
		Half Yearly (Branch)	2	10
		Yearly (Div/Dept/Unit)	9	5
ii)	Special Audit/Inspections/ Investigations	Case to case basis	18	12
iii)	IS Audit	Yearly (Branch & SME Centers)	64	56
iv)	Nostro Accounts Review	Quarterly	4	4
Total Reporting:			160	138

# Management Review

## Internal Control System

### continued

#### 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

- 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	2012	2011
Internal Audit Compliance Reports	492	392

#### 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

- 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 in establishing compliance culture.

#### Compliance on Bangladesh Bank Reports

Compliance unit received 141 reports/letters from Bangladesh Bank during the year 2012 and successfully submitted compliance of all reports/letters within the prescribed deadlines.

#### Bangladesh Bank Inspection

Bangladesh Bank inspection team conducted a total number of 43 inspections on 5 Divisions/Units of Head Office & 38 Branches during the Year 2012 which included Comprehensive Inspection, Inspection on Foreign Exchange Transactions, Anti-Money Laundering Activities, Credit Risk Management, Internal Control & Compliance and Information System Security.

#### Bangladesh Bank Inspection Statistics

Sl No	Nature of Inspection	2012		2011	
		Head Office	Branch	Head Office	Branch
i)	Comprehensive	1	29	2	9
ii)	Anti Money Laundering	1	4	-	2
iii)	Credit Risk Management	-	1	1	-
iv)	Internal Control & Compliance	1	1	1	1
v)	Information Systems Security	1	1	1	-
vi)	Foreign Exchange Transactions	-	-	1	2
vii)	Foreign Exchange Risk Management	1	1	1	1
viii)	Small Enterprise Financing		1	1	1
ix)	Consumer Financing			1	1
x)	Special Inspection			1	-
Total Inspection		5	38	10	17





## Management Review

### Reconciliation Unit

Reconciliations Unit came into being in 2005 and till May 31, 2009 was under F & AD. With an increase of Branches, Management decided to segregate Reconciliation 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 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' Remittance) through their Shilpa Bhabhan Corporate Branch remained un-reconciled 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 un-reconciled items in old GL Suspense Accounts. A continuous monitoring and intense perusals by Reconciliations Unit has improved the reconciliations 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.

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 by the 10th of every month (now advanced to 7th of every month). Also under a new system all mismatches/gaps(Suspense & Product GI) of Branches are being posted in an IT created format for necessary resolving by IT Division by the last week of every month. 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-à-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 have resolved

their old pending un-reconciled 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 un-reconciled entries to Bangladesh Bank every quarter. Officers this Unit have no transactions authority. Since no entry has remained un-reconciled till date for more than 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 un-reconciled entries is submitted timely. A monthly statement showing position of un-reconciled Nostro Account entries is submitted to Bangladesh Bank by the 7th of every month and to Bank Management by the 15th of every month which includes of all other accounts too. This is now advanced to the 10th of every month.

The overall reconciliation status of Dhaka Bank Ltd now stands much improved. As on date the Reconciliations Unit has crossed the threshold and is in a position to shoulder greater responsibilities for the Bank's continued healthy growth.

#### Present status of Reconciliations:

1. Nostro Accounts- All 27 accounts are fully reconciled upto December 31, 2012.
2. BBK Clearing Accounts for FCY-USD, GBP, EUR & JPY: - Fully reconciled upto December 31, 2012.
3. BBK Clearing Account for LCY- BDT: - Fully reconciled upto December 31, 2012.
4. CD/STD Accounts maintained by Branches & HO (34 accounts): -Fully reconciled upto December 31, 2012.
5. ATM Settlement Accounts (04 accounts): All ATM settlements accounts are fully reconciled upto December 31, 2012.
6. Balancing of Suspense Accounts of all Branches (69 Branches) of the Bank: - As of December 31, 2012, there is mismatch in 04 GL Heads which are under process of resolving.

## Management Review

### Islamic Banking

Islamic Banking has become popular to the much people and its' acceptability has been growing in our country and all over the world tremendously. Islamic Banking already proved its importance in the field of economy for its 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 it ensures quality of the assets. Thus, it has successfully avoided the financial crisis spread out over the world following recent economic recession. These successes were achieved only by following the divine advises upon banning of interest.

Following the developing requirements of Shariah based banking Dhaka Bank Limited started its 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 in Agrabad, Chittagong. This branch was shifted from Agrabad to Muradpur area on June 24, 2012. 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 in Financial Sector and avoid uncertainty in the society.
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 financials 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 much 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 economies 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 consist 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 opinion on various Shariah related issues of Islamic Banking Operations. The Member Secretary & Muraquib helps the Shariah Supervisory Committee for its regular functioning. Brief introduction of Shariah Supervisory Committee is given below:

SI No	Name	Designation	Qualification
1	Mr. M. Azizul Huq	Chairman	M Com (Renowned Islamic Banker)
2	Prof. Mowlana Mohammad Salahuddin	Member (Faqih)	Kamil, MA (Khatib of Baitul Mukarram National Mosque)
3	Md. Mokhlesur Rahman	Member (Faqih)	Kamil, MA
4	Khondker Fazle Rashid	Member (Ex-Officio)	MA, MBA
5	Barrister M. Ziaul Hasan	Member (Lawyer)	Bar at Law
6	Md. Sirajul Haque	Member Secretary	M Com
7	Md. Kamaruzzaman	Muraquib	Kamil, MBA



## Management Review

### Islamic Banking

continued

#### Islamic Banking Division

As per Guideline on Islamic Banking issued by Bangladesh Bank BRPD Circular No.15 dated 09.11.2009, a full fledged separate division namely "Islamic Banking Division" has been established in Head Office headed by an Executive Vice President having experience in Islamic Banking. The duty & responsibility of the Division is as follows:

1. To frame Islamic Banking rules and regulations and ensuring their implementations.
2. Maintain co-ordination with the Shariah Supervisory Committee and the other divisions of the bank.
3. To confirm investment of the Funds received for Islamic Banking Business under modes approved by Islamic Shariah.
4. To train up the manpower deployed in the Islamic Banking Branch.
5. Submission of required statements to the Central Bank.
6. Compliance of any other responsibility(ies), the Central Bank may assign from time to time.
7. Supervise the Islamic Treasury Function (Fund Management, SLR/CRR maintenance etc.)
8. Conduct Shariah Audit/Inspection of the Islamic Banking Branches.

- 3 new Islamic deposit products namely "Tawfeer Mudaraba Savings Bond Account-TMSBA, Tawfeer Mudaraba Deposit Pension Scheme-TMDPS, Tawfeer Mudaraba Foreign Remittance Account-TMFRA were introduced to the customers.

Our Islamic Banking Branches are demonstrating satisfactory performance under the umbrella of Shari'ah Supervisory Committee and Islamic Banking Division of the Bank. 2012 remained another important year in the progress of Islamic Banking business. Total deposit mobilized by Islamic Banking Business stood at 4,617 million. Total asset were estimated at Tk. 6,254 million while total investment was Tk. 4,600 million. Our Islamic Banking operation has acquired the loyalty of significant number of customers and is expected to see a rising tide in the year 2013.

#### Introduction of Guidelines for Fund Management / Treasury Function of Islamic Banking Operations

In order to comply with the instruction of Guideline on Islamic Banking, the Division has introduced a Guideline for Fund Management / Treasury Function of Islamic Banking Operations which is dully approved by the Executive Committee of the bank in it's 732nd meeting held on April 10, 2012. According to this Guideline Islamic Fund Management / Treasury Function in Head Office has started separately.

#### Activities of DBL Islamic Banking Operations – Year 2012

- Shari'ah Supervisory Committee held 4 (four) meetings where various Shari'ah related issues were discussed, reviewed & resolved.
- Conducted Shari'ah Inspection in two Islamic Banking Branches by Muraquib of Shariah Supervisory Committee & submitted reports thereon.
- Workshop on Islamic Banking in Head Office held in presence of all divisional Heads / Incharges and employees of 2 Islamic Banking Branches.
- A good numbers of employees have been received Islamic Banking Training.

## Management Review

### 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. Setting up of another two OBUs in Karnafuli & Adamjee EPZ is in the offing.

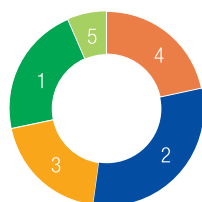
We, in the Off-shore Banking unit, pride ourselves in our ability to provide premier Off-shore Trade solutions to our clients, while ensuring that highest levels of professionalism are practiced by our colleagues.

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 ensuring highest levels of professionalism and excellent customer services backed by quality human and technological supports.

OBU invested around USD 11.6 million in offshore market to support Type-A industries as well as to strengthen its asset portfolios. Portfolio of the unit during December, 2012 is shown in the following chart:

**OBU Portfolio 2012**

In millions



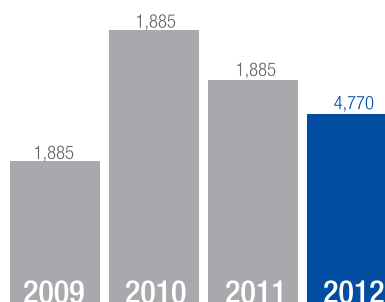
1	Term Loan/ Syndication	2.49
2	Short Term Loan	3.52
3	Working Capital	2.25
4	Bills Purchased	2.51
5	Others	0.78

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 an upward sloping profit curve 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:

**OBU Portfolio (Year wise)**

In millions



With the growing demands for banking facilities due to establishment of more and more industries in the EPZs, rooms have been created for the OBU to earn substantial amount of foreign exchange by expanding market share. Our OBU team is keen to capitalize every opportunity for its growth while we feel the necessity of streamlining the regulations regarding OBU and bringing OBUs under preferential tax bracket as practiced all over the world. Dhaka Bank OBU is determined to continue its journey of success and look forward to contribute commendably to the growth and prosperity of the Bank.



## Management Review

### Risk Management



Experts found evidence that banks with advanced risk management system have greater credit availability rather than reduced risk in the banking system. The greater the credit availability, the better it leads to the opportunity to increase the productive asset and bank's profit. 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

**“The first step in the risk management process is to acknowledge the reality of risk. Denial is a common tactic that substitutes deliberate ignorance for thoughtful planning.”**

**Mr. Neaz Mohammad Khan**  
Deputy Managing Director  
Risk Management



## Management Review

### Risk Management

continued

#### Risk profile & built-in mechanism

<b>Diversified portfolio</b>	<ul style="list-style-type: none"> <li>We have a high and diversified credit portfolio ranging from industrial, trading, project financing to commercial real estate, asset backed securities and leveraged loans.</li> </ul>
<b>Strong liquidity position</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<b>Robust risk governance structure</b>	<ul style="list-style-type: none"> <li>We have a clear statement of risk appetite, which is approved by the Board and sets the parameters within which our businesses operate.</li> </ul>
<b>Risk Management Expertise</b>	<ul style="list-style-type: none"> <li>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</li> <li>We have a robust risk management framework that assigns accountability and responsibility for the management and control of risk</li> </ul>

Steps	Activities
<b>Identify</b>	<ul style="list-style-type: none"> <li>Establish the process for identifying and understanding business-level risks.</li> </ul>
<b>Assess</b>	<ul style="list-style-type: none"> <li>Agree and implement measurement and reporting standards and methodologies.</li> </ul>
<b>Control</b>	<ul style="list-style-type: none"> <li>Establish key control processes and practices, including limit structures,</li> <li>impairment allowance criteria and reporting requirements.</li> <li>Monitor the operation of the controls and adherence to risk direction and limits.</li> <li>Provide early warning of control or appetite breaches.</li> <li>Ensure that risk management practices and conditions are appropriate for the business environment.</li> </ul>
<b>Report</b>	<ul style="list-style-type: none"> <li>Interpret and report on risk exposures, concentrations and risk-taking outcomes.</li> <li>Interpret and report on sensitivities and Key Risk Indicators.</li> <li>Communicate with external parties.</li> </ul>
<b>Manage and Challenge</b>	<ul style="list-style-type: none"> <li>Review and challenge all aspects of the Group's risk profile.</li> <li>Assess new risk-return opportunities.</li> <li>Advise on optimizing the Group's risk profile.</li> <li>Review and challenge risk management practices.</li> </ul>



# Management Review

## Risk Management

### continued

#### 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.	<ul style="list-style-type: none"> <li>• We balance risk and return taking account of changing conditions through the economic cycle.</li> <li>• We monitor economic trends in our markets very closely and continuously review the suitability of our risk policies and controls.</li> </ul>
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.	<ul style="list-style-type: none"> <li>• We keep a close watch on key regulatory developments in order to anticipate changes and their potential impact on our performance.</li> <li>• 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.</li> </ul>
Final market disclosures	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Financial market instability also increases the likelihood of default by our corporate customers and financial institution counterparties.</li> </ul>	<ul style="list-style-type: none"> <li>• We assess carefully the performance of our financial institution counterparties, rate them internally according to their systemic importance, adjusting our exposure accordingly.</li> <li>• We maintain robust suitability and appropriateness processes.</li> </ul>
Geopolitical diclocation	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.	<ul style="list-style-type: none"> <li>• We have a broad range of measures in place to monitor and mitigate this risk</li> <li>• 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</li> </ul>
Exchange rate	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Sharp currency movements can also impact trade flows and the wealth of clients, both of which could have an impact on our performance.</li> </ul>	<ul style="list-style-type: none"> <li>• We actively monitor exchange rate movements and adjust our exposure accordingly.</li> <li>• 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.</li> </ul>

# Management Review

## Risk Management

### continued

#### Risk management

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

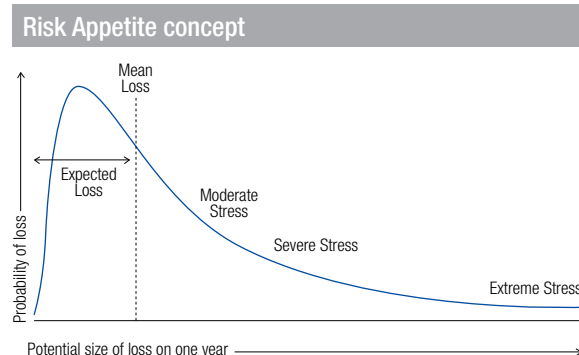
We manage our risks to build a sustainable franchise in the interests of all our stakeholders. Risk appetite is an expression of the amount of risk we are willing to take in pursuit of our strategic objectives, reflecting our capacity to sustain losses and continue to meet our obligations arising from 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.

#### 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 event contains Moderate, Severe and Extreme levels of shock.





## Management Review

### Risk Management

#### continued

#### 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

Our stress testing activity focuses on the potential impact of macroeconomic, geopolitical and physical events on relevant geographies, customer segments and asset classes. Stress tests are also performed at country and business level.

#### Credit Rating

Bank perceives 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%.

#### Major Risks

##### 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 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.

##### Lending Guidelines

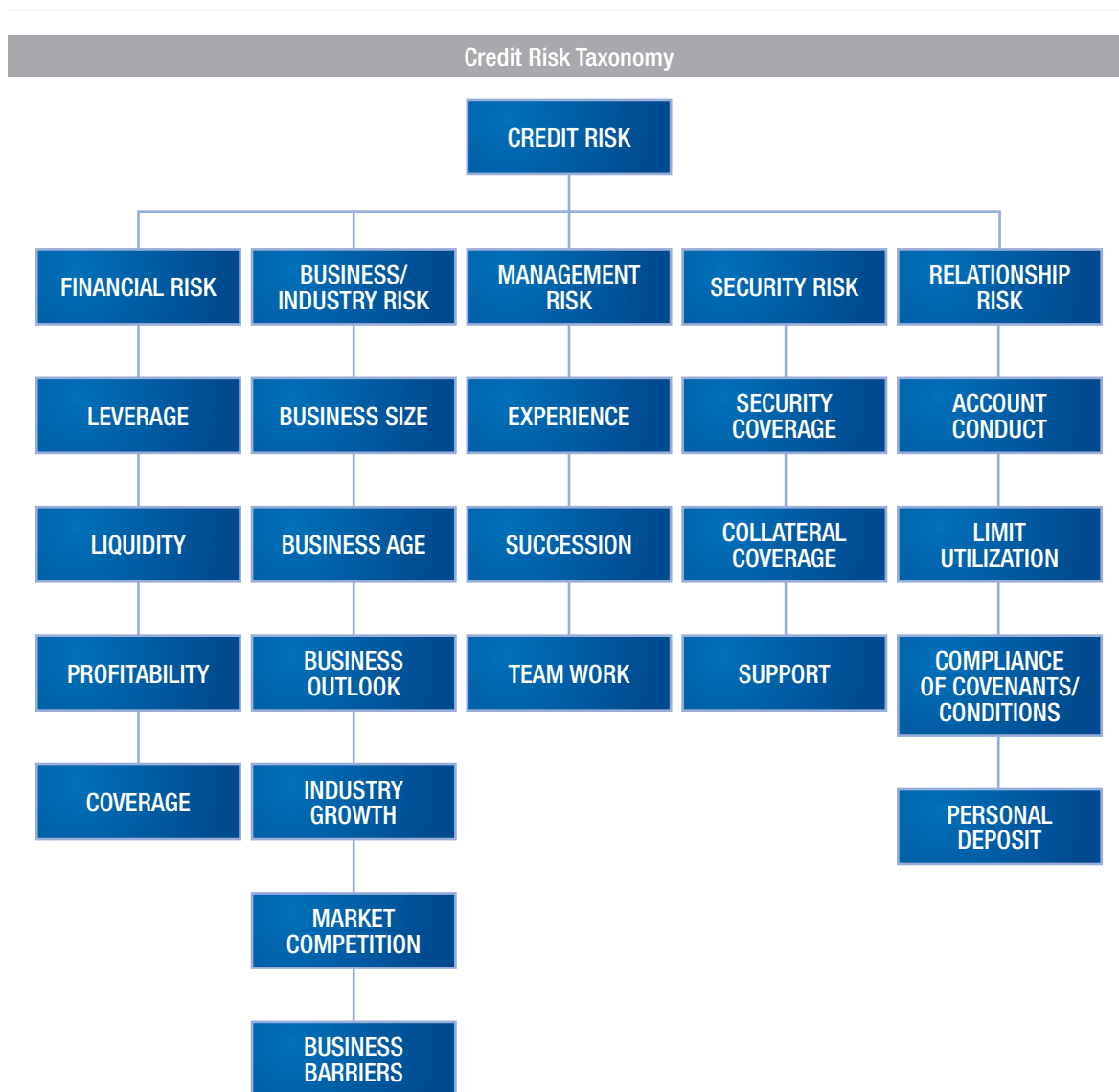
Lending Guidelines demonstrate the Board of Directors / Senior Management view of business development priorities and the terms & conditions that should be adhered to while considering a loan for approval. These lending guidelines stand in close harmony with Bank's strategy and reinforce the corporate 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.

# Management Review

## Risk Management

continued



**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.

**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.





## Management Review

### Risk Management

#### continued

**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.

**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 difficult 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, as there is always a strong possibility that owners may lean toward the optimistic side in preparing its (un-audited) financial statements for credit purposes. As such, an independent, outside verification of accounts is needed to obtain an objective viewpoint.

#### Risk Grading

Credit Risk Grading (CRG) is an important tool for CRM as it helps the bank understand various dimensions of risk involved in different business transactions. The aggregation of such grading across the borrower's business standings can provide better assessment of the quality of credit portfolio of the bank. Well-managed CRG system promotes bank protection and soundness by enabling informed decision-making. CRG 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. DBL has adopted Risk Grading System as per BRPD Circular No.18 dated 11.12.2005 issued by Bangladesh Bank.

#### Key Features of CRG:

- CRG is a collective definition based on the pre-specified scale and reflects the underlying credit-risk for a given exposure.
- This deploys a number/ alphabet/ symbol as a primary summary indicator of risks associated with a credit exposure.
- This is the basic module for developing a credit risk management system.

#### 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

## Management Review

### Risk Management

continued

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 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 risks

Operational risk refers to the risk of loss resulting from the inadequacy or failure of internal processes, systems and people or external events. The definition includes legal risks but does not cover reputation risks or strategic risks. Dhaka Bank apprehends that significant losses are much more likely to occur in periods of extreme market volatility due to weaknesses in control processes, inadequate clarification and documentation processes or fraudulent activities. We, therefore, focused on monitoring and continually improving the internal control system took appropriate measures to further reduce persistent residual risk of human error or fraudulent actions.

Limiting operational risks differs systematically from limiting credit and market risk, since the portfolio is not made up of individual clients or positions but internal processes. We regard the enhancement of our early warning system as a qualitative goal in our efforts to further optimize the operational risk profile in the Bank. Litigation risks are also included in operation risk modeling. Legal and Recovery Unit of DBL is entrusted with handling of litigation risk. The Unit's main function is to recognize potential losses from litigation risks at an early stage, devise solutions for reducing such risks and establish necessary provisions. In the area of potential risk, increasing product complexity has led to an increase in the potential for damages.

Basel-II has set out a simple means to calculate capital requirement to meet operational risks. Under the basic indicator approach, 15% of the Bank's average gross income (GI) are taken over the last 3 years to determine capital charge.

#### 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.

#### Liquidity risks

Liquidity risk is defined in the narrower sense as the risk that a bank will be unable to meet its 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.

#### 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



## Management Review

### Risk Management

#### continued

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.
- **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.

#### Business strategy risk and continuity risk

The risk is defined as the negative deviations from given business targets arising from previous or future strategic decisions and from changes in market conditions. DBL develops corporate strategy further within the framework of a structured strategy process that forms the basis for the Bank's annual planning process. To materialize strategic objectives to achieve the required business targets, strategic controls are carried out at regular interval at Head Office. DBL also takes cognizance of continuity risk as a going concern. Physical disasters like fire, flood, strike, terrorism, IT failure may pose potential threats to Bank's operation and infrastructure strength. Action plans are in place with the Bank in connection with disaster recovery and business continuity to ensure Bank's continued operations in the event of physical disasters and related loss to recover. Business continuity contingency plan are tested at least annually to highlight any deficiency in plans and resolve those shortfalls with priority.

#### 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.

#### Compliance risk

The growth and success our business engagement is underpinned by the confidence of our customers, shareholders and business partners. The confidence stands on our ability to comply with applicable regulations in conformity with customary market standard and codes of conduct. To reinforce the confidence in the Bank's integrity, all possible risks are effectively managed. The ever-growing intricacies of domestic and international laws, regulations and market standards oblige us to improve constantly in the management of compliance risk and through adjustments to current developments and changes. DBL has put its Internal Control and Compliance Division to full effect to make the Bank compliant at highest standard. The compliance record of DBL over the few couple of years is satisfactory with no major compliance issues pending to Bangladesh Bank and all other regulators.

#### 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

## Management Review

### Risk Management

continued

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.

#### Credit Approval Authority

Board of Directors has the sole authority to approve any credit exposure and to delegate such authority to the Management Credit Committee in conformity with the regulatory rules. We have such authority in place to ensure better accountability.

#### All Risk Committee

The Management of Dhaka Bank Limited had formed Risk Management Unit (RMU) unit 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:

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. Fakhru Islam	SVP & Head, Operations	Member
5.	Mr. Saiful Momin	VP & Head, Information Technology Division	Member
6.	Mr. A. K. M. Ahsan Kabir	FVP & In-Charge, Internal Control & Compliance Division	Member
7.	Mr. K. M. Faisal Faruqui,	SAVP & Head, Treasury Division	Member
8.	Mr. Anjan Kumer Roy ACA	SAVP, Risk Management Unit	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.

#### Problem Credit, Write off & Recoveries

Dhaka Bank Limited has a legal recovery unit dedicated for management of problem credits i.e. classified loans. Major



## Management Review

### Risk Management

continued

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 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%	5%	5%	5%	5%	5%	5%
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%

- 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 2012 with 6.28% in NPL which was 3.45% at the year end 2011. Status of NPL movement over last 3 (three) years are depicted overleaf.



## Management Review

### Risk Management

continued

#### Comparative Status of Classified Loan

Particulars	Year 2012	Year 2011	% Change
<b>Unclassified loans:</b>			
Standard (Including staff loan)	83,834.34	72,369.23	15.84%
Special Mention Accounts (SMA)	649.63	980.25	-33.73%
<b>Classified loans:</b>			
Sub-standard (SS)	473.22	754.04	-37.24%
Doubtful (DF)	903.95	383.79	135.53%
Bad/loss (BL)	4,279.15	1,486.21	187.92%
<b>Total loans</b>	<b>90,140.28</b>	<b>75,973.52</b>	<b>18.65%</b>
<b>NPL (%)</b>	<b>6.28%</b>	<b>3.45%</b>	

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

Particulars	BDT at actual	
	2012	2011
Opening Balance as on 01 January	2,624,031,891.93	2,908,586,000.00
Additions during the year	4,177,113,077.40	1,336,490,634.83
Reduction During the Year	1,144,830,653.47	1,621,044,742.90
Closing Balance as on 31 December	5,656,314,315.86	2,624,031,891.93

#### Movement of Specific Provision for NPL

Particulars	BDT at actual	
	2012	2011
Opening Balance of provision held	1,066,976,000.00	1,481,392,000.00
New provisions during the year	1,920,736,044.00	621,019,715.00
Provisions no longer required (Written off Loans)	489,823,401.00	1,035,435,715.00
Closing Balance of provision held	2,497,888,643.00	1,066,976,000.00



## Management Review

### Risk Management

continued

#### Amount of unclassified but past due loans

Particulars	BDT at actual	
	2012	2011
Past due up to 30 days	2,968,162,496.77	2,957,035,330.13
Past due up to 31-60 days	2,379,885,460.05	3,042,703,541.48
Past due up to 61-90 days	1,552,656,001.87	1,334,205,843.23
Past due up to 91-179 days	388,871,418.26	323,954,409.18

#### Movement of Written off Loans & advances

Particulars	BDT at actual	
	2012	2011
Opening Balance of written of loans	2,269,017,453.00	1,269,375,111.00
New write offs	1,121,889,531.88	999,642,342.00
Closing balance of written off loans	3,390,906,984.88	2,269,017,453.00

From today's perspective, the default portfolio reached its peak in 2012 which means that from 2013, 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 2013 at least, recoveries will increase again noticeably in the near future. For 2013, therefore we are expecting a net reduction in the default portfolio which should gather more paces in the years to come.

## Management Review

### Reporting on BASEL II

Basel II Capital Accord is the revised framework of 'International Convergence of Capital Measurement and Capital Standards' the comprehensive version of which 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 (MCR)**  
Provide approaches to the calculation of Minimum Capital Requirements (MCR). MCR is based on credit risk, market risk and operational risk to: (i) reduce risks of failure by cushioning against losses; (ii) provide continuing access to financial markets to meet liquidity need; and (iii) 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 recognizes the responsibility of bank management in developing an internal capital assessment process and setting capital targets that are commensurate with the banks risk profile and control environment.

#### The Basel committee has identified 4 (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) assess and manage the risks of 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 banking industry as 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 from external events, for example, information technology, fraud & forgery, money laundering, legal contracts etc.
- Market Risk - risk of losses in on and off-balance sheet positions arising from movements in the market prices of interest rate, foreign exchange rate, equity securities, commodities etc.

### Basel – II: Dhaka Bank Perspective

Dhaka Bank believes that stepping in to 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 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.



## Management Review

### Reporting on BASEL II

continued

Dhaka bank has formed an exclusive body, named SRP Team, and a Risk Management Unit (RMU) 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 to meet all the deadlines in submitting different reports so far as prescribed by Bangladesh Bank, such as quarterly MCR Report, quarterly Stress Testing Report, Position Paper, monthly Meeting Minutes of RMU etc.

#### Basel - II Implementation Committee

Dhaka Bank has a 12 (twelve) 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 comprising members from the existing Basel-II Implementation committee and presently headed by Mr. Niaz Habib, Additional Managing Director.

The Basel-II Implementation Committee consists of the following members representing Senior Management from different cross-functional divisions:

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. Neaz Mohammad Khan	Deputy Managing Director - RM	Member
4	Mr. Sajjad Hossain	Deputy Managing Director - Operation	Member
5	Mr. Emranul Huq	Deputy Managing Director - Business Banking	Member
6	Mr. Md. Asadul Azim	EVP & Head, CRM Division	Member
7	Mr. Md. Fakhru Islam	SVP & Head, Operations	Member
8	Mr. Darashiko Khasru	SVP & Head, Finance & Accounts Div.	Member
9	Mr. Saiful Momin	VP & Head, Information Technology Div.	Member
10	Mr. A. K. M. Ahsan Kabir	FVP & In-Charge, Internal Control & Compliance Division	Member
11	Mr. K. M. Faisal Faruqui,	SAVP & Head, Treasury Division	Member
12	Mr. Anjan Kumer Roy ACA	SAVP, Risk Management Unit	Member Secretary

The BIU members meet on regular basis to monitor implementation status of Risk Based Capital Adequacy for the Bank and also to discuss on the issues, which may directly influence capital requirement (e.g. compliance with DOS 5 circular of 2008).

## DBL Products & Services

### Consumer Banking

#### Deposit Products

- Current account
- Savings account
- Short term deposit
- Fixed deposit receipt
- Gift cheque
- Shopno jatra (student service)

#### Under Scheme

- Special Deposit Scheme
- Deposit Double Scheme
- Deposit Pension Scheme
- Smart Plant
- Edu Savings plan
- Lakhopoti Deposit Scheme
- Kotipoti Deposit Plan

#### Bundle Savings

- Silver Account
- Gold Account
- Platinum Account

### Loan Products

- Home loan
- Car loan
- Personal loan
- Dual Currency Credit Card

### Corporate Banking

#### Loan Products

##### A. Funded Facilities:

##### Working Capital products:

- Import Loan
- Demand Loan
- Overdraft
- Time Loan
- Local Documentary Bill Purchased (LDBP)
- Foreign Documentary Bill Purchased (FDBP)

##### Long Term Products:

- Term Loan (Normal/Amortized/Capitalized)
- Letter of credit (Cash/Back to Back/LC Sight
- Usance/ Deferred LC
- Structured LC/OBU
- Secured Overdraft
- Loan Against Imported Merchandise
- Letters of Guarantee

- Bid Bond
- Performance Bond
- Advance Payment Guarantee
- Payment Bank Guarantee
- Foreign Bank Guarantee
- Shipping Guarantee
- Guarantee - Other

### Service Product

- ATM Service
- Remittance Service
- Locker service
- Online banking
- Internet banking
- M –banking solution
- Swift
- Student file
- Centralized Trade Services
- Travelers Cheque

### Treasury Products

#### Money Market

- Money Market Lending and Borrowing
- Term Money Lending and Borrowing
- SWAP
- Repo/Reverse Repo

#### Fixed Income and Investment

- Treasury Bill/Bonds to Inter-bank
- Treasury Bill/Bonds to
- Term placement to NBF

#### Foreign Exchange and Corporate Sales

- Spot/Forward in USD/BDT
- Spot Forward in major cross currencies

### Islamic Banking

#### Deposit Products

- Al-wadiah Current Account
- Mudaraba Savings Deposit
- Mudaraba Term Deposit Receipt
- Mudaraba Short Notice Deposit
- Mudaraba Special Saving Scheme deposit
- Mudaraba Deposit Pension Scheme
- Mudaraba Special Deposit Scheme
- Mudaraba Double Benefit Deposit Scheme.
- Mudaraba Hajj Savings Scheme

#### Tawfeer Mudaraba Savings Bond

- Tawfeer Mudaraba Deposit Pension Scheme
- Tawfeer Mudaraba Foreign Remittance Account

#### Investment Products

- Bai-Mudaraba
- Bai-Muazzal
- Quard
- Ijara
- Sirkatul Milk
- Bills (Islamic)

### SME

- Overdraft
- work order, pay order, and share
- Secured overdraft
- Term product
- Short term
- Mid-term
- Long term
- Festival short term

### Off-Shore Banking Unit (Obu) Products

#### A. Funded Facilities

- Import Loan (Funded Short Term)
- Demand Loan (Funded Short Term)
- Bill Discounting / Financing (Funded Short Term)
- Tern Loan (Funded Long Term)

#### B. Non-Funded Facilities

- Guarantee (Non-Funded)
- Offshore Cash Lc Usance
- Off shore foreign back to back Lc sight
- Off shore foreign back to back Lc usance

### DBL Security Products

- Brokerage Operation
- Margin Loan
- Own Portfolio





## DBL Executives

<b>Managing Director</b>	Andre Kemal Rahim	Mesbah Uddin Kutubi
Khondker Fazle Rashid	Mujib Ahmad Siddiqui	Md. Abdul Muhyemen
	Salahud Din Ahmed	Fazle Ahmed Rabbi
<b>Additional Managing Director</b>		Md. Azad Uddin
Niaz Habib	<b>Vice President</b>	Monirul Islam
	M. Amirul Islam	A. K. M Ahsan Kabir
<b>Deputy Managing Director</b>	Mohammad Ali	Muhammad Sohel Shahriar Akhand
Sajjad Hussain	Md. Abul Hasnat	Mehedi Zaman Khan
Neaz Mohammad Khan	Md. Abu Sina	
Emranu Huq	Abdul Malek Howlader	<b>Senior Assistant Vice President</b>
	Mir Saidul Islam	Istiaque Ahmed
<b>Senior Executive Vice President</b>	Md. Shaukat Ali Khan	Mohammad Eahia Miah
Arham Masudul Huq	Kazi Arif-ur Rahman	Mahboob Ahmed
Shamshad Begum	Mirza Ismail Hossen	Anjan Kumer Roy
Md. Shakir Amin Chowdhury	Mohammad Mokhlesuzzaman Khan	Md. Mortuza Ali
M. Shujaur Rahman	Md. Wahidur Rahman Chowdhury	Md. Abdul Motaleb Miah
Khan Shahadat Hossain	Faruk Ahmed	Mohammad Shawkat Jamil
Md. Mozammel Hoque Chowdhury	Akhlaqur Rahman	Mohammed Sarwar Hossain
A K M Shahnawaj	Saiful Momin	Mohammad Abu Bakar Siddik
	Md. Shaminoor Rahman	Zia Uddin Ahmed
<b>Executive Vice President</b>	Md. Fakhru Abdin	Md. Rofiqul Islam
Md. Asadul Azim	Zinnat Sultana	Ahmed Arefin
Azad Shamsi	Chowdhury Nazmul Ahsan	Md. Zulfiquar Ali
Md. Muhibbul Abrar Choudhury	Mustafa Husain	Mohammad Asiful Hoque Chowdhury
Mostaque Ahmed Khan	A. T. M. Monzurul Hoque	Ismat Ara Begum
Md. Sirajul Hoque	Syed Akhlaque Hossain	Md. Kollol Hossain
S. A. F. A. Musabbir	Md. Jahir Uddin Ferdous	Abu Md. Sabbir Hassan Chowdhury
	Syed Faisal Omar	Mohammad Dedarul Alam
<b>Senior Vice President</b>	Mohammad Sirajul Islam	Meher Nigar Khan
Md. Mostaque Ahmed	J Q M Habibullah	Md. Salah Uddin Khan
Syed Abdul Quader	Md. Mazharul Islam	Md. Badiul Alam
Aftab Ahmed Chowdhury		Mohammad Humayun Kabir
Md. Tipu Sultan	<b>First Vice President</b>	Mohammad Siddiqur Rahman
Manik Lal Biswas	Arif Kamal Chowdhury	Tanvir Ahmed
Darashiko Khasru	Azfar Ahmed	Mohammad Kamruzzaman
Sheikh Abdul Bakir	A H M Morshed	Mohammed Abdul Halim
Nurul Arshad Chowdhury	Khan Md. Moshir Rahman	Md. Katebur Rahman
Shabbir Ahmad	Md. Ahsanullah	Mesbah Uddin Saleh
Md. Munzoor Mursheed	Kazi Zafar Hasan	Hussain Muktedir Rafi
Saimur Pervez	Md. Shahadat Hossain	S. M. Mahbulul Alam
Syed Ahsanur Reza	Ismat Ara	Eishita Ali
Md. Fakhru Islam	Chowdhury Sher Zaman	Masud Rana
Md. Ziaur Rahman	Md. Abu Sufian Talukder	Md. Sanaur Rahman
Mukarram Hossain Chowdhury	Syed Mafiz Uddin Ahmed	Subrata Kumer Saha
Shah Azizul Islam	S. M. Mohammad Ali	Md. Tanvir Hassan

## DBL Executives

continued

Md. Kamal Uddin	Mohammad Mahbubul Alam
Asifur Rahman	Chowdhury
A.K. M. Monirul Islam	Zahedul Matin
Zakia Sultana	Salim Ahmed Milon
Kamrul Aziz Nippon	Mohammed Abdul Hannan Bhuiyan
Soumitro Kumar Saha	Md. Mohibullah Khan
K. M. Faisal Faruqui	Mohammad Asrafuzzaman Mia
Mohammad Zakir Hossain	Mohammad Ainul Haque
Md. Towfiqul Islam	K H M Ashaduzzaman
Md. Kamrul Hassan Talukder	Moshfeque Alam Khan
Suman Banik	Mahzabeen Khan
Kazi Mustafizur Rahman	Md. Hamidullah
Kazi Abu Monayem Md. Zohair	Mohammad Badrul Alam Shariar
K. B. M. Ismail Chowdhury	Imroz Chowdhury
Md. Maksumul Ahmed	Shaila Parvin
Tahera Begum	Mohammad Asif Hossain
Shahidun Nabi Khan	Khairuddin Ahmed
Parvez Rifat Ahmed	Md. Monirul Alam
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	
Afroza Akhter	
Syed Ashraful Alam	
Dewan Istak Ahmed	
Munija Bashir	
Md. Altamas	
Abu Jahid Ansary	
Ajit Gomes	
Mohammad Khalequzzaman	
Chowdhury	
Shah Emran	
Md. Jasim Uddin Bhuiyan	
Md. Kamaruzzaman	
Md. Mostafa Khaled Bin Ali	



## DBL Securities Limited (DBSL)

In 2013, 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.



Mr. Niaz Habib, Acting Managing Director  
Mr. Mohammad Ali, FCA, VP & COO  
Mr. J. Q. M. Habibullah, FCS, VP & Company Secretary  
Mr. Md. Kamrul Aziz, SAVP & Business Development Manager  
Mr. Mohammad Samiul Haque, AVP  
Mr. Forhad Hossain Khandaker, SPO & Head of FAD

## DBL Securities Limited (DBSL) continued

### 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 December 31, 2012 together with the Auditors' Report thereon, for your kind consideration and approval. Relevant disclosures and explanations relating to certain issues have been given by the Directors, which they consider relevant and important 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 success story in the manner and mode in which we do our business.

### World Economy

This would be the year when the global economy finally regained its vigour. At least that is what many had hoped but the three largest economies—the United States, China and Japan — struggled again in 2012. The 17 countries that use the Euro endured a third painful year in their financial crisis and slid into recession. Emerging economies slowed. Worldwide growth was slack again in 2012. The global economy grew just 3.3 percent, down from 3.8 percent in 2011 and 5.1 percent in 2010, the International Monetary Fund estimates. The U.S. economy, the world's largest, failed to gain traction. Five years after a recession seized the economy and more than three years after it ended, growth in the United States was only about 2 percent. Unemployment remained a high 7.7 percent. The US sneezes, and the world gets a cold. In Europe, most of the countries are suffering the aftershock of debt crisis, or as widely recognized, some imported mess from the world's No.1 economy. However, towards the end of the presidential election year, the 600-billion-dollar fiscal cliff has continued posing a threat to pushing the U.S. economy back into recession. As for China's economic performance, the country is expected to maintain its GDP growth rate of around 7.7 percent in 2012. Across the advanced economies, the Outlook predicts 1.3 percent growth in 2013, compared to 1.2 percent in 2012. The slight uptick is largely due to the Euro Area, which is expected to return to very slow growth of 0.2 percent after the -0.6 percent contraction in 2012. U.S. growth is expected to fall from 2.1 percent in 2012 to 1.8 percent in 2013. Unfortunately, 2013 will see austerity in developed economies backfire while emerging markets will have to look to each other and to their domestic markets for growth. On the bright side, the global economy is forecast to grow by 3.5% in real terms in 2013, a slight improvement on the 2012 figure of 3.3% but still nowhere near the pre-crisis record of 5.4%, reached in 2007.

### Bangladesh Economy

In 2012, the economy, after having passed through a period when major domestic and external sector indicators were under significant pressure, appears to have stabilized, albeit at somewhat of a lower level than was targeted. The weaknesses in the macroeconomic situation were manifested by high inflation, stagnation in private investment and economic growth. Indeed, lax macroeconomic management was greatly responsible for many of the economic woes, particularly during the first half of 2012. The target for economic growth rate could not be achieved in 2012 and the early trends in 2013 indicate that there is a possibility that GDP growth target may not be achieved in this fiscal year as well. One has to appreciate the fact that compared to previous fiscal year; macroeconomic situation has been more stabilized. The external balance is expected to be at a comfort zone. However, this low level outcome undermines the fiscal balance as overall revenue mobilization including import duty has suffered from contraction in import payments. However, this stability could come under pressure if the downside risks are not appropriately addressed through emphases on enhancing domestic resource mobilization, stimulating private sector investment, further improvement in public investment, both in quantitative and qualitative terms, and raising the quality of governance across all spheres of economic management. Moody's, the prestigious global country-rating agency, reported, "Bangladesh's credit stability has been shored up by the momentum in reforms agenda." It gave the country a respectable score of Ba3 putting it on par with the Philippines and Egypt among the 130 countries rated. This score is ahead of Pakistan (B3), Sri Lanka (B1) and Vietnam (B1). It is just behind Indonesia (Ba1) and India (Baa3/Ba1) the two major economies of Asia.

### Macroeconomic Environment

#### GDP

Provisional data from the Bangladesh Bureau of Statistics (BBS) shows a GDP growth rate of 6.32 percent in fiscal year 2012, which was impressive in the context. Global growth was expected to be 2.50 percent while the average for developing countries was projected at 5.30 percent. GDP growth, however, moderated from last fiscal year's 6.7 percent mainly due to a slowdown in agricultural sector, which fell to 2.53 percent from 5.13 percent in the previous fiscal. The government has set a real GDP growth target of 7.2 percent for fiscal year 2013. This growth expectation hinges on a sharp rise in investments, improvement in infrastructure and power situation as well as global economic scenario. The growth was 0.74 percent higher from the 5.47 percent growth in the previous four years from 2002-2005, the data showed. The GDP growth target is fixed at 7.2 percent for the fiscal 2012-13.



## DBL Securities Limited (DBSL) continued

### Remittance & Forex Reserve

Remittances sent by Bangladeshis abroad continue to climb till the end of 2012. Some large market like Malaysia, which had been closed for Bangladeshi workers, has reopened in 2012. This has added large numbers to the existing cohort of remitters. Remittances may therefore climb to an all time high. The biggest increase in the past four years was in remittance inflow with more than three folds rise in the backbone of the country's foreign exchange reserve. The remittance inflow was \$45.17 billion during 2009 to 2012 against \$12.78 billion from 2002 to 2005. Similarly, the yearly remittance inflow during 2009- 2012 was five times higher at \$12.95 billion from \$2.93 billion in 2002-2005. The strong inflow of remittance eventually took foreign exchange reserve to record high of \$12.75 billion on December 31, 2012 which was only \$2.93 billion in the end of 2004-2005 fiscal.

### Inflation

The year-on-year inflation rate remained in single digits since April 2012, while the annual average rate of inflation dropped to single digits in September 2012. Point-to-point inflation declined from a peak of 11.59 percent in January 2012 to 7.41 percent in December 2012. This decline has largely been due to lower food price inflation which fell from 10.90 percent in January 2012 to 6.55 percent in December 2012 due to reasonable food production and a slowdown in international food prices. Following successive hikes in fuel and power prices, non-food inflation shot up to 13.96 percent in March 2012. However, since April 2012, non-food inflation started to decline, recording a point-to-point value of 8.43 percent in December 2012. Annual average food inflation dropped to single digits in July 2012 and stands at 7.68 percent as of November 2012. Annual average non-food inflation is still in double digits of 11.71 percent as of November 2012.

### Export

Export earnings during 2009-2012 increased by 2.79 times to \$78.98 billion from \$28.32 billion in 2002-2005. Exports in the first six months of Bangladesh's financial year totaled \$12.6 billion compared with \$11.77 billion over the same period of last year. In December, exports of ready-made garments were \$1.95 billion, compared with \$1.68 billion in the same month of 2011. For the six months ended in December, garment exports totaled \$9.95 billion, 7.7 percent more than a year earlier. Export earnings marked a rise of 5.93 percent in 2011-'12 which was well below the export growth target set by the government at about 15.6 percent for the period. Bangladesh's monthly exports were lower than the previous year as the global slowdown weighed on demand. But overseas sales have since picked up, with a 7 percent rise in the July-December period. Euro

zone financial crisis coupled with the European Union's single-step GSP facility which gave an edge to Bangladesh's competitors (Laos and Cambodia) resulted in sluggish growth in exports.

### Import

Import growth also reduced significantly to 5.30 percent in 2011-12 as opposed to 41.79 percent reported in 2010-11, leading to lessening of pressure on the Balance of Payment (BOP) position. Import LCs opened in 2011-12 declined by 4.01 percent compared to the growth of 34.04 percent observed in 2010-11. Import payments during July-October 2012 stand lower by 4.07 percent to \$10,750.00 million against the amount of the same period of the previous fiscal. 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. Fresh opening of import LCs during July-October 2012 decreased by 11.54 percent to \$11,525.17 million compared to the same period of the previous fiscal. Negative growth in LC opening indicates that import payment may not shoot up in near future to put pressure on BOP and exchange rate.

### Capital Market

The Dhaka Stock Exchange (DSE) & Chittagong Stock Exchange (CSE) continued its losing streak throughout 2012, after having declined in 2011. According to the annual market update, 2012 of Citi NA, the benchmark index, DSE General Index (DGEN), fell in excess of 21 percent year to date and stands at 4,219.31 as of December 30, 2012. Market capitalization which was about USD 53 billion at its peak in December 2010, stood at USD 30 billion on December 30, 2012. Market liquidity also declined, with average daily turnover of USD 50 million in 2012, as compared to about USD 89 million in 2011. The Asian Development Bank's (ADB) announcement of providing USD 300 million in loan for Bangladesh's capital market development encouraged investors leading to stocks registering a 5.48 percent surge on November 29, 2012, the steepest single-day spike in the last 10 months. But uncertainty regarding WB & IMF loan and banking sector scams always keep the market in shaky position and which remain till the closing of 2012. Country's premier bourse the Dhaka Stock Exchange was the worst performing stock market last year in comparison with the major stock markets across the globe whereas it was one of the best performing market around the world in 2010. Seventeen new securities — sixteen equity stocks and one mutual fund — raised Tk 11,860 million from the country's capital market through initial public offerings in 2012 but most of them had failed to perform as per the expectations of the investors.



## DBL Securities Limited (DBSL) continued

### Operations & Business Activities Of The Company

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 Account Trading, Margin Account Trading and DP related other services. DBSL has extended its services to different areas in and outside of Dhaka using designated branches.

### Infrastructure & Facilities

DBSL possesses a remarkable level of Infrastructures including state of the art Technology, efficient Human Resources, Quality Service and many other facilities. At present, we have the following infrastructure and facilities:

Particulars	Unit
Broker License	2
Dealership License	2
Number of Workstations	29
No. of Authorized Representatives	33
No. of Branches	6

### Client Base

DBSL has a big client base of around 7,000 accounts in which almost 4500 accounts are regular in trade. Both Individual and institutional clients are maintaining their account with DBSL. Moreover it has a good number of Foreign and NRB clients who have sizable portfolio investment.

### Financial Performance



With the persistent effort of all divisions and employees, amidst dull performance in the overall financial sector, DBL Securities Limited (DBSL) successfully posted profit in 2012. Company's total operating profit is BDT 211.86 Million in 2012 which is 71.48 percent up from the previous year. This increase in profit was resulted from higher income of capital gain and interest on margin loan. DBSL started

its full-fledged dealer operation in this year and earned a handsome profit from it. Even our brokerage commission remains unchanged irrespective of heavy fall in daily market turnover. Company's Net profit is BDT 87.22 Million in 2012, which is 8 percent up from the previous year. The EPS of the company experiences a slight downward slope because of issuance of new capital in the later part of 2011 and stands at BDT 0.56 in 2012 from BDT 1.77 in 2011.

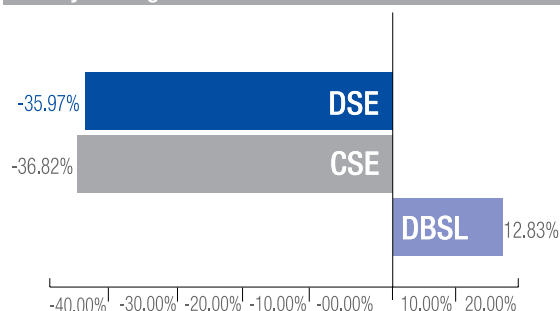
### Operating Results

The Company earned a Gross Income of BDT 271.48 million in 2012 which is 55.14 per cent higher than that of the previous year. The major heads of income of DBSL are net brokerage commission, interest income on margin loan account, income from dealer account and CDBL fees & charges.

Amount in Million Taka			
Particulars	2012	2011	Growth (%)
Brokerage Commission Income	88.11	87.97	0.16%
Portfolio Income	24.12	-	100.00%
Interest Income on Margin Loan	140.34	67.29	108.56%
Fees & Other Income	18.91	19.73	-4.16%
<b>Total Operating Income</b>	<b>271.48</b>	<b>174.99</b>	<b>55.14%</b>
Less: Total Operating Expenses	59.62	51.44	15.90%
<b>Total Operating Profit</b>	<b>211.86</b>	<b>123.55</b>	<b>71.48%</b>

During 2012 income from all heads increased notably as compared to the previous year except CDBL fees and charges. The total income of BDT 271.48 million comprised of BDT 140.34 million (51.70 percent) as interest income from margin loan as, followed by Net brokerage commission of BDT 88.11 million (32.46 per cent), CDBL fees and charges of BDT 18.91 million (6.96 per cent), Portfolio Income of BDT 24.12 million (8.88 per cent).

#### Daily Average Turnover Growth





## DBL Securities Limited (DBSL) continued

### Trade Performance

Brokerage Commission is directly correlated with trade volume in Stock Exchanges. The more trade volume will generate more brokerage commission and vice-versa. The comparative trade performance both of the market and of the company is depicted in the below table:

#### Comparative Trade Performance

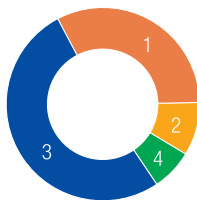
	2012	2011	Taka in Million Change (%)
<b>Market Performance</b>			
DSE Trade Volume	1,001,085	1,560,907	(35.87)
CSE Trade Volume	117,206	185,499	(36.82)
<b>Total Market Trade Volume</b>	<b>1,118,291</b>	<b>1,746,407</b>	<b>(35.97)</b>
Daily Average Trade Volume-DSE	4,242	6,614	(35.87)
Daily Average Trade Volume-CSE	497	786	(36.82)
<b>Market Daily Average Trade Volume</b>	<b>4,739</b>	<b>7,400</b>	<b>(35.97)</b>
<b>DBL SL Performance</b>			
Trade Volume with DSE	24,016	21,646	10.95
Trade Volume with CSE	1,451	2,235	(35.09)
<b>Total Trade Volume of DBSL</b>	<b>25,466</b>	<b>23,881</b>	<b>6.64</b>
Market Share in DSE (%)	2.40	1.39	72.99
Market Share in CSE (%)	1.24	1.20	2.73
Daily Average Trade Volume with DSE	101.76	90.19	12.83
Daily Average Trade Volume with CSE	6.15	9.31	(33.99)

The market performance declined significantly in 2012 compared to the year 2011. Although the total market Trade Volume declined by 35.97% (Tk. 1,118,291 Million in 2012 from Tk. 1,746,407 Million in 2011), DBSL's total trade volume increased by 6.64% (Tk. 25,466 Million in 2012 from Tk. 23,881 Million in 2011) due to intensive effort of the management for keeping a sizable market share. The Daily average Trade Volume status may be depicted in the below graph:

The daily average market share in respect of trade volume also increased from 1.39% in 2011 to 2.40% in 2012. The movement of market shares of DBSL in DSE and CSE may be depicted in the below graph:

Head Wise - Income in 2012

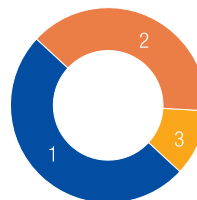
%



1 Brokerage Commission Income	32
2 Income from Dealer Account	9
3 Interest Income on Margin	52
4 Fees & Other Income	7

Head Wise - Income in 2011

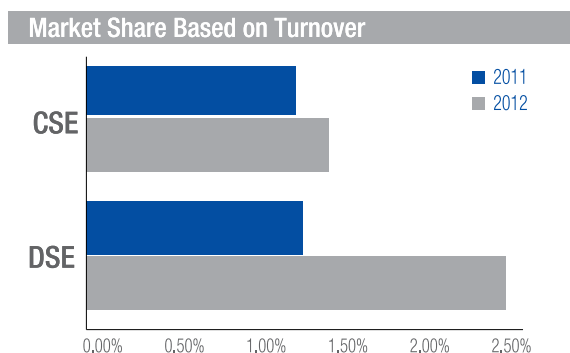
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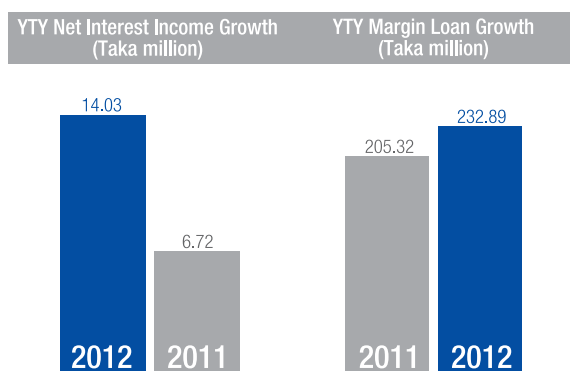
1 Brokerage Commission Income	50
2 Interest Income on Margin	39
3 Fees & Other Income	11

## DBL Securities Limited (DBSL) continued

### Growth in Margin Loan and Interest Income



The company started providing margin loan facilities to its valued clients on selective basis from the last part of 2005-2006. The loan facilities are provided to various securities following the instructions of the regulatory body SEC from time to time. DBSL has 845 margin clients with portfolio value of BDT. 3,371 Million.



As on 31 December 2012, outstanding loan provided to the clients stood at BDT. 2,329 million and interest earned from the loan during year 2012 is BDT 140.3 million, which were BDT 2,053 million and Tk. 67.2 million respectively in the previous year. Margin loan posted 13.42% positive growth and Net Interest Income increased by 108.78% in 2012.

### Expenditure

Amount in Million Taka			
	2012	2011	Change
Salaries and Allowances	27.30	29.91	-8.75%
Rent, Taxes, Insurance and Lighting	13.13	4.74	176.95%
Legal and Professional Fees	0.35	2.29	-84.88%
Postage, Stamp and Telecommunication	0.56	0.28	97.89%
Stationaries, Printing and Advertisement	1.80	1.41	28.31%
Expenses related to CDEL	1.56	2.18	-28.20%
Directors' Fee and Meeting Expenses	0.23	0.15	56.65%
Audit Fees	0.12	0.23	-50.00%
Repair and Maintenance	5.39	3.63	48.50%
Other Operating Expenses	3.57	2.96	20.60%
Depreciation of Property, Plant and Equipment	5.61	3.66	53.26%
<b>Total</b>	<b>59.62</b>	<b>51.44</b>	<b>15.89%</b>

In the year 2012, the total operating expenditure stood at BDT 59.62 million as compared to BDT 51.44 million in 2011, showing an increase of 16.01 percent. Major operating expenses were salary and allowances of BDT 27.30 million in 2012, decreased from 29.91 million in 2011 and rent expense of BDT 13.13 million in 2012, increased from 4.70 million in 2011. The company made required provision for income tax of BDT 67.04 million against probable tax liability, BDT 52.36 million on account of provision for margin loan, BDT 5.23 million against diminution

### Ratio Analysis

	2012	2011
<b>I. Activity Ratio</b>		
Daily Average Trade Volume with DSE	101.76	90.19
Daily Average Trade Volume with CSE	6.15	3.28
Market Share in DSE (%)	2.40	1.39
Market Share in CSE (%)	1024	1.20
<b>II. Profitability Ratio</b>		
Earnings Per Share (EPS)	0.56	1.77
Return on Equity (%)	5.38	8.92
Return on Assets (%)	2.45	2.99
Return on Capital Employed (%)	9.82	10.35
<b>III. Liquidity Ratio</b>		
Current Ratio	8.33 : 1	10.13 : 1
Quick Ratio	0.77 : 1	1.43 : 1
<b>IV. Financial Ratio</b>		
Asset - Liability Ratio	1.83 : 1	1.88 : 1
Total Debt - Equity Ratio	1.20 : 1	1.13 : 1



## DBL Securities Limited (DBSL) continued

We have booked Daily average Trade Volume of Tk. 101.76 Million in the year 2012 compared to Tk. 90.19 Million in 2011 with Dhaka Stock Exchange Limited in spite of having drastic fall in the capital market of Bangladesh. We have maintained positive growth in 2012 in respect of market share. The Earning per Share declined due to issuance of 135 million new shares of Tk. 10.00 each totaling Tk. 1,350.00 Million in the later part of year 2011. The Proceed was used to acquire membership of both DSE & CSE. Current Assets used to calculate current ratio includes Margin Loan provided to clients where as Margin Loan excluded from Current Assets while calculating the Quick Ratio.

### Observance of Bas, Bfrs & Applicable Laws

Company keeps accounting records, which disclose the financial position of the Company with reasonable accuracy 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 but not absolute 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. 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.

### Directors' Meeting & Attendance

During the year 2012, a total of 05(Five) Board of Directors Meetings were held. Almost all Directors attended in those Meetings.

### Dividend

The Board of Directors of DBL Securities Limited in its 11th Meeting held on January 26, 2012 recommended 4 percent stock dividend (i.e. 4 bonus shares for every 100 shares held) for the year 2011. Likewise, the same had been approved by the shareholders of DBL Securities Limited in their 2nd

Annual General Meeting held on March 25, 2012.

### Auditors

M/S. ACNABIN, Chartered Accountants was appointed as the external auditor of the Company in the 2nd Annual General Meeting held on March 25, 2012. The auditor will retire in the 3rd Annual General Meeting. Being eligible under Section 212 of the Companies Act, 1994 the Auditors have expressed their willingness to continue their office for the Year 2013. A memo proposing the re-appointment of M/S. ACNABIN, Chartered Accountants, as the external auditor of the Company at a remuneration of BDT 1.00 lac plus VAT will be forwarded before the shareholders at the 3rd Annual General Meeting of DBL Securities Limited to be held in the year 2013.

### 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 2013. It is expected that after months of frosty character prevail in the capital market, 2013 will be the year of recovery. But good signal from macro economy backed by real growth in private sector will likely be tempered by continued high interest rates and probable instable political condition. In 2013, 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.

**Abdul Hai Sarker**  
Chairman



## Dhaka Bank Football Fest-2012







## Dhaka Bank Football Fest-2012 continued

### Take it from the legend



I was introduced to football in school. Run by the Air Force, Shaheen School gave a lot of importance to sports. I was drawn to athletics as well as Football. When I entered sports, I made a commitment that I wanted to be a sportsman. To be honest, I chose football because of the crowd. Despite spending millions and extensive television coverage behind cricket, hardly you could bring 50,000 fans to an Abahani-Mohammedan cricket match. In our time, we could not walk on the streets. We were like movie stars, pop stars and I enjoyed the glamour. I was more attracted to that plus, I used to love play football. It was a challenge to me. I was perhaps destined to devote my football career to Abahani.

My finest moment in football was the day I retired. It was an Abahani-Mohammedan highly charged encounter. I took a lap of honour, starting in front of the Abahani gallery to the Mohammedan stands. Amid applause of 50,000 fans at the stadium, I got a standing ovation from Abahani but when I move to the Mohammedan side, they gave me a louder response than Abahani did. I feel it to be the greatest achievement because they were my, our, archrivals. I was playing against them for more than ten years. The whole society has changed over the years. Today, boys are distracted by things like computers etc. These days we tend to hold a school football tournament without much enthusiasm and euphoria. But we always eagerly waited for another tournament to come. When rivals like St. Gregory's came to play us, the whole school took festive mood. Sport particularly Football has become a secondary thing in the country. Following the past few years' doldrums in the

game, the country lacks genuine football stars. However, our Football is not even bad today notwithstanding some realities essentially inhibited the spontaneous growth of this breathtaking sporting event of divine appeal. It is my conviction that Bangladesh football can regain its past glory if Bangladesh Football Federation (BFF) can go with meaningful plans. Football is still the most popular game of the country and it has every possibility to draw the large crowd into the ground as it did even in the past. We have to have the right thinking to take this world's most exiting showpiece to its past spirit and glory. Dedication is the only way up. I am committed to restoring the game's image in the eyes of players, organizers and spectators and I want to prove that football is coming bank to Bangladesh in a style.

**Kazi Md. Salahuddin**

## 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 controlled entities (together referred to as the "Group") as well as the financial statements of Dhaka Bank Limited (the "Bank") which comprise the consolidated and separate balance sheets as at 31 December 2012, profit and loss accounts, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements of the Group and the separate financial statements of the Bank in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in note 2, the Bank Companies Act 1991, the rules and regulations issued by the Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations, 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.

#### Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of 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 our 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, we consider 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 principles 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 opinion.

#### Opinion

In our opinion, the consolidated financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in note 2, give a true and fair view of the financial position of the Group and the Bank as at 31 December 2012, and the results of their financial performance and their cash flows for the year then ended and comply with the applicable sections of the Bank Companies Act 1991, the rules and regulations issued by the Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 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 Bank so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;
- c) the Bank's Balance Sheet and Profit and Loss Account together with the annexed notes 1 to 48 dealt with by the report are in agreement with the books of account and returns;
- d) the expenditure incurred was for the purpose of the Bank's business;
- e) the financial position of the Bank as at 31 December 2012 and the profit for the year then ended have been properly reflected in the financial statements, the financial statements have been prepared in accordance with the generally accepted accounting principles;
- f) the financial statements of the Bank have been drawn up in conformity with the Bank Companies Act 1991 and in accordance with the accounting rules and regulations issued by the Bangladesh Bank;

## Auditors' Report continued

- 
- |   |  |
|---|--|
| g) adequate provisions have been made for advances and other assets which are in our opinion, doubtful of recovery;   | j) the information and explanations required by us have been received and found satisfactory;            |
| h) the financial statements conform to the prescribed standards set in the accounting regulations issued by the Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh; | k) Capital adequacy ratio (CAR) as required by law has been maintained adequately during the period; and |
| i) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;   | l) 80% of the risk weighted assets have been reviewed by us spending 3,630 person hours.                 |

**Dhaka, March 12, 2013**

*Hoda Vasi Chowdhury*  
Hoda Vasi Chowdhury & Co  
Chartered Accountants



## Auditors' Report continued

### Dhaka Bank Limited and its Subsidiary Consolidated Balance Sheet As at 31 December 2012

	Notes	2012 Taka	2011 Taka
<b>Cash</b>	<b>03(a)</b>	<b>10,934,170,296</b>	<b>9,510,508,375</b>
Cash in Hand (including foreign currencies)		1,307,608,902	911,764,110
Balance with Bangladesh Bank & Sonali Bank (including foreign currencies)		9,626,561,394	8,598,744,265
<b>Balance With Other Banks &amp; Financial Institutions</b>	<b>04(a)</b>	<b>4,920,675,945</b>	<b>3,341,322,299</b>
In Bangladesh		3,636,221,243	2,360,125,265
Outside Bangladesh		1,284,454,702	981,197,034
<b>Money at Call and Short Notice</b>	<b>05</b>	<b>669,200,000</b>	<b>19,400,000</b>
<b>Investments</b>	<b>06(a)</b>	<b>19,540,194,015</b>	<b>10,544,416,526</b>
Government		15,775,407,762	7,820,173,863
Others		3,764,786,253	2,724,242,663
<b>Loans &amp; Advances</b>	<b>07</b>	<b>90,140,284,573</b>	<b>75,983,291,662</b>
Loans, Cash Credit & Over Draft etc.		87,762,745,239	73,746,335,015
Bills Discounted and Purchased		2,377,539,334	2,236,956,647
<b>Premises and Fixed Assets</b>	<b>08(a)</b>	<b>1,904,407,294</b>	<b>1,721,436,551</b>
<b>Other Assets</b>	<b>09(a)</b>	<b>5,484,011,759</b>	<b>3,863,240,334</b>
<b>Non-Banking Assets</b>	<b>10</b>	<b>23,166,033</b>	<b>23,166,033</b>
<b>Total Assets</b>		<b>133,616,109,915</b>	<b>105,006,781,780</b>
<b>Liabilities &amp; Capital</b>			
<b>Liabilities</b>			
<b>Borrowings from other banks, financial institutions and agents</b>	<b>11</b>	<b>5,696,877,888</b>	<b>2,548,239,587</b>
<b>Deposits and Other Accounts</b>	<b>12</b>	<b>107,427,151,290</b>	<b>85,276,888,686</b>
Current Accounts & Other Accounts		10,816,848,734	9,774,271,252
Bills Payable		1,355,657,995	1,099,134,168
Savings Bank Deposits		7,123,752,609	6,856,277,795
Term Deposits		88,130,891,952	67,547,205,471
<b>Non Convertible Subordinated Bond</b>	<b>13</b>	<b>2,000,000,000</b>	<b>2,000,000,000</b>
<b>Other Liabilities</b>	<b>14(a)</b>	<b>8,705,769,560</b>	<b>5,887,856,628</b>
<b>Total Liabilities</b>		<b>123,829,798,738</b>	<b>95,712,984,901</b>
<b>Capital / Shareholders' Equity</b>			
Paid-up Capital	<b>15</b>	4,667,594,130	3,590,457,030
Minority Interest	<b>15(a)</b>	16,486	7,714
Statutory Reserve	<b>16</b>	3,572,572,204	3,284,607,425
General Reserve	<b>17</b>	346,546,164	168,421,146
Asset Revaluation Reserve	<b>18</b>	648,455,000	648,455,000
Revaluation Reserve on Investment	<b>19</b>	34,611,362	90,029,238
Surplus in Profit and Loss Account	<b>20(a)</b>	516,515,831	1,511,819,326
<b>Total Shareholders' Equity</b>		<b>9,786,311,177</b>	<b>9,293,796,879</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>		<b>133,616,109,915</b>	<b>105,006,781,780</b>



## Auditors' Report continued

### Dhaka Bank Limited and its Subsidiary

#### Consolidated Off Balance Sheet

As at 31 December 2012

#### Contingent Liabilities

Acceptances and Endorsements

Letter of Credit

Letter of Guarantee

Bills for Collection

Other Contingent Liabilities

**TOTAL:**

#### 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:**

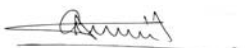
**Total off- Balance Sheet exposures including contingent liabilities**

Notes	2012 Taka	2011 Taka
21	15,907,069,233	14,607,538,417
	10,023,135,254	10,317,710,996
	10,643,108,587	9,998,187,236
	7,823,711,568	7,337,304,064
	868,159,580	1,235,697,136
	<b>45,265,184,222</b>	<b>43,496,437,849</b>
	-	-
	-	-
	-	-
	-	-
	<b>-</b>	<b>-</b>
	<b>45,265,184,222</b>	<b>43,496,437,849</b>

These financial statements should be read in conjunction with the annexed notes 1 to 48



**Khondker Fazle Rashid**  
Managing Director



**Khondoker Jamil Uddin**  
Director



**Abdul Hai Sarker**  
Director



**Reshadur Rahman**  
Chairman

**Auditors' report to the shareholders**  
See annexed report of date

Dhaka, March 12, 2013



**Hoda Vasi Chowdhury & Co**  
Chartered Accountants



## Auditors' Report continued

### Dhaka Bank Limited and its Subsidiary Consolidated Profit & Loss Account for the year ended 31 December 2012

#### Operating Income

Interest Income / Profit Received

Interest / Profit paid on Deposits &amp; Borrowings

#### Net Interest Income

Income from Investment

Commission / Fees, Exchange Earnings &amp; Brokerage

Other Operating Income

#### TOTAL OPERATING INCOME ( A )

#### Operating Expenses

Salary &amp; Allowances

Rent, Taxes, Insurance, Lighting etc.

Legal &amp; Professional Expenses

Postage, Stamp, Telecommunication etc.

Stationery, Printing, Advertisement etc.

Chief Executive's salary &amp; allowances

Directors' Fee &amp; Meeting Expenses

Audit Fees

Charges on loan losses

Depreciation of Bank's Assets

Repair &amp; Maintenance of Bank's Assets

Other Expenses

#### TOTAL OPERATING EXPENSES ( B )

#### Profit / (Loss) Before Provision ( C ) = ( A - B )

Provision for loan

Provision for Off Balance Sheet Exposure

Provision for diminution in value of investments

Other Provisions

#### Total Provision ( D )

#### Total Profit / (Loss) before Tax ( C - D )

Provision for Current Tax

Provision for Deferred Tax

Net Profit / (Loss) after Tax :

Retained Surplus brought forward from previous year

#### Distribution

Statutory Reserve

General Reserve

Minority Interest

Dividend

#### Retained surplus

#### Consolidated Earning per Share (CEPS) (Restated)

Notes	2012 Taka	2011 Taka
23(a)	13,368,863,531	10,012,821,834
24(a)	10,598,442,925	7,610,560,989
	<b>2,770,420,606</b>	<b>2,402,260,845</b>
25(a)	1,388,483,871	2,050,656,730
26(a)	1,191,960,075	1,611,262,208
27(a)	263,495,013	344,783,040
	<b>5,614,359,565</b>	<b>6,408,962,823</b>
28(a)	1,211,198,996	1,078,790,326
29(a)	281,089,332	259,080,452
30(a)	9,926,961	13,514,474
31(a)	54,093,191	53,143,133
32(a)	104,708,150	107,704,398
33	12,101,500	9,407,143
34(a)	2,931,268	2,610,902
35	805,000	804,750
36	36,546	60,568
37(a)	82,512,083	113,523,006
38(a)	73,358,305	53,541,006
39(a)	346,362,837	309,006,767
	<b>2,179,124,169</b>	<b>2,001,186,925</b>
	<b>3,435,235,396</b>	<b>4,407,775,898</b>
40	1,685,376,923	440,911,548
41	31,483,131	75,150,000
42	65,939,102	113,992,108
14.5(a)	58,346,557	10,332,209
	<b>1,841,145,713</b>	<b>640,385,865</b>
	<b>1,594,089,683</b>	<b>3,767,390,033</b>
14.6(a)	804,576,210	1,524,741,761
	883,847	-
	<b>788,629,626</b>	<b>2,242,648,272</b>
48	1,510,644,675	1,095,477,121
	<b>2,299,274,301</b>	<b>3,338,125,393</b>
16	287,964,779	730,821,242
17	178,125,018	164,617,891
15(a)	8,722	7,704
	1,316,659,951	930,859,230
	<b>516,515,831</b>	<b>1,511,819,326</b>
43(a)	<b>1.69</b>	<b>4.80</b>

These financial statements should be read in conjunction with the annexed notes 1 to 48

  
Khondker Fazole Rashid  
Managing Director

  
Khondoker Jamil Uddin  
Director

  
Abdul Hai Sarker  
Director

  
Reshadur Rahman  
Chairman

Auditors' report to the shareholders  
See annexed report of date

Dhaka, March 12, 2013

  
Hoda Vasi Chowdhury & Co  
Chartered Accountants

## Auditors' Report continued

### Dhaka Bank Limited and its Subsidiary Consolidated Cash Flow Statement for the year ended 31 December 2012

#### Cash Flow From Operating Activities

	Notes	2012 Taka	2011 Taka
Interest / Profit receipts		13,258,224,076	10,149,382,334
Interest / Profit payments		(10,586,607,003)	(7,638,883,519)
Dividend receipts		25,123,245	17,585,601
Fee and commission receipts		940,590,662	846,229,018
Recoveries on loans previously written off		-	-
Payments to employees		(1,183,902,853)	(1,078,790,326)
Payments to suppliers		(166,707,038)	(170,955,829)
Income taxes paid		(1,185,825,573)	(1,333,104,561)
Receipts from other operating activities	44(a)	282,035,325	379,913,755
Payments for other operating activities	45(a)	(731,458,519)	(635,567,487)
<b>Operating profit before changes in current assets &amp; liabilities</b>		<b>651,472,322</b>	<b>535,808,986</b>

#### Increase / Decrease in operating assets and liabilities:

Statutory deposits		-	-
Purchase / Sale of trading securities		(8,010,475,975)	(896,481,177)
Loans and advances to other banks		-	-
Loans and advances to customers		(14,156,992,911)	(12,391,904,255)
Other assets	46(a)	(167,918,786)	(1,578,749,260)
Deposits from other banks		138,466,567	(585,349,493)
Deposits from customers		22,011,796,037	15,441,857,439
Other liabilities account of customers		80,888,904	45,440,764
Trading liabilities		-	-
Other liabilities	47(a)	(1,134,167)	(1,218,635,489)
<b>Net cash flow from operating activities (A)</b>		<b>546,101,991</b>	<b>(648,012,486)</b>

#### Cash Flow From Investing Activities

Proceeds from sale of securities		1,336,821,179	1,070,899,503
Purchase of securities		(1,040,543,590)	(446,131,729)
Purchase of property, plant & equipment		(265,604,031)	(195,009,010)
Sale of property, plant & equipment		808,248	5,199,160
Purchase / sale of subsidiary		50	-
Purchase / sale of shares of DSE and CSE		-	-
<b>Net cash used in investing activities (B)</b>		<b>31,481,856</b>	<b>434,957,924</b>

#### Cash Flow From Financing Activities

Borrowing from other banks		3,148,638,301	(1,817,398,808)
Receipts from issue of Non convertible Subordinated Bond		-	-
Dividends paid		(179,522,851)	-
<b>Net cash flow from financing activities (C)</b>		<b>2,969,115,450</b>	<b>(1,817,398,808)</b>

#### Net increase / (Decrease) in cash (A+B+C)

Effects of exchange rate changes on cash & cash equivalent		106,292,070	717,284,762
Opening cash & cash equivalent as at 1 January		12,874,401,474	14,187,570,082
<b>Closing cash &amp; cash equivalent as at 31 December</b>		<b>16,527,392,841</b>	<b>12,874,401,474</b>


#### Closing cash & cash equivalents

Cash in Hand		1,307,608,902	911,764,110
Balance with Bangladesh Bank & Sonali Bank		9,626,561,394	8,598,744,265
Balance with other banks & Financial Institutions		4,920,675,945	3,341,322,299
Money at call & Short Notice		669,200,000	19,400,000
Prize Bond		3,346,600	3,170,800
<b>Total</b>		<b>16,527,392,841</b>	<b>12,874,401,474</b>

These financial statements should be read in conjunction with the annexed notes 1 to 48

  
Khondker Fazole Rashid  
Managing Director

  
Khondker Jamil Uddin  
Director

  
Abdul Hai Sarker  
Director

  
Reshadur Rahman  
Chairman



## Auditors' Report continued

### Dhaka Bank Limited and its Subsidiary Consolidated Statement of Changes in Equity for the year ended 31 December 2012

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 2012	3,590,457,030	7,714	3,284,607,425	168,421,146	648,455,000	90,029,238	1,511,819,326	9,293,796,879
Changes in accounting policy	-	-	-	-	-	-	-	-
<b>Restated balance</b>	<b>3,590,457,030</b>	<b>7,714</b>	<b>3,284,607,425</b>	<b>168,421,146</b>	<b>648,455,000</b>	<b>90,029,238</b>	<b>1,511,819,326</b>	<b>9,293,796,879</b>
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	-	(55,417,876)	-	(55,417,876)
Currency transaction differences	-	-	-	-	-	-	-	-
<b>Net gains and losses not recognized in the income statement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,611,362</b>	<b>-</b>	<b>-</b>
Share Capital of subsidiary company	-	50	-	-	-	-	-	50
Adjustment with retained earnings	-	-	-	-	-	-	(1,174,651)	(1,174,651)
Net Profit for the year	-	-	-	-	-	-	788,629,626	788,629,626
Stock dividend paid during the year	-	-	-	-	-	-	(1,077,137,100)	(1,077,137,100)
Cash dividend paid during the year	-	-	-	-	-	-	(179,522,851)	(179,522,851)
Stock dividend paid by subsidiary company	-	-	-	-	-	-	(60,000,000)	(60,000,000)
Changes in reserve	-	-	287,964,779	-	-	-	(287,964,779)	-
Issuance of Bonus Shares	1,077,137,100	-	-	-	-	-	-	1,077,137,100
Minority Interest	-	8,722	-	-	-	-	(8,722)	-
Changes in General Reserve	-	-	-	178,125,018	-	-	(178,125,018)	-
<b>Balance as at 31 December 2012</b>	<b>4,667,594,130</b>	<b>16,486</b>	<b>3,572,572,204</b>	<b>346,546,164</b>	<b>648,455,000</b>	<b>34,611,362</b>	<b>516,515,831</b>	<b>9,786,311,177</b>

  
**Khondker Fazle Rashid**  
Managing Director

  
**Khondker Jamil Uddin**  
Director

  
**Abdul Hai Sarker**  
Director

  
**Reshadur Rahman**  
Chairman

## Auditors' Report continued

### Dhaka Bank Limited

#### Balance Sheet

As at 31 December 2012

#### Property and Assets

##### Cash

Cash in Hand (including foreign currencies)  
Balance with Bangladesh Bank & Sonali Bank  
(including foreign currencies)

##### Balance With Other Banks & Financial Institutions

In Bangladesh  
Outside Bangladesh

##### Money at Call and Short Notice

##### Investments

Government  
Others

##### Loans & Advances

Loans, Cash Credit & Over Draft etc.  
Bills Discounted and Purchased

##### Premises and Fixed Assets

##### Other Assets

##### Non-Banking Assets

##### Total Assets

#### Liabilities & Capital

##### Liabilities

Borrowings from other banks,  
financial institutions and agents

##### Deposits and Other Accounts

Current Accounts & Other Accounts  
Bills Payable  
Savings Bank Deposits  
Term Deposits

##### Non Convertible Subordinated Bond

##### Other Liabilities

##### Total Liabilities

##### Capital / Shareholders' Equity

Paid-up Capital  
Statutory Reserve  
General Reserve  
Assets Revaluation Reserve  
Revaluation Reserve on Investment  
Surplus in Profit and Loss Account

##### Total Shareholders' Equity

##### Total Liabilities & Shareholders' Equity

Notes	2012 Taka	2011 Taka
	<b>10,933,972,796</b>	<b>9,510,422,797</b>
03	1,307,411,402	911,678,532
	9,626,561,394	8,598,744,265
04	<b>4,828,293,993</b>	<b>3,100,232,133</b>
	3,543,839,291	2,119,035,099
	1,284,454,702	981,197,034
05	<b>669,200,000</b>	<b>19,400,000</b>
06	<b>18,403,921,383</b>	<b>9,576,138,756</b>
	15,775,407,762	7,820,173,863
	2,628,513,621	1,755,964,893
07	<b>90,140,284,573</b>	<b>75,983,291,662</b>
	87,762,745,239	73,746,335,015
	2,377,539,334	2,236,956,647
08	<b>1,879,473,973</b>	<b>1,702,927,035</b>
09	<b>6,263,214,012</b>	<b>4,779,639,595</b>
10	<b>23,166,033</b>	<b>23,166,033</b>
	<b>133,141,526,763</b>	<b>104,695,218,011</b>
11	<b>5,696,877,888</b>	<b>2,548,239,587</b>
12	<b>107,427,151,290</b>	<b>85,276,888,686</b>
	10,816,848,734	9,774,271,252
	1,355,657,995	1,099,134,168
	7,123,752,609	6,856,277,795
	88,130,891,952	67,547,205,471
13	<b>2,000,000,000</b>	<b>2,000,000,000</b>
14	<b>8,334,275,111</b>	<b>5,653,334,930</b>
	<b>123,458,304,289</b>	<b>95,478,463,203</b>
15	4,667,594,130	3,590,457,030
16	3,572,572,204	3,284,607,425
17	346,546,164	168,421,146
18	648,455,000	648,455,000
19	34,611,362	90,029,238
20	413,443,614	1,434,784,969
	<b>9,683,222,474</b>	<b>9,216,754,808</b>
	<b>133,141,526,763</b>	<b>104,695,218,011</b>





## Auditors' Report continued

### Dhaka Bank Limited Off Balance Sheet As at 31 December 2012

#### Contingent Liabilities

Acceptances and Endorsements

Letter of Credit

Letter of Guarantee

Bills for Collection

Other Contingent Liabilities

**TOTAL:**

#### 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

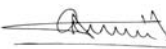
**TOTAL:**

**Total off- Balance Sheet exposures including contingent liabilities**

Notes	2012 Taka	2011 Taka
21		
	15,907,069,233	14,607,538,417
	10,023,135,254	10,317,710,996
	10,643,108,587	9,998,187,236
	7,823,711,568	7,337,304,064
	868,159,580	1,235,697,136
	<b>45,265,184,222</b>	<b>43,496,437,849</b>
	-	-
	-	-
	-	-
	-	-
	<b>-</b>	<b>-</b>
	<b>45,265,184,222</b>	<b>43,496,437,849</b>

These financial statements should be read in conjunction with the annexed notes 1 to 48

  
**Khondker Fazle Rashid**  
Managing Director

  
**Khondoker Jamil Uddin**  
Director

  
**Abdul Hai Sarker**  
Director

  
**Reshadur Rahman**  
Chairman

**Auditors' report to the shareholders**  
See annexed report of date

Dhaka, March 12, 2013

  
**Hoda Vasi Chowdhury & Co**  
Chartered Accountants

## Auditors' Report continued

### Dhaka Bank Limited Profit & Loss Account for the year ended 31 December 2012

#### Operating Income

Interest Income / Profit Received

Interest / Profit paid on Deposits &amp; Borrowings

#### Net Interest Income

Income from Investment

Commission / Fees, Exchange Earnings &amp; Brokerage

Other Operating Income

#### TOTAL OPERATING INCOME ( A )

#### Operating Expenses

Salary &amp; Allowances:

Rent, Taxes, Insurance, Lighting etc.

Legal &amp; Professional Expenses

Postage, Stamp, Telecommunication etc.

Stationery, Printing, Advertisement etc.

Chief Executive's salary &amp; allowances

Directors' Fee &amp; Meeting Expenses

Audit Fees

Charges on loan losses

Depreciation of Bank's Assets

Repair &amp; Maintenance of Bank's Assets

Other Expenses

#### TOTAL OPERATING EXPENSES ( B )

#### Profit / ( Loss ) Before Provision ( C ) = ( A - B )

Provision for loan

Provision for Off Balance Sheet Exposure

Provision for diminution in value of investments

Other Provisions

#### Total Provision ( D )

#### Total Profit / ( Loss ) before Tax ( C - D )

Provision for Current Tax

Provision for Deferred Tax

#### Net Profit / ( Loss ) after Tax :

#### Retained Surplus brought forward from previous year

#### Distribution

Statutory Reserve

General Reserve

Dividend

#### Retained surplus


#### Earning per Share (EPS) (Restated)

Notes	2012 Taka	2011 Taka
Notes		
23	13,228,520,380	9,945,529,826
24	10,598,442,925	7,610,560,989
	<b>2,630,077,455</b>	<b>2,334,968,837</b>
25	1,388,483,871	2,050,656,730
26	1,084,942,824	1,504,839,280
27	239,377,385	338,587,886
	<b>5,342,881,535</b>	<b>6,229,052,733</b>
28	1,183,902,853	1,048,875,658
29	267,957,754	253,204,058
30	9,580,516	11,222,666
31	53,531,641	52,859,362
32	102,904,881	106,299,051
33	12,101,500	9,407,143
34	2,700,400	2,317,749
	690,000	574,750
36	36,546	60,568
37	76,902,827	109,992,377
38	67,969,390	49,912,018
39	341,227,863	300,101,546
	<b>2,119,506,171</b>	<b>1,944,826,946</b>
	<b>3,223,375,364</b>	<b>4,284,225,787</b>
40	1,685,376,923	440,911,548
41	31,483,131	75,150,000
42	65,939,102	113,992,108
14.5	752,315	65,920
	<b>1,783,551,471</b>	<b>630,119,576</b>
	<b>1,439,823,893</b>	<b>3,654,106,211</b>
14.6	738,415,500	1,488,500,000
	-	-
	<b>701,408,393</b>	<b>2,165,606,211</b>
	<b>1,434,784,969</b>	<b>1,095,477,121</b>
	<b>2,136,193,362</b>	<b>3,261,083,332</b>
16	287,964,779	730,821,242
17	178,125,018	164,617,891
	1,256,659,951	930,859,230
	<b>413,443,614</b>	<b>1,434,784,969</b>
43	<b>1.50</b>	<b>4.64</b>

These financial statements should be read in conjunction with the annexed notes 1 to 48

  
Khondker Fazle Rashid  
Managing Director

  
Khondoker Jamil Uddin  
Director

  
Abdul Hai Sarker  
Director

  
Reshadur Rahman  
Chairman

Auditors' report to the shareholders  
See annexed report of date

Dhaka, March 12, 2013

  
Hoda Vasi Chowdhury & Co  
Chartered Accountants



## Auditors' Report continued

### Dhaka Bank Limited

#### Cash Flow Statement

for the year ended 31 December 2012

#### Cash Flow From Operating Activities

	Notes	2012 Taka	2011 Taka
Interest / Profit receipts		13,117,880,925	10,075,895,172
Interest / Profit payments		(10,586,607,003)	(7,638,883,519)
Dividend receipts		25,123,245	17,585,601
Fee and commission receipts		833,573,411	753,343,290
Recoveries on loans previously written off		-	-
Payments to employees		(1,183,902,853)	(1,048,875,658)
Payments to suppliers		(166,707,038)	(170,955,829)
Income taxes paid		(1,185,825,573)	(1,316,114,201)
Receipts from other operating activities	44	383,646,478	367,599,951
Payments for other operating activities	45	(677,449,778)	(578,092,918)
<b>Operating profit before changes in current assets &amp; liabilities</b>		<b>559,731,814</b>	<b>461,501,889</b>

#### Increase / Decrease in operating assets and liabilities

Statutory deposits		-	-
Purchase / Sale of trading securities		(8,010,475,975)	(896,481,177)
Loans and advances to other banks		-	-
Loans and advances to customers		(14,156,992,911)	(12,391,904,255)
Other assets	46	(160,569,992)	(1,036,251,640)
Deposits from other banks		138,466,567	(585,349,493)
Deposits from customers		22,011,796,037	15,441,857,439
Other liabilities account of customers		80,888,904	45,440,764
Trading liabilities		-	-
Other liabilities	47	51,704,709	(1,087,097,888)
<b>Net cash flow from operating activities (A)</b>		<b>514,549,153</b>	<b>(48,284,362)</b>

#### Cash Flow From Investing Activities

Proceeds from sale of securities		1,336,821,179	1,070,899,503
Purchase of securities		(872,548,728)	(413,733,959)
Purchase of property, plant & equipment		(253,449,765)	(187,079,020)
Sale of property, plant & equipment		808,249	5,199,160
Purchase / sale of subsidiary		50	(1,350,000,000)
Purchase / sale of shares of DSE and CSE		-	935,880,000
<b>Net cash used in investing activities (B)</b>		<b>211,630,985</b>	<b>61,165,684</b>

#### Cash Flow From Financing Activities

Borrowing from other banks		3,148,638,302	(1,817,398,808)
Receipts from issue of Non convertible Subordinated Bond		-	-
Dividends paid		(179,522,851)	-
<b>Net cash flow from financing activities (C)</b>		<b>2,969,115,451</b>	<b>(1,817,398,808)</b>

#### Net increase / (Decrease) in cash (A+B+C)

Effects of exchange rate changes on cash & cash equivalent		106,292,070	717,284,762
Opening cash & cash equivalent as at 1 January		12,633,225,730	13,720,458,454
<b>Closing cash &amp; cash equivalent as at 31 December</b>		<b>16,434,813,389</b>	<b>12,633,225,730</b>


#### Closing cash & cash equivalents

Cash in Hand		1,307,411,402	911,678,532
Balance with Bangladesh Bank & Sonali Bank		9,626,561,394	8,598,744,265
Balance with other banks & Financial Institutions		4,828,293,993	3,100,232,133
Money at call & Short Notice		669,200,000	19,400,000
Prize Bond		3,346,600	3,170,800
<b>Total</b>		<b>16,434,813,389</b>	<b>12,633,225,730</b>

These financial statements should be read in conjunction with the annexed notes 1 to 48

  
**Khondker Fazole Rashid**  
 Managing Director

  
**Khondker Jamil Uddin**  
 Director

  
**Abdul Hai Sarker**  
 Director


  
**Reshadur Rahman**  
 Chairman

## Auditors' Report continued

**Dhaka Bank Limited**  
**Statement of Changes in Equity**  
**for the year ended 31 December 2012**

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 2012	3,590,457,030	3,284,607,425	168,421,146	648,455,000	90,029,238	1,434,784,969	9,216,754,808
Changes in accounting policy	-	-	-	-	-	-	-
<b>Restated balance</b>	<b>3,590,457,030</b>	<b>3,284,607,425</b>	<b>168,421,146</b>	<b>648,455,000</b>	<b>90,029,238</b>	<b>1,434,784,969</b>	<b>9,216,754,808</b>
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	(55,417,876)	-	(55,417,876)
Currency transaction differences	-	-	-	-	-	-	-
<b>Net gains and losses not recognized in the income statement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,611,362</b>	<b>-</b>	<b>-</b>
Net Profit for the year	-	-	-	-	-	701,408,393	701,408,393
Stock dividend paid during the year	-	-	-	-	-	(1,077,137,100)	(1,077,137,100)
Cash dividend paid during the year	-	-	-	-	-	(179,522,851)	(179,522,851)
Changes in reserve	-	287,964,779	-	-	-	(287,964,779)	-
Issuance of Bonus Shares	1,077,137,100	-	-	-	-	-	1,077,137,100
Changes in General Reserve	-	-	178,125,018	-	-	(178,125,018)	-
<b>Balance as at 31 December 2012</b>	<b>4,667,594,130</b>	<b>3,572,572,204</b>	<b>346,546,164</b>	<b>648,455,000</b>	<b>34,611,362</b>	<b>413,443,614</b>	<b>9,683,222,474</b>

  
**Khondker Fazle Rashid**  
 Managing Director

  
**Khondker Jamil Uddin**  
 Director

  
**Abdul Hai Sarker**  
 Director

  
**Reshadur Rahman**  
 Chairman



## Auditors' Report continued

<b>Dhaka Bank Limited</b> <b>Liquidity Statement</b> <b>(Asset and Liability Maturity Analysis)</b> <b>As at 31 December 2012</b>						
Particulars	Upto 01 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	More Than 5 Years	Total
<b>Assets</b>						
Cash in hand	10,933,972,796	-	-	-	-	10,933,972,796
Balance with other banks and financial institutions	1,500,679,993	1,500,000,000	1,712,000,000	30,000,000	85,614,000	4,828,293,993
Money at call on short notice	669,200,000	-	-	-	-	669,200,000
Investment	6,286,471,186	-	3,148,092,607	2,710,904,932	6,258,452,658	18,403,921,383
Loans and Advances	14,497,407,351	26,576,252,086	30,514,389,814	16,017,391,105	2,534,844,217	90,140,284,573
Fixed assets including premises, furniture and fixtures	-	-	-	445,929,652	1,433,544,321	1,879,473,973
Other assets	759,379,562	-	2,238,676,120	1,744,651,794	1,520,506,536	6,263,214,012
Non-banking assets	-	-	-	23,166,033	-	23,166,033
<b>Total Assets</b>	<b>34,647,110,888</b>	<b>28,076,252,086</b>	<b>37,613,158,541</b>	<b>20,972,043,516</b>	<b>11,832,961,732</b>	<b>133,141,526,763</b>
<b>Liabilities</b>						
Borrowing from Bangladesh Bank, Other banks, financial institutions and agents	(600,000,000)	(3,306,755,000)	(1,120,896,505)	(669,226,383)	-	(5,696,877,888)
Deposits & Other Accounts	(12,186,023,697)	(11,884,451,685)	(67,118,455,981)	(9,907,739,290)	(6,330,480,637)	(107,427,151,290)
Other liabilities	(709,952,089)	-	(7,624,323,022)	-	(2,000,000,000)	(10,334,275,111)
Capital & Reserve	-	-	-	(9,683,222,474)	-	(9,683,222,474)
<b>Total Liabilities</b>	<b>(13,495,975,786)</b>	<b>(15,191,206,685)</b>	<b>(75,863,675,508)</b>	<b>(20,260,188,147)</b>	<b>(8,330,480,637)</b>	<b>(133,141,526,763)</b>
<b>Net Liquidity Gap</b>	<b>21,151,135,102</b>	<b>12,885,045,401</b>	<b>(38,250,516,967)</b>	<b>711,855,369</b>	<b>3,502,481,095</b>	<b>-</b>
<b>Cumulative Liquidity Gap</b>	<b>21,151,135,102</b>	<b>34,036,180,503</b>	<b>(4,214,336,464)</b>	<b>(3,502,481,095)</b>	<b>-</b>	<b>-</b>



## Auditors' Report continued

### Dhaka Bank Limited

#### Highlights on the overall activities of the Bank

SI No.	Particulars	2012	2011	Change In %
01	Paid up Capital	4,667,594,130	3,590,457,030	30
02	Total Capital	12,948,164,134	12,399,028,808	4
03	Capital surplus / (deficit) (Note - 15.8)	865,390,953	782,816,689	11
04	Total Assets	133,141,526,763	104,695,218,011	27
05	Total Deposits	107,427,151,290	85,276,888,686	26
06	Total Loans and Advances	90,140,284,573	75,983,291,662	19
07	Total Contingent Liabilities and Commitments	45,265,184,222	43,496,437,849	4
08	Credit Deposit Ratio (%)	83.91	89.10	(6)
09	Percentage of classified loans against total loans and advances (%)	6.28	3.45	82
10	Profit after tax and provision	701,408,393	2,165,606,211	(68)
11	Amount of classified loans during the year	5,656,314,315	2,624,031,892	116
12	Provisions kept against classified loans	2,497,888,643	1,066,976,000	134
13	Provision surplus / (deficit)	-	3,531,500	-
14	Cost of fund [deposit cost & overhead cost] (%)	12.28	11.34	8
15	Interest earning Assets	110,159,484,794	85,887,603,118	28
16	Non-interest earning Assets	22,982,041,969	18,807,614,893	22
17	Return on Investment (ROI) [%]	9.92	22.76	(56)
18	Return on Assets (ROA) [%]	0.59	2.22	(73)
19	Incomes from Investments	1,388,483,871	2,050,656,730	(32)
20	Earning per Share (Taka)	1.50	4.64	(68)
21	Net Income per Share (Taka)	1.50	4.64	(68)
22	Price Earning Ratio (Times)	16.50	9.70	70



# Notes to the Financial Statement



# Notes to the Financial Statement

## Dhaka Bank Limited and its Subsidiary Notes to the Financial Statements For the year ended 31 December 2012

### 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 6 April 1995 under the Companies Act 1994 and commenced commercial operation on 5 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 71 branches all over Bangladesh, 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 Bhavan, 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 newly formed 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 – H** 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:

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.

## 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 held for trading investments which are measured at fair/ market value as per the guideline of the Bangladesh Bank. The financial statements are prepared in accordance with



## Notes to the Financial Statement continued

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.

### 2.4 Loans and Advances

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 as income until realized from borrowers. Interest are not charged on Bad/ Loss loans as per guidelines of Bangladesh Bank.

Provisions 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 and BRPD Circular No. 19 dated 27.12.2012. A provision of Tk.1,716,860,054 has been made during the year 2012 which has been found to be adequate. The total volume of non-performing loan is Tk.5,656,314,316 as of 31.12.2012. The provisioning rates are given below:

Business Unit		UC	SMA	SS	DF	BL
		Prov (%)	Prov (%)	Prov (%)	Prov (%)	Prov (%)
Consumer	House Building and Professional	2%	5%	20%	50%	100%
	Other than House Building and Professional	5%	5%	20%	50%	100%
BHs/ MBs/ SDs against shares		2%	5%	20%	50%	100%
Small and Medium		0.25%	5%	20%	50%	100%
Agriculture		5%	--	5%	5%	100%
All Others		1%	5%	20%	50%	100%

## Notes to the Financial Statement continued

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 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, dt. 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
Investment Corporation of Bangladesh Debenture	At redeemable value
Shares	Lower of cost or market value

#### c) Investment in Listed 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 Securities

Investment in unlisted securities is reported at cost under cost method.

#### 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 no-28. Accordingly, investment 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 instead of the full period irrespective of their date of purchase.





## Notes to the Financial Statement continued

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 revalued 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 Court regarding the right & title of mortgaged property during the period of financial statements. 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

Ordinary shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets.

### 2.14 Statutory Reserve

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

## Notes to the Financial Statement continued

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 Taka 2,000,000.00 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 sec 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 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 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.

### 2.20 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 loans and advances / investments, ceases to be taken into income when such advances are classified or treated as SMA as per Bangladesh Bank BRPD circular No. 16 of 1989, kept in interest/profit suspense account and in memorandum account. 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 2012. Monthly bill of Credit Card issued on 28 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 and borrowings and other expenses are recognized on accrual basis.

### 2.21 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



## Notes to the Financial Statement continued

date of such transactions as per BAS-21 "The Effects of Changes in Foreign Exchange Rates".

Assets and liabilities as at 31 December 2012 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 Profit & Loss Account.

- c) **Commitment** – Commitments for outstanding forward foreign exchange contracts 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.

### 2.22 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 2009 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.

### 2.23 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.

### 2.24 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.

### 2.25 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 and changes in cash and cash equivalents during the financial year. It is broken down into operating activities, investing activities and financial activities.

### 2.26 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 institutions and agents	Maturity/Repayment terms
Deposits and other accounts	Maturity term
Other Liabilities	Payments/Adjustments schedule basis

# Notes to the Financial Statement continued

## 2.27 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 2012 and under the guidelines of Bangladesh Bank BRPD Circular No.14 dated 25th June 2003.

## 2.28 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.

## 2.29 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.

## 2.30 Post Balance Sheet events

No material events had occurred after Balance Sheet date, which could affect the values reported in the financial statements.

## 2.31 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.

## 2.32 Approval of Financial Statements

The financial statements were approved by the Board of Directors on March 12, 2013.

## 2.33 General

- Wherever considered necessary figures of previous year have been rearranged to conform to current year's presentation.
- The expenses, irrespective of capital or revenue nature, accrued/due but not paid have been provided for in the books of the bank.
- Figures appearing in these financial statements have been rounded off to the nearest Taka

## 2.34 Number of Employees

The number of employees engaged for the whole year or part thereof was 1455 (Male – 1,137 & Female – 318). The Bank recruited 244 numbers of staff during the year. Attrition rate is 2.13% in 2012 compared to 3.87% in 2011.

## 2.35 Risk Management

The Bank has established effective risk management for steady and stable growth of the Bank in accordance with the guidelines of Bangladesh Bank. The Risk Management of the Bank covers following five core risk areas of banking:

- Credit risk
- Market risk
- Liquidity risk/ Assets – Liability Management
- Reputation risk arising from inadequate prevention of Money Laundering
- Internal Control and Compliance risk
- Information 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 means uncertainty to meet financial obligations as per agreed terms by the borrowers during the tenor of the credit facilities. For maintaining steady growth rate of the Bank and economic development of the country, Dhaka Bank manages the credit risk carefully. Dhaka Bank extends credit facilities to different clients in different sectors after doing due diligence and mitigating risk factors as per guidelines or standard set by Bangladesh Bank, Executive Committee of the Board of Directors and Management Credit Committee (MCC) of the Bank. Diversified portfolio is maintained to mitigate credit concentration risk. The Management has put impetus on credit rating of the borrowers for selecting good borrowers and also to reduce capital charge under Basel- II framework.



## Notes to the Financial Statement *continued*

Credit related works are segregated in different stages for mitigating credit risk. The duties of Credit Risk Management is to maintain asset quality assessing risk in lending to a particular client, sanctioning credit facilities formulating policy or strategy for extending credit facilities. Credit Administration cell in branches complete all necessary documentation formalities before disbursement of funds. Monitoring and recovery unit monitor the clients regularly and necessary actions are taken for recovery of loans. Legal and compliance unit is entrusted with the duties of dealing with the cases filed for recovery of loans and ensuring compliance of terms and conditions of sanction letter. In case of Large Loans, the instructions and guidelines of Bangladesh Bank are followed meticulously.

### **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 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, Credit, Personal Banking, & Finance and Accounts Divisions. 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 Officers (who is also Head of Operation Division) 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**

The Bank stresses on both the design and operation effectiveness of its internal control system to protect the bank from possible loss that may arise from either intentional/ unintentional errors or from fraudulent activities. The Audit & Internal Control Division of the Bank is independent and able to carry out its assignments with objectivity and impartiality. The division makes a year wise risk based audit plan to carry out comprehensive audits and inspections on the banking operations in various divisions of head office and branches in order to ensure that internal control practice and procedures are in place and complied with. On the other hand, the Muraqib under Shariah Council conducts shariah audit in the Islamic banking branches at least twice in the year as per instruction given by Shariah Council of the Bank. The Audit Committee of the Board subsequently reviews all audit/inspections reports and authorizes suggested corrective measures.

The Compliance Unit of the division works as the point of contact when any regulatory inspection is carried out and ensures that corrective measures are taken and the appropriate responses are made on a timely fashion. If the regulatory authority identifies any major lapses then



## Notes to the Financial Statement continued

it notifies to the senior management and/or to the Audit Committee of the Board of Directors of the Bank. The Monitoring Unit of the division monitors and follow-up the ethical standards through Departmental Control Function Check List (DCFCL), Loan Documentation Check List (LDCL) and Quarterly Operation Reports. On receipt of the compliance report the Monitoring Unit carefully checks the compliance status with the help of systems. It also regularly monitors branch MIS (e.g. Classification, Excess Over Limit, Overdue facilities, KYC, TP etc.) online from the systems and notifies deficiencies, if any, to the auditee management as well as to the top management and/or the Audit Committee for regularization/rectification.

### Information 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 IS/IT 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.

### 2.36 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 5 (five) members of the Board.

Sl No	Name	Status With Bank	Status With Committee	Educational Qualification
01	Mr. Khondoker Jamil Uddin	Director	Chairman	BSS, MSS MPhil
02	Mr. Abdullah Al Ahsan	Director	Member	M.Com
03	Mr. M.N.H. Bulu	Director	Member	B.Com
04	Mr. Md. Amirullah	Director	Member	Intermediate
05	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 three meetings to undertake various functions including reviewing financial statements in compliance with the Bangladesh Bank. The discussed issues are as follows:

- Certificate to the Board of Directors on Effectiveness of Internal Control Policy, Practice & Procedure.
- Summary of Loan Classification and Provision as on 31.12.2011
- Consideration and Recommendation Annual Accounts along with the report of the Auditors and Directors thereon for the year ended 31st December 2011.
- Precautions for clearing cheque forgeries.
- Recommendation for providing incentives for recovery of overdue loans
- Deviations in Quarterly Operations Report (QOR) for the Quarter Ended December, 2011.
- Consideration and Recommendation of Un-audited quarterly consolidated Financial Statements of the Bank for the period ended 31st March 2012.
- Summary of Loan Classification and Provision as on March 31, 2012

- Consideration and Recommendation of Half yearly consolidated Financial Statement (Un-audited) including Subsidiary Company of the Bank for the period ended 30th June 2012.
- Status of Personal Loans
- Summary of loan classification and provision as on 30.06.2012
- Consideration and Recommendation of Quarterly Consolidated Financial Statements (Un-audited) including Subsidiary Company of the Bank for the period ended 30th September 2012.
- Summary of loan classification and provision as on 30.09.2012 (Ref. BRPD Circular No.05/2006)
- Status of Personal Loan Positions
- Realization of Classified Loans

#### 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.



## Notes to the Financial Statement continued

### 2.37 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 newly changed Shariah Supervisory Committee of Dhaka Bank Limited. The members are as follows:

SI No	Name	Status With Bank	Status With Committee	Educational Qualification
01	Mr. Mohammad Azizul Huq	-	Chairman	M.A (Economics)
02	Prof. Moulana Mohammad Salah Uddin	-	Member	Kamil, MA (Islamic Studies)
03	Mr. Mohammad Mukhlesur Rahman	-	Member	Kamil, MA (Islamic Studies)
04	Mr. Mohammad Ziaul Hasan	-	Member	Barrister at Law
05	Mr. Khondker Fazle Rashid	Managing Director	Member	MBA from IBA Dhaka University
06	Mr. Md. Sirajul Hoque	Executive Vice President & Head of Islamic Banking Division, Head Office	Member Secretary	B.Com (Hons) M.Com (Accounting)

During the year 2012, the following issues were discussed in the meetings:

- Approval of Separate Treasury Guidelines for Islamic Banking Operations.
- Review & Discussion on Shariah Inspection Report of 2 IBBs of the bank based on 31.12.2011 and 30.06.2012.
- Introduction of Musharaka and Mudaraba Business with good and tested customers at limited aspect.
- Re- fixation of profit rate on Investment and Mudaraba deposit

- Introduction of new Islamic Deposit product
  - a) Tawfeer Mudaraba Savings Bond Account T-MSBA
  - b) Tawfeer Mudaraba DPS T-MDPS &
  - c) Tawfeer Mudaraba Foreign Remittance Account T-MFRA
- Review of Islamic Banking Accounts published in the Annual Report – 2011
- Distribution of final profit in various Mudaraba Deposit Accounts after adjustment.

### 2.38 Information about Segment Reporting

The bank operates under the following business segments:

Particulars	Conventional	Islamic	OBU	DBL Securities	Total
Total Operating Income	15,238,053,387	578,913,184	124,357,890	271,478,029	16,212,802,490
Allocated Expenses	12,008,216,579	661,082,162	48,650,356	59,617,997	12,777,567,094
Operating Profit (Before Tax & Provision)	3,229,836,808	(82,168,978)	75,707,534	211,860,032	3,435,235,396
Total Provision (Loans/ Advances & Others)	1,612,401,399	-	171,150,072	57,594,242	1,841,145,713
Profit Before Tax	1,617,435,409	(82,168,978)	(95,442,538)	154,265,790	1,594,089,683
Provision for Income Tax	738,415,500	-	-	67,044,557	805,460,057
Net Profit	879,019,909	(82,168,978)	(95,442,538)	87,221,233	788,629,626
Segment Assets	122,598,681,726	6,254,067,788	1,028,777,310	3,734,583,091	133,616,109,915
Segment Liabilities	122,598,681,726	6,254,067,788	1,028,777,310	3,734,583,091	133,616,109,915

## Notes to the Financial Statement continued

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 2012 and segmental profit and loss account for the year ended 31 December 2012 have been prepared.

### 2.39 Compliance report on Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS)

Name Of The Bas	BAS 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
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 & 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*
IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations	5	Applied
IFRS 7 – Financial Instruments: Disclosures	7	Applied*
IFRS 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.

#### New and amended standards adopted by the Group and the Bank

There are no new standards and amendments to standards and interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that would be expected to have a material impact on the Group and the Bank.

#### New and amended standards and interpretations not yet adopted by the Group and the Bank

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning from 1 January 2013 or later, and have not been applied in preparing these consolidated financial statements. None

of these is expected to have a significant effect on the consolidated financial statements of the Group and the Bank. Although International Accounting Standards Board (IASB) has issued a new standard (IFRS 9) along with related amendments to existing standards (IAS/BAS 32, 39) but none of these have been adopted and/or endorsed locally as BAS/BFRS and as such any possible impact could not be determined.



## Notes to the Financial Statement continued

	Notes	2012 Taka	2011 Taka
<b>03 Cash</b>			
<b>3.1 Cash in Hand</b>			
In Local Currency (Bangladesh Bank Note & Government Note)		1,247,093,472	880,466,160
In Foreign Currencies		60,317,930	31,212,372
		<b>1,307,411,402</b>	<b>911,678,532</b>
<b>3.2 Balance with Bangladesh Bank</b>			
In Local Currency			
Conventional		5,644,642,254	4,784,776,118
Al-Wadiah Current Account		477,705,899	712,061,607
		6,122,348,153	5,496,837,725
In Foreign Currencies		3,432,320,683	3,002,934,319
		9,554,668,836	8,499,772,044
Balance with Sonali Bank as agent of Bangladesh Bank		71,892,558	98,972,221
		<b>9,626,561,394</b>	<b>8,598,744,265</b>
<b>Total</b>		<b>10,933,972,796</b>	<b>9,510,422,797</b>
<b>3.3 Statutory Deposits</b>			
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.			
<b>3.3.1 Cash Reserve Ratio (CRR)</b>			
(6% of Average Demand and Time Liabilities)			
Required Reserve		6,135,038,700	4,991,600,280
Actual reserve maintained		6,535,316,110	5,370,110,370
<b>Surplus</b>		<b>400,277,410</b>	<b>378,510,090</b>
<b>(%) held against requirement</b>		<b>6.12%</b>	<b>6.45%</b>
<b>3.3.2 Statutory Liquidity Ratio (SLR)</b>			
<b>Conventional</b>			
(19% of Average Demand and Time Liabilities)			
Required Reserve		18,767,096,100	15,071,374,180
Actual reserve maintained		18,872,485,320	15,074,940,390
<b>Surplus</b>		<b>105,389,220</b>	<b>3,566,210</b>
<b>(%) held against requirement</b>		<b>19.11%</b>	<b>19.01%</b>
<b>Islamic Banking</b>			
(11.50% of Average Demand and Time Liabilities)			
Required Reserve		399,792,325	445,086,340
Actual reserve maintained		740,335,000	524,994,110
<b>Surplus</b>		<b>340,542,675</b>	<b>79,907,770</b>
<b>(%) held against requirement</b>		<b>21.30%</b>	<b>13.56%</b>
<b>3.3.3 Held for Statutory Liquidity Ratio</b>			
Cash in Hand ( <b>Note-3.1</b> )		1,307,411,402	911,678,532
Balance with Bangladesh Bank and its agent Bank(s) ( <b>Note-3.2</b> )		9,626,561,394	8,598,744,265
Government Securities ( <b>Note-6.1</b> excluding Assured Liquidity Support)		12,112,240,927	7,820,173,863
Others		-	-
		<b>23,046,213,723</b>	<b>17,330,596,660</b>
<b>3.4 Maturity grouping of Cash</b>			
On Demand		10,933,972,796	9,510,422,797
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		-	-
		<b>10,933,972,796</b>	<b>9,510,422,797</b>
<b>03(a) Consolidated Cash</b>			
<b>(i) Cash in Hand</b>			
Dhaka Bank Limited ( <b>note-3.1</b> )		1,307,411,402	911,678,532
DBL Securities Limited		197,500	85,578
		<b>1,307,608,902</b>	<b>911,764,110</b>
<b>(ii) Balance with Bangladesh Bank</b>			
Dhaka Bank Limited ( <b>note-3.2</b> )		9,626,561,394	8,598,744,265
DBL Securities Limited		-	-
		9,626,561,394	8,598,744,265
<b>Total</b>		<b>10,934,170,296</b>	<b>9,510,508,375</b>

## Notes to the Financial Statement continued

Notes	2012 Taka	2011 Taka
<b>04 Balance With Other Banks &amp; Financial Institutions</b>		
In Bangladesh (Note 4.1)	3,543,839,291	2,119,035,099
Outside Bangladesh (Nostro Accounts) (Note 4.2)	1,284,454,702	981,197,035
<b>Total</b>	<b>4,828,293,993</b>	<b>3,100,232,134</b>
<b>4.1 In Bangladesh</b>		
<b>Form of Deposits</b>		
<b>4.1.1 Current Deposit</b>		
Sonali Bank Limited	99,073,070	161,784,461
Janata Bank Limited	10,238,712	32,359,433
Southeast Bank Limited	94,807	10,603,107
Standard Chartered Bank (Visa Settlement)	5,168,181	2,642,895
Brac Bank Limited	8,499,116	9,837,688
Agrani Bank Limited	4,604,425	-
AB Bank Limited	11,205,616	9,325,140
Dutch Bangla Bank Limited	15,115,554	12,990,974
Islami Bank Bangladesh Limited	10,221,232	10,632,732
United Commercial Bank Limited	235,389	16,046,539
	<b>164,456,102</b>	<b>266,222,969</b>
<b>4.1.2 Special Notice Deposit (SND)</b>		
Janata Bank Limited	21,134,134	48,354,717
Dutch Bangla Bank Limited	29,986,989	12,594,013
Eastern Bank Limited	90,945	88,305
AB Bank Limited	311,452	251,625
Sonali Bank Limited	-	20,635,988
National Bank Limited	245,669	233,482
	<b>51,769,189</b>	<b>82,158,130</b>
<b>4.1.3 Fixed Deposit</b>		
<b>Commercial Banks</b>		
Social Investment Bank Limited	600,000,000	400,000,000
Shahjalal Islami Bank Limited	200,000,000	200,000,000
Al-Arafah Islamic Bank Limited	400,000,000	200,000,000
IFIC Bank Limited	500,000,000	-
Eastern Bank Limited	600,000,000	-
National Bank of Pakistan	200,000,000	-
Woori Bank	82,000,000	82,000,000
	<b>2,582,000,000</b>	<b>882,000,000</b>
<b>Financial Institutions</b>		
Phoenix Finance and Investment Limited	170,614,000	133,654,000
Prime Finance & Investment Limited	170,000,000	90,000,000
Peoples Leasing Company Limited	315,000,000	315,000,000
International Leasing & Financial Services Limited	-	300,000,000
Islamic Hajj Finance	90,000,000	50,000,000
	<b>745,614,000</b>	<b>888,654,000</b>
<b>Total Fixed Deposits</b>	<b>3,327,614,000</b>	<b>1,770,654,000</b>
<b>Total</b>	<b>3,543,839,291</b>	<b>2,119,035,099</b>
<b>4.2 Outside Bangladesh (Nostro Accounts)</b>		
Standard Chartered Bank, New York	264,642,272	136,829,986
Mashreq Bank, New York	40,054,477	26,298,497
HSBC, New York	-	12,525,898
CITI Bank NA, New York	114,248,330	87,296,940
Commerz Bank, Frankfurt	5,812,794	46,817,720
Habib American Bank	62,166,559	25,485,488
Wachovia Bank NA, New York	169,346,950	45,492,598
JP Morgan Chase Bank NA	41,434,343	12,604,993
Standard Chartered Bank, Mumbai	24,657,797	34,755,167
Sonali Bank, Kolkata	1,054,945	1,331,047
AB Bank Mumbai	27,275,405	18,210,362
Nepal Bangladesh Bank	1,756,684	5,142,439
Sampath Bank, Srilanka	3,199,755	14,569,662
Bhutan National Bank	5,142,494	5,261,414
Bank of Bhutan	3,763,963	4,104,740
Habib Metropolitan Bank Ltd. Pakistan	66,096,094	42,861,717
Banca Nazionale Del Italy	-	3,925,832
Dhaka Bank OBU Nostro	320,000,000	327,400,000
ICICI Bank Limited, India	8,358,378	432,905
Mashreq Bank, Mumbai	55,885,725	26,471,921
Union Bank of Switzerland	2,792,184	7,021,615
Commerz Bank, Frankfurt	21,916,488	10,590,910
Standard Chartered Bank, Frankfurt	5,181,953	13,573,073
Bank Nazionale Del Italy	-	1,047,084
Unicredit S.P.A. Milano	6,738,104	10,180,978
Commonwealth Bank of Australia, Sydney	6,956,955	6,528,726
Standard Chartered Bank, Japan	11,599,791	5,416,871
Standard Chartered Bank, London	9,249,189	39,411,392
Bank of Nova Scotia	2,555,744	9,607,059
Al-Rajhi Bank, Kingdom of Saudi Arabia	2,567,329	-
<b>Total</b>	<b>1,284,454,702</b>	<b>981,197,034</b>

(Annexure -- A may kindly be seen for details)





## Notes to the Financial Statement continued

	Notes	2012 Taka	2011 Taka
<b>4.3 Maturity grouping of balances with other banks &amp; financial institutions</b>			
On demand		1,448,910,804	1,247,420,004
Upto 1 month		51,769,189	82,158,130
Over 1 month but not more than 3 months		1,500,000,000	-
Over 3 months but not more than 6 months		1,290,000,000	800,000,000
Over 6 months but not more than 1 year		422,000,000	922,000,000
Over 1 year but not more than 5 years		30,000,000	48,654,000
Over 5 years		85,614,000	-
<b>Total</b>		<b>4,828,293,993</b>	<b>3,100,232,134</b>
<b>04(a) Consolidated Balance With Other Banks &amp; Financial Institutions</b>			
<b>(i) In Bangladesh</b>			
Dhaka Bank Limited (note-4.1)		3,543,839,291	2,119,035,099
DBL Securities Limited		92,381,952	241,090,166
		<b>3,636,221,243</b>	<b>2,360,125,265</b>
<b>(ii) Outside Bangladesh</b>			
Dhaka Bank Limited (note-4.2)		1,284,454,702	981,197,035
DBL Securities Limited		-	-
		1,284,454,702	981,197,035
<b>Total</b>		<b>4,920,675,945</b>	<b>3,341,322,300</b>
<b>05 Money at Call and Short Notice</b>			
<b>5.1 Classification of Money at Call &amp; Short Notice</b>			
Commercial Banks (Note 5.1.1)		669,200,000	19,400,000
Financial Institutions (Public & Private) (Note 5.1.2)		-	-
<b>Total</b>		<b>669,200,000</b>	<b>19,400,000</b>
<b>5.1.1 Commercial Banks</b>			
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		19,200,000	19,400,000
<b>Total</b>		<b>669,200,000</b>	<b>19,400,000</b>
<b>5.1.2 Financial Institutions</b>			
		-	-
<b>Total</b>		<b>669,200,000</b>	<b>19,400,000</b>
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			
<b>5.2 Maturity Grouping of Money at call &amp; Short Notice</b>			
On demand		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		19,200,000	19,400,000
<b>Total</b>		<b>669,200,000</b>	<b>19,400,000</b>
<b>06 Investments</b>			
<b>6.1 Government Securities</b>			
Treasury Bills (Note 6.2.1)		3,139,536,737	1,728,905,627
Treasury Bonds (Note 6.2.2)		8,719,357,590	6,088,097,436
Govt. Islamic Bond		250,000,000	-
Assured Liquidity Support		3,663,166,835	-
Prize Bond		3,346,600	3,170,800
		<b>15,775,407,762</b>	<b>7,820,173,863</b>
<b>6.2 Other Investments</b>			
Shares (Note 6.2.3)		2,429,957,751	1,540,868,630
ICB Debenture (Note-6.2.4)		-	2,000,000
Zero Coupon Bonds (Note-6.2.5)		8,555,870	23,096,263
Others (Note-6.2.6)		190,000,000	190,000,000
		<b>2,628,513,621</b>	<b>1,755,964,893</b>
<b>Total</b>		<b>18,403,921,383</b>	<b>9,576,138,756</b>

## Notes to the Financial Statement continued

Notes	2012 Taka	2011 Taka
<b>6.2.1 Treasury Bills</b>		
28 days Treasury Bills	-	-
30 days Treasury Bills	-	-
91 days Treasury Bills	499,095,497	125,830,173
182 days Treasury Bills	1,357,206,904	616,465,548
364 days Treasury Bills	1,283,234,336	986,609,906
	<b>3,139,536,737</b>	<b>1,728,905,627</b>
<b>6.2.2 Treasury Bonds</b>		
5 years Bangladesh Government Treasury Bond	3,671,010,743	2,571,540,250
10 years Bangladesh Government Treasury Bond	3,634,727,363	3,040,376,634
15 years Bangladesh Government Treasury Bond	1,332,641,303	476,180,552
20 years Bangladesh Government Treasury Bond	80,978,181	-
	<b>8,719,357,590</b>	<b>6,088,097,436</b>
<b>6.2.3 Shares</b>		
Quoted companies (Note - 6.2.a)		
Private	2,229,957,751	1,292,868,630
Unquoted companies		
Unique Hotel & Resorts Limited	-	48,000,000
Bangladesh Fund (Note - 6.2.7)	200,000,000	200,000,000
	<b>2,429,957,751</b>	<b>1,540,868,630</b>
<b>6.2.4 Debentures</b>		
<b>ICB Debenture (at redeemable value)</b>		
Principal	2,000,000	4,000,000
Less: Redeemed upto 31 December 2012	2,000,000	2,000,000
<b>Redeemable value</b>	<b>-</b>	<b>2,000,000</b>
The ICB Debentures has been fully redeemed during the year 2012.		
<b>6.2.5 Zero Coupon Bond (at present value)</b>		
<b>Industrial Development Leasing Company of Bangladesh Limited</b>		
Opening Balance	23,096,263	36,271,624
Add: Interest accrued during the year	2,970,792	2,962,674
Less: Redemption during the year	17,511,185	16,138,035
<b>Redeemable value</b>	<b>8,555,870</b>	<b>23,096,263</b>
<b>6.2.6 Other Investments</b>		
MTBL Subordinated Bond interest rate @12%	190,000,000	190,000,000
	<b>190,000,000</b>	<b>190,000,000</b>
<b>6.2.a Book value of shares as on 31st December 2012 are as follows:</b>		
<b>Quoted Shares in Bank</b>		
AB Bank Limited	44,937,260	28,453,750
Bank Asia Limited	99,303,410	40,204,500
Brac Bank Limited	48,806,015	26,055,000
Eastern Bank Limited	16,732,321	15,070,000
Jamuna Bank Limited	3,332,853	-
Mercantile Bank Limited	117,335,405	10,171,750
National Bank Limited	122,387,547	47,767,500
One Bank Limited	93,550,126	32,461,000
Prime Bank Limited	26,149,126	87,340,000
Southeast Bank Limited	69,981,347	36,842,400
Standard Bank Limited	51,291,559	12,187,500
The City Bank Limited	62,999,883	46,398,600
National Credit and Commerce Bank Limited	33,984,534	-
The Trust Bank Limited	45,550,273	-
The Premier Bank Limited	46,825,331	45,682,000
<b>NBFI</b>		
Bay Leasing & Investment Limited	31,787,591	21,057,600
IDLC Finance Limited	2,707,232	-
Peoples Leasing & Financial Services Limited	37,812,172	35,949,161
United Leasing Company Limited	49,675,949	32,207,214
<b>Insurance</b>		
Pragati Life Insurance Limited	-	4,309,554
Prime Islami Life Insurance Limited	29,498,479	24,684,000
Progressive Life Insurance Limited	11,980,050	10,511,542
Rupali Insurance Company Limited	4,093,401	-
Padma Islami Life Insurance Limited	2,119,662	-
Eastland Insurance Company Limited	6,398,699	-
City General Insurance Company Limited	594,614	-
United Insurance Limited	10,996,209	6,209,748



## Notes to the Financial Statement continued

Notes	2012 Taka	2011 Taka
<b>Fuel, Power &amp; Oil</b>		
Dhaka Electric Supply Company Limited	100,076,732	32,816,665
Khulna Power Company Limited	87,093,632	38,009,686
Mobil Jamuna BD Limited	-	7,704,000
Navana CNG Limited	-	10,894,400
Power Grid Company of Bangladesh Limited	31,239,135	-
Summit Power Limited	48,873,995	58,237,200
Jamuna Oil Company Limited	46,670,392	-
Meghna Petroleum Limited	109,491,710	-
Padma Oil Company Limited	80,205,875	-
Titans Gas Transmission and Distribution Co. Limited	11,465,319	110,483,000
<b>Engineering</b>		
Atlas Bangladesh Limited	-	6,011,708
BSRM Steels Limited	109,020,474	76,032,000
<b>Pharmaceuticals</b>		
ACI Limited	38,161,927	32,781,000
ACI Formulations Limited	77,429	-
Square Pharmaceuticals Limited	29,489,832	-
Beximco Pharmaceuticals Limited	24,743,892	35,733,600
<b>Cement</b>		
Confidence Cement Limited	-	23,058,750
Lafarge Surma Cement Limited	-	8,124,300
MI Cement	32,044,544	-
Meghna Cement Mills Limited	-	13,224,140
<b>Ceramic</b>		
Fuwang Ceramics Limited	-	29,711,138
SP Ceramics	11,688,820	-
RAK Ceramics (Bangladesh) Limited	-	4,844,854
<b>Investment</b>		
1st BSRS Mutual Fund	27,361,701	6,432,000
IAMCL 1st NRB	208,635	-
EBL NRB Mutual Fund	54,153,831	50,000,000
Investment Corporation of Bangladesh	6,879,511	-
ICB AMCL First Mutual Fund	13,737,635	3,920,840
ICB AMCL Second NRB Mutual Fund	-	2,644,130
IFIL Islami Mutual Fund	3,973,348	13,699,000
MBL 1st Mutual Fund	50,688,926	50,005,000
<b>Textile</b>		
Malek Spinning Mills Limited	150,136	-
R.N Spinning Mills Limited	11,400,332	-
Saiham Cotton Mills Limited	4,828,768	-
Square Textile Limited	20,151,505	-
Envoy Textiles Limited	10,572,979	-
<b>Miscellaneous</b>		
S. Alam Cold Rolled Steels Limited	2,245,552	-
Renwick Jaineswar & Co.(BD) Limited	83,570	-
Keya Cosmetics Limited	13,321,796	-
Bangladesh Submarine Cable Company Limited	8,119,140	-
Apex Adelchi Footwear Limited	142,740	-
The Dacca Dyeing & Manufacturing Co. Limited	4,235,467	-
Eastern Housing Limited	4,920,720	-
Unique Hotels and Resorts Limited	42,742,350	-
Bangladesh Export Import Co. Limited	118,864,353	114,938,400
	<b>2,229,957,751</b>	<b>1,292,868,630</b>
<b>(Details of Investment in shares may kindly be seen in Annexure -- B)</b>		
<b>6.2.7 Bangladesh Fund</b>		
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.		
<b>6.3 Investment in Securities are classified as per Bangladesh Bank Circular Held for Trading (HFT)</b>		
28 days Treasury Bills	-	-
30 days Treasury Bills	-	-
91 days Treasury Bills	499,095,497	125,830,173
182 days Treasury Bills	974,472,980	616,465,548
364 days Treasury Bills	588,710,196	404,924,256
5 years Bangladesh Government Treasury Bond	2,619,910,743	1,781,278,429
10 years Bangladesh Government Treasury Bond	341,788,264	2,034,608,359
15 years Bangladesh Government Treasury Bond	795,457,923	476,180,552
	<b>5,819,435,603</b>	<b>5,439,287,317</b>

## Notes to the Financial Statement continued

Notes	2012 Taka	2011 Taka
<b>Held to Maturity (HTM)</b>		
28 days Treasury Bills	-	-
30 days Treasury Bills	-	-
91 days Treasury Bills	-	-
182 days Treasury Bills	382,733,924	-
364 days Treasury Bills	694,524,139	581,477,512
5 years Bangladesh Government Treasury Bond	1,051,100,000	790,261,821
10 years Bangladesh Government Treasury Bond	3,292,939,098	1,005,768,276
15 years Bangladesh Government Treasury Bond	537,183,381	-
20 years Bangladesh Government Treasury Bond	80,978,181	-
ICB Debenture	-	2,000,000
	<b>6,039,458,723</b>	<b>2,379,507,609</b>
	<b>11,858,894,326</b>	<b>7,818,794,926</b>
<b>6.4 Assets pledged as security</b>		
<b>Assets in the amounts shown below were pledged as security for the following liabilities</b>		
Liabilities to bank	3,306,755,000	-
Liabilities to customers	-	-
	<b>3,306,755,000</b>	<b>-</b>
<b>Following assets were pledged as security for the above mentioned liabilities</b>		
Claim on banks	3,663,166,835	-
Claim on customers	-	-
	<b>3,663,166,835</b>	<b>-</b>
<b>6.5 Maturity Grouping of Investments</b>		
On demand	2,623,304,351	1,734,039,430
Upto 1 month	3,663,166,835	-
Over 1 month but not more than 3 months	-	125,830,173
Over 3 months but not more than 6 months	499,095,497	-
More than 6 months but less than 1 year	2,648,997,110	1,603,075,454
Over 1 year but not more than 5 years	2,710,904,932	2,594,636,513
Over 5 years	6,258,452,658	3,518,557,186
	<b>18,403,921,383</b>	<b>9,576,138,756</b>
<b>06(a) Investments</b>		
<b>(i) Government Securities</b>		
Dhaka Bank Limited (note-6.1)	15,775,407,762	7,820,173,863
DBL Securities Limited	-	-
	<b>15,775,407,762</b>	<b>7,820,173,863</b>
<b>(ii) Other Investments</b>		
Dhaka Bank Limited (note-6.2)	2,628,513,621	1,755,964,893
DBL Securities Limited	1,136,272,632	968,277,770
	<b>3,764,786,253</b>	<b>2,724,242,663</b>
<b>Total</b>	<b>19,540,194,015</b>	<b>10,544,416,526</b>
<b>07 Loans &amp; Advances</b>		
<b>7.1 Loans, Cash Credits &amp; Overdrafts etc.</b>		
In Bangladesh		
Secured Overdraft/Quard	22,536,308,702	16,538,140,266
Demand Loan	394,429	592,137
Cash Credit/Murabaha	9,910,700,316	6,872,946,770
House Building Loan	1,486,198,276	1,261,055,513
Transport Loan	841,504,529	827,848,033
Term Loan	19,832,957,324	21,956,998,200
Loan Against Trust Receipt	7,711,667,939	10,900,604,066
Payment Against Documents	603,805,331	624,668,374
Loan Against Imported Merchandize	267,645,189	714,533,153
Loan Against Accepted Bills	1,231,948,441	357,196,378
Packing Credit	91,827,347	73,717,767
Lease Finance / Izara (Note - 7.4)	2,680,733,073	2,025,271,675
Credit Card	221,113,586	183,520,373
Retail Loan	1,821,128,758	3,122,356,730
Other Loans (Including Bai-Muajjal)	18,524,811,999	8,286,885,579
	<b>87,762,745,239</b>	<b>73,746,335,015</b>
Outside Bangladesh	-	-
<b>Sub-total</b>	<b>87,762,745,239</b>	<b>73,746,335,015</b>



## Notes to the Financial Statement continued

### 7.2 Bills Purchased & Discounted

#### Payable in Bangladesh

Inland bills purchased & discounted

#### Payable outside Bangladesh

Foreign bills purchased & discounted

Notes	2012 Taka	2011 Taka
	2,099,625,370	1,965,286,860
	277,913,964	271,669,787
<b>Sub-total</b>	<b>2,377,539,334</b>	<b>2,236,956,647</b>
<b>Total</b>	<b>90,140,284,573</b>	<b>75,983,291,662</b>

### 7.3 Residual maturity grouping of loans including bills purchased and discounted

Repayable on Demand

Upto 1 month

Not more than 3 months

More than 3 months but not more than 6 months

More than 6 months but not more than 1 year

More than 1 year but not more than 5 years

More than 5 years

	14,497,407,351	14,476,706,481
	16,741,576,291	12,000,208,675
	9,834,675,795	6,449,945,672
	11,823,676,524	8,327,838,546
	18,690,713,290	17,945,685,294
	16,017,391,105	14,665,817,461
	2,534,844,217	2,117,089,533
<b>Total</b>	<b>90,140,284,573</b>	<b>75,983,291,662</b>

### 7.4 Investment in lease / izara finance

Lease rental receivable within 1 year

Lease rental receivable more than 1 year

#### Total lease/ izara rental receivable

Less: unearned interest/profit receivable

#### Net investment in lease/izara finance

	1,605,788,634	896,980,104
	1,466,891,040	1,194,658,094
	<b>3,072,679,67</b>	<b>2,091,638,198</b>
	391,946,601	66,366,523
<b>Total</b>	<b>2,680,733,073</b>	<b>2,025,271,675</b>

### 7.5 Loans, advances and lease/investments under the following broad categories

Loans

Cash Credits

Overdrafts

	55,315,736,222	50,335,247,979
	9,910,700,316	6,872,946,770
	22,536,308,701	16,538,140,266
	87,762,745,239	73,746,335,015
	2,377,539,334	2,236,956,647
	<b>90,140,284,573</b>	<b>75,983,291,662</b>

Bills Purchased and discounted (Note-7.2)

### 7.6 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

Export financing

Consumer credit scheme

Small and Medium Enterprise (SME)

Staff Loan

Others

	-	288,000
	1,978,021	2,317,955
	106,076,826	285,749,396
	568,067,536	195,140,000
	59,588,243,925	49,727,892,118
	2,202,046,310	2,322,064,957
	2,115,806,088	2,891,487,146
	4,770,133,267	3,826,725,084
	549,802,689	187,952,927
	20,238,129,911	16,543,674,079
<b>Total</b>	<b>90,140,284,573</b>	<b>75,983,291,662</b>

### Loans and advances allowed to each customer exceeding 10% of Bank's total Equity

Number of Customers

Amount of outstanding loans\*

Classified amount thereon

Measures taken for recovery

	10	5
	18,440,421,368	8,565,735,567
	-	-
	-	-

\*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 2012.

(Details are given in Annexure - C)

### 7.7 Industry - wise loans including bills purchased & discounted

Agricultural Industries

Pharmaceuticals Industries

Textile & Garment Industries

Chemical Industries

Food & allied Industries

Transport & Communication

Electronics & Automobile Industries

Housing & Construction Industries

Engineering & Metal Industries including Ship Breaking

Energy & Power Industries

Service Industries

Other Industries

	568,067,536	195,140,000
	915,121,657	993,908,864
	17,968,914,850	15,218,666,218
	2,324,418,239	3,437,223,457
	5,092,161,603	4,318,561,870
	4,725,889,233	3,177,263,232
	1,019,462,125	229,661,428
	11,893,602,599	9,324,324,966
	10,420,111,303	8,142,129,831
	2,170,859,667	1,861,110,075
	2,241,703,184	2,451,179,728
	30,799,972,577	26,634,121,993
<b>Total</b>	<b>90,140,284,573</b>	<b>75,983,291,662</b>



## Notes to the Financial Statement continued

Notes	2012 Taka	2011 Taka
<b>7.8 Geographical Location - wise Loans and Advances;</b>		
<b>Urban</b>		
Dhaka Region	57,756,637,629	48,392,635,073
Chittagong Region	17,722,435,248	14,558,619,524
Sylhet Region	761,159,487	832,394,846
Other	7,224,474,943	6,098,894,636
	<b>83,464,707,307</b>	<b>69,882,544,080</b>
<b>Rural</b>		
Dhaka Region	4,300,042,784	4,631,024,316
Chittagong Region	688,009,875	338,851,751
Sylhet Region	111,246,404	94,077,594
Other	1,576,278,203	1,036,793,922
	<b>6,675,577,266</b>	<b>6,100,747,583</b>
<b>Total</b>	<b>90,140,284,573</b>	<b>75,983,291,662</b>
<b>7.9 Sector-wise Loans</b>		
<b>In Bangladesh</b>		
Government & Autonomous bodies	209,104,480	-
Financial Institutions (Public & Private)	976,226,825	1,166,846,539
Other Public Sector	506,169,704	-
Private Sector	88,954,953,268	74,310,275,420
	<b>90,140,284,573</b>	<b>75,983,291,662</b>
<b>Outside Bangladesh</b>	-	-
<b>Total</b>	<b>90,140,284,573</b>	<b>75,983,291,662</b>
<b>7.10 Classification of loans &amp; advances</b>		
<b>Unclassified (including staff loan)</b>		
Standard	83,834,338,393	72,379,005,770
Special Mention Account	649,631,865	980,254,000
	<b>84,483,970,258</b>	<b>73,359,259,770</b>
<b>Classified</b>		
Sub-Standard	473,222,071	754,039,588
Doubtful	903,946,622	383,786,580
Bad or los	4,279,145,622	1,486,205,724
	<b>5,656,314,315</b>	<b>2,624,031,892</b>
<b>Total</b>	<b>90,140,284,573</b>	<b>75,983,291,662</b>
<b>7.11 A) Provision required for loans and advances</b>		
<b>Status</b>	<b>Base for Provision</b>	<b>Rate %</b>
Unclassified	4,414,687,638	0.25
Unclassified	75,553,662,160	1
Unclassified	2,008,431,913	2
Unclassified	1,199,699,147	5
Special Mention Account	649,631,865	5
	<b>899,208,529</b>	<b>848,023,500</b>
<b>Classified:</b>		
Sub-Standard	196,298,728	20
Doubtful	622,372,580	50
Bad or loss	2,147,442,607	100
	<b>2,497,888,643</b>	<b>1,063,445,000</b>
Required provision for loans & advances	<b>3,397,097,172</b>	<b>1,911,468,500</b>
Total provision maintained	<b>3,397,097,172</b>	<b>1,915,000,000</b>
<b>Excess / short provision as at 31 Decembe</b>	<b>-</b>	<b>3,531,500</b>
<b>B) Provision required for Off-Balance Sheet Exposures</b>		
<b>Status</b>	<b>Base for Provision</b>	<b>Rate %</b>
Acceptances and		
Endorsements	15,907,069,233	1
Letter of Credit	10,023,135,254	1
Letter of Guarantee	10,643,108,587	1
	<b>365,733,131</b>	<b>334,223,620</b>
<b>Required provision</b>	<b>365,733,131</b>	<b>334,250,000</b>
Total Provision Maintained	<b>-</b>	<b>26,380</b>
<b>Excess / (Short) Provision as at 31 December</b>	<b>-</b>	<b>26,380</b>
<b>7.12 Securities against loans including bill purchased and discounted</b>		
<b>a. Secured</b>		
Collateral of movable / immovable assets	81,000,182,912	67,402,081,325
Local Banks & Financial Institutions guarantee	2,099,625,370	1,976,800,170
Government Guarantee	-	-
Foreign Banks Guarantee	277,913,965	271,547,020
Export documents	603,805,331	612,419,652
<b>Fixed Deposits Receipts</b>		
Own FDR	2,159,259,665	1,855,543,063
FDR of Other Banks	157,854,161	225,284,324
Government bonds	-	-
Personal Guarantee	2,600,864,137	2,739,408,574
Other Securities	1,240,779,032	900,207,533
	<b>90,140,284,573</b>	<b>75,983,291,662</b>
<b>b. Unsecured</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>90,140,284,573</b>	<b>75,983,291,662</b>



## Notes to the Financial Statement continued

Notes	2012 Taka	2011 Taka
<b>7.13 Particulars of Loans and Advances:</b>		
(i) Loans considered good in respect of which the bank company is fully secured;	46,894,744,618	55,897,880,204
(ii) Loans considered good against which the banking company holds no security other than the debtor's personal guarantee;	1,641,145,289	412,117,785
(iii) Loans considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtors;	42,305,273,170	34,117,751,753
(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;*	657,857,537	476,020,278
(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;	657,857,537	476,308,278
(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;	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;	1,289,043,798	(311,913,500)
b) Amount realized against loan previously written off;	54,342,054	142,826,148
c) Amount of provision kept against loan classified as 'bad/loss' on the date of preparing the balance sheet;	2,147,442,607	861,930,000
d) Interest creditable to the Interest Suspense A/c;	-	-
(xi) Cumulative amount of the written off loan;*	3,221,706,258	2,269,017,453

\* There is no loans in the name of existing Directors. This amount represents loan to 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 be seen in the **Annexure - F**

### 7.14 Bills Purchased and Discounted

Payable in Bangladesh	2,099,625,370	1,965,286,860
Payable outside Bangladesh	277,913,964	271,669,787
<b>Total</b>	<b>2,377,539,334</b>	<b>2,236,956,647</b>

#### 7.14.1 Maturity grouping of bills purchased & discounted

Payable within 1 month	1,033,169,034	1,243,111,441
Over 1 month but less than 3 months	831,549,110	727,849,596
Over 3 months but less than 6 months	512,821,190	265,995,610
6 months or more	-	-
<b>Total</b>	<b>2,377,539,334</b>	<b>2,236,956,647</b>

08

### Premises and Fixed Assets

Own Assets		
Land (note-8.1)	1,122,630,776	1,192,255,776
Building	310,913,545	155,564,903
Furniture and Fixture including Office decoration	268,302,998	224,112,563
Office Appliances & Equipment	327,531,385	236,059,869
Computer	159,476,671	141,387,992
Software	27,297,814	19,117,630
Bank's Vehicle	47,065,510	43,332,310
	<b>2,263,218,699</b>	<b>2,011,831,043</b>
<b>Less:</b> Accumulated depreciation	383,744,726	310,882,083
	<b>1,879,473,973</b>	<b>1,700,948,960</b>
<b>Leased Assets (Note-8.2)</b>		
Furniture and Fixture	-	5,122,050
Office Appliances & Equipment	-	2,636,908
Computer & Software	-	1,370,619
	-	<b>9,129,577</b>
<b>Less:</b> Accumulated depreciation	-	7,151,502
	-	<b>1,978,075</b>
<b>Total</b>	<b>1,879,473,973</b>	<b>1,702,927,035</b>

(Annexure -- D may kindly be seen for details)

## Notes to the Financial Statement continued

	Notes	2012 Taka	2011 Taka
8.1	Dhaka Bank Limited revalued 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.[For detail please see Note-18]. Dhaka Bank Limited received 02(two) plots (Plot no.1 and 3, Road no.3, Motijheel C/A, Dhaka) from RAJUK in 2006. Accordingly, it was recorded under Asset A/C-Land. But due to some legal matters the mutation of the plots have not yet been done. So, the amount has been reversed and recorded in Suspense account this year.		
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)

DBL Securities Limited

1,879,473,973	1,702,927,035
24,933,321	18,509,516
<b>1,904,407,294</b>	<b>1,721,436,551</b>

### 09 Other Assets

a) Investment in Shares of subsidiary companies;

1 In Bangladesh (Note: 9.1)

2 Outside Bangladesh

b) Stationery, stamps, printing materials etc.

c) Advance rent;

d) Prepaid expenses against advertisement;

e) Interest/Profit receivable on loans;

f) Interest accrued on investment but not collected, commission & brokerage receivable on shares and debenture and other income receivable; (Note: 9.2)

g) Security deposit;

h) Preliminary, formation and organization expenses, renovation / development expenses and prepaid expenses (Note - 9.3)

i) Branch adjustments;(Net & Reconciled) (Note - 9.4)

j) Suspense account; (Note - 9.5)

k) Silver;

l) Others (Note - 9.6)

Total

1,499,999,940	1,499,999,990
-	-
55,109,394	39,668,867
268,100,016	161,870,156
16,698,009	13,324,061
10,379,129	14,699,206
307,299,107	165,800,128
20,506,596	11,040,146
1,571,788,353	1,595,654,681
9,302,112	18,004,535
373,616,072	190,537,260
-	-
2,130,415,284	1,069,040,565
<b>6,263,214,012</b>	<b>4,779,639,595</b>

### 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, including advance for Head Office Building of Tk.1,290,001,343 as work in progress.

### 9.4 Branch adjustment

Branch adjustment account represents outstanding amount of Inter-Branch and Head Office transactions at the Balance Sheet date and subsequently adjusted.

### 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)

Export Development Fund (Net) (Note - 9.6.1)

Account Receivable Others (Note - 9.6.2)

Total

1,744,651,794	558,826,221
241,615,880	240,161,393
144,147,610	270,052,951
<b>2,130,415,284</b>	<b>1,069,040,565</b>

**9.6.1** The amount of Export Development Fund (EDF) shows the net balance of EDF receivables from customers and EDF liabilities to Bangladesh Bank.



## Notes to the Financial Statement continued

Notes	2012 Taka	2011 Taka
<b>9.6.2 Account Receivable Others</b>		
Bangladesh / Paribar Sanchaya Patra	40,275,610	86,556,090
Audit Fees Receivable from Bangladesh Bank against cash incentive	-	540,000
Fees Receivable	5,210	48,505
Receivable due to ATM Settlement Account	-	11,833,848
Receivable from Share Sale Proceeds	40,746,312	1,598,487
Protestation Account	3,229,818	2,477,503
Receivables from Exchange Houses	2,466,910	2,827,382
Receivable from DBL Securities	57,423,750	164,171,136
<b>Total</b>	<b>144,147,610</b>	<b>270,052,951</b>

**9.7** Other Assets amounting to Tk.2,839,811,908 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**)

<b>09(a) Consolidated Other Assets</b>		
Dhaka Bank Limited ( <b>note-9</b> )	6,263,214,012	4,779,639,595
Less: Investment in DBL Securities Limited	1,499,999,940	1,499,999,990
	4,763,214,072	3,279,639,605
DBL Securities Limited	720,797,687	583,600,729
	<b>5,484,011,759</b>	<b>3,863,240,334</b>

### 10 Non-Banking Assets

Land and Building	23,166,033	23,166,033
Machinery	-	-
	<b>23,166,033</b>	<b>23,166,033</b>

Dhaka Bank received a decree from 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.

### 11 Borrowings From Other Banks, Financial Institutions & Agents

#### In Bangladesh:

United Commercial Bank Limited	100,000,000	100,000,000
The Trust Bank Limited	500,000,000	-
State Bank of India	-	140,000,000
Bangladesh Development Bank Limited	-	20,000,000
Janata Bank Limited	-	400,000,000
Habib Bank Limited	-	50,000,000
Pubali Bank Limited	-	100,000,000
	<b>600,000,000</b>	<b>810,000,000</b>

#### Repo Agreement

#### Refinance from Bangladesh Bank

Small and Medium Enterprise	280,896,505	126,576,394
Off-shore Banking Unit	-	491,100,000
Syndication	669,226,383	620,038,193
Islami Investment Bond's Fund	600,000,000	500,525,000
	<b>1,550,122,888</b>	<b>1,738,239,587</b>

#### United Bank Limited-For Off-Shore Banking Unit

<b>Total</b>	<b>5,696,877,888</b>	<b>2,548,239,587</b>
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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.

As per agreement between Dhaka Bank Limited and United Bank Limited, Karachi, Dhaka Bank Limited borrowed fund from United Bank Limited for USD 3,000,000.00 equivalent Taka 240,000,000.00. This facility has been used by the Offshore Banking Unit of Dhaka Bank Limited for general financing purpose.

#### 11.1 Disclosure regarding Outstanding Repo

Sl.No.	Counterparty Name	Agreement Date	Reversal Date	Amount In Taka
01	Bangladesh Bank- (Assured Liquidity Support)	30.12.2012	01.01.2013	3,306,755,000
				<b>3,306,755,000</b>

## Notes to the Financial Statement continued

		Notes	2012 Taka	2011 Taka
11.2 Disclosure regarding Outstanding Reverse Repo				
Sl.No.	Counterparty Name	Agreement Date	Reversal Date	Amount In Taka
01	Brac Bank Limited	30.12.2012	01.01.2013	1,201,416,441.00
02	Mutual Trust Bank Limited	30.12.2012	01.01.2013	1,455,584,734.00
03	Jamuna Bank Limited	30.12.2012	01.01.2013	891,767,264.00
				3,548,768,439
11.3 Security against borrowngs from Other Banks, Financial Institutions and Agents				
Secured			3,546,755,000	-
Unsecured			2,150,122,888	2,548,239,587
			5,696,877,888	2,548,239,587
11.4 Maturity grouping borrowings from other banks, financial institutions & agents				
Repayable on demand;			600,000,000	810,000,000
Repayable within 1 month;			3,306,755,000	-
Over 1 month but within 3 months;			-	-
Over 3 month but within 6 months;			600,000,000	500,525,000
Over 6 months but within 1 year;			520,896,505	126,576,393
Over 1 year but within 5 years;			669,226,383	1,111,138,194
Over 5 years			-	-
Total			5,696,877,888	2,548,239,587
Deposits & Other Accounts				
12.1 Non-Interest bearing Accounts				
12.1.1 Current and Other Accounts				
Current Account			5,919,677,237	5,078,498,744
Foreign Currency Deposits			806,966,943	731,990,398
Margin under Letter of Credit			583,348,992	732,535,241
Margin under Letter of Guarantee			896,914,286	768,539,439
Deposits Awaiting Disposal			660,680,218	421,266,133
Sundry Deposit (Note-12.1.1.a)			1,949,261,058	2,041,441,297
			10,816,848,734	9,774,271,252
12.1.1.a Sundry Deposit				
F.C held against Back to Back L/C			1,713,060,970	1,764,203,728
Sundry Creditors			120,641,733	181,272,307
Unclaimed Deposits			41,773,073	36,428,224
Risk Fund			9,795,069	9,509,385
Security Deposits for Locker			3,765,800	2,986,500
Advance Lease Rent			57,458,301	45,302,185
Others			2,766,112	1,738,968
			1,949,261,058	2,041,441,297
12.1.2 Bills Payable				
Pay Order			1,163,912,485	897,644,012
Demand Draft			191,745,510	201,490,156
			1,355,657,995	1,099,134,168
Sub-Total			12,172,506,729	10,873,405,420
12.2 Interest bearing Account				
12.2.1 Savings Deposits				
Savings Account			6,884,650,300	6,632,379,675
Mudaraba Savings Accounts			239,102,309	223,898,120
			7,123,752,609	6,856,277,795
12.2.2 Term Deposits				
Special Notice Deposits			4,760,699,076	5,180,901,300
Fixed Deposits			75,533,963,583	57,123,409,593
Deposit Pension Scheme			7,688,366,573	5,098,566,328
Gift Cheque			13,516,968	9,986,812
Marriage Deposit Scheme			2,297,451	4,248,445
Non Resident Foreign Currency Deposit (NFCD)			132,048,301	130,092,993
			88,130,891,952	67,547,205,471
Sub-Total			95,254,644,561	74,403,483,266
Total			107,427,151,290	85,276,888,686
12.2.3 Deposits and Other Accounts of the Bank				
Deposits from Banks			1,262,053,703	1,123,587,136
Deposits from Customers			106,165,097,587	84,153,301,550
			107,427,151,290	85,276,888,686





## Notes to the Financial Statement continued

Notes	2012 Taka	2011 Taka
<b>12.2.3.1 Deposits from Banks</b>		
Current Deposits and Other Accounts	-	-
Savings Bank/Mudaraba	59,566,835	65,752,173
Special Notice Deposits	2,486,868	2,271,879
Fixed Deposits	1,200,000,000	1,055,563,084
	<b>1,262,053,703</b>	<b>1,123,587,136</b>
<b>Deposits from Customers</b>		
<b>i) Current Deposits and Other Accounts</b>		
Current Account	5,919,677,237	5,078,498,744
Foreign Currency Deposits	806,966,943	731,990,398
Margin under Letter of Credit	583,348,992	732,535,241
Margin under Letter of Guarantee	896,914,286	768,539,439
Deposits Awaiting Disposal	660,680,218	421,266,133
Sundry Deposit	1,949,261,058	2,041,441,297
	<b>10,816,848,734</b>	<b>9,774,271,252</b>
<b>ii) Bills Payable</b>		
Pay Order	1,163,912,485	897,644,012
Demand Draft	191,745,510	201,490,156
	<b>1,355,657,995</b>	<b>1,099,134,168</b>
<b>Savings Deposits</b>		
Savings Account	6,884,650,300	6,632,379,675
Mudaraba Savings Accounts	179,535,474	158,145,947
	<b>7,064,185,774</b>	<b>6,790,525,622</b>
<b>Term Deposits</b>		
Special Notice Deposits	4,758,212,208	5,178,629,421
Fixed Deposits	74,333,963,583	56,067,846,509
Deposit Pension Scheme	7,688,366,573	5,098,566,328
Gift Cheque	13,516,968	9,986,812
Marriage Deposit Scheme	2,297,451	4,248,445
Non Resident Foreign Currency Deposit (NFCD)	132,048,301	130,092,993
	<b>86,928,405,084</b>	<b>66,489,370,508</b>
	<b>106,165,097,587</b>	<b>84,153,301,550</b>
	<b>107,427,151,290</b>	<b>85,276,888,686</b>
<b>12.2.3.2 Payable on Demand and Time Deposits</b>		
<b>a) Demand Deposits</b>		
Current Account	5,919,677,237	5,078,498,744
Savings Deposits (10%)	712,375,261	685,627,780
Foreign Currency Deposits	806,966,943	731,990,398
Margin under Letter of Credit	583,348,992	732,535,241
Margin under Letter of Guarantee	896,914,286	768,539,439
Deposits Awaiting Disposal	660,680,218	421,266,133
Sundry Deposit	1,949,261,058	2,041,441,297
Bills Payable	1,355,657,995	1,099,134,168
	<b>12,884,881,990</b>	<b>11,559,033,200</b>
<b>b) Time Deposits</b>		
Savings Deposits (90%)	6,411,377,348	6,170,650,016
Special Notice Deposits	4,760,699,076	5,180,901,300
Fixed Deposits	75,533,963,583	57,123,409,593
Deposit Pension Scheme	7,688,366,573	5,098,566,328
Gift Cheque	13,516,968	9,986,812
Marriage Deposit Scheme	2,297,451	4,248,445
Non Resident Foreign Currency Deposit (NFCD)	132,048,301	130,092,993
	<b>94,542,269,300</b>	<b>73,717,855,487</b>
	<b>107,427,151,290</b>	<b>85,276,888,686</b>
<b>12.3 Maturity grouping of deposits and other accounts</b>		
<b>Other than Bank Deposits:</b>		
Repayable on demand;	12,186,023,697	10,883,392,232
Repayable within 1 month;	11,822,397,982	11,969,155,043
Over 1 month but within 3 months;	42,207,154,035	28,507,882,514
Over 3 months but within 6 months;	5,726,609,771	5,292,237,540
Over 6 months but within 1 year;	17,984,692,175	15,197,975,845
Over 1 year but within 5 years;	9,907,739,290	5,891,783,218
Over 5 years but within 10 years;	6,330,480,637	6,410,875,158
<b>Sub-total:</b>	<b>106,165,097,587</b>	<b>84,153,301,550</b>
<b>Inter-bank deposits:</b>		
Repayable on demand;	-	-
Repayable within 1 month;	62,053,703	68,024,052
Over 1 month but within 3 months;	-	-
Over 3 months but within 6 months;	1,200,000,000	1,055,563,084
Over 6 months but within 1 year;	-	-
Over 1 year but within 5 years;	-	-
Over 5 years but within 10 years;	-	-
<b>Sub-total:</b>	<b>1,262,053,703</b>	<b>1,123,587,136</b>
<b>Total</b>	<b>107,427,151,290</b>	<b>85,276,888,686</b>

## Notes to the Financial Statement continued

Notes	2012 Taka	2011 Taka
<b>12.4 Sector wise Deposits</b>		
Government	2,350,077,000	2,603,841,000
Public Sector	7,786,369,000	7,620,299,000
Private sector	97,290,705,290	75,052,748,686
<b>Total</b>	<b>107,427,151,290</b>	<b>85,276,888,686</b>
<b>13 Non Convertible Subordinated Bond</b>	<b>2,000,000,000</b>	<b>2,000,000,000</b>
The Bank issued Redeemable Non Convertible Subordinated Bond of Taka 2,000,000,000 as Supplementary Capital (Tier-2) of the Bank for a term of 7years to strengthen the capital base of the bank on the consent of SEC vide letter no.SEC/CI/CPLC-10/2001-256 dt.09.09.2010.		
<b>14 Other Liabilities</b>		
Accrued Interest	41,501,185	29,665,263
Provision on loans and advances (Note - 14.1)	3,397,097,172	1,915,000,000
Provision for Off Balance Sheet Exposure (Note - 14.2)	365,733,131	334,250,000
Interest Suspense Account (Note - 14.3)	1,141,385,776	897,389,067
Provision against Expenses (Note - 14.4)	44,263,282	125,617,659
Provision for decrease in value of investments (Note 42)	191,181,210	125,242,108
Provision for Other Assets (Note - 14.5)	3,229,818	2,477,503
Fund for Dhaka Bank Foundation (Note 39.1)	14,543,675	36,910,164
Provision for Income Tax (Note - 14.6)	2,525,695,915	1,787,280,415
Tax deducted at source & payable	169,952,441	105,985,102
Excise Duty Payable	64,409,909	47,488,344
Other Account Payable (Note - 14.7)	375,281,597	244,051,230
Obligation under finance lease	-	1,978,075
<b>Total</b>	<b>8,334,275,111</b>	<b>5,653,334,930</b>
<b>14.1 Provision for loans and advances:</b>		
<b>i) The Movement in specific provision for Bad and Doubtful Debts:</b>		
Provision held at the beginning of the year	1,066,976,000	1,481,392,000
Specific provision for the year (+)	2,743,793,603	621,019,715
Fully provided debt written off (-)	(1,077,502,161)	(824,645,090)
Recoveries of amounts previously written off (+)	54,342,054	142,826,148
Provision no longer required due to recoveries (-)	(289,720,853)	(353,616,773)
<b>Provision held at the end of the year</b>	<b>2,497,888,643</b>	<b>1,066,976,000</b>
<b>ii) The movement in general provision on unclassified loans:</b>		
Provision held at the beginning of the year	848,024,000	741,990,000
Additional provision for the year	51,184,529	106,034,000
Provision held at the end of the year	<b>899,208,529</b>	<b>848,024,000</b>
<b>Total</b>	<b>3,397,097,172</b>	<b>1,915,000,000</b>
<b>ii) The movement in general provision on unclassified loans:</b>		
Provision held at the beginning of the year	848,024,000	741,990,000
Additional provision for the year	51,184,529	106,034,000
Provision held at the end of the year	<b>899,208,529</b>	<b>848,024,000</b>
<b>Total</b>	<b>3,397,097,172</b>	<b>1,915,000,000</b>
<b>14.2 Provision for Off Balance Sheet Exposures</b>		
Opening balance at the beginning of the year	334,250,000	259,100,000
Add: Addition during the year	31,483,131	75,150,000
<b>Closing balance at the end of the year</b>	<b>365,733,131</b>	<b>334,250,000</b>
Bank has made a provision of Tk.31,483,131 @ 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.365,733,131 is deemed sufficient on requirement and will be treated as Supplementary Capital of the Bank.		
<b>14.3 Interest Suspense Account</b>		
Balance at the beginning of the year	897,389,067	699,102,056
Amount transferred to "Interest Suspense" A/c during the year (+)	663,224,010	1,873,715,454
Amount recovered in "Interest Suspense" A/c during the year (-)	(110,312,628)	(1,595,404,823)
Amount written off during the year (-)	(308,914,673)	(80,023,620)
<b>Balance at the end of the year</b>	<b>1,141,385,776</b>	<b>897,389,067</b>
<b>14.4 Provision against Expenses</b>		
Provision for Audit Fees	690,000	574,750
Provision for Superannuation Fund	2,500,000	2,500,000
Provision for LFA	324,420	5,338,045
Provision for Bonus	21,231,074	99,277,822
Provision for House Rent, Telephone, Utility, Risk Premium etc.	19,517,788	17,927,042
	<b>44,263,282</b>	<b>125,617,659</b>
<b>14.5 Provision for Other Assets</b>		
Balance at the beginning of the year	2,477,503	2,411,583
Add: Addition during the year	752,315	65,920
<b>Balance at the end of the year</b>	<b>3,229,818</b>	<b>2,477,503</b>



## Notes to the Financial Statement continued

Notes	2012 Taka	2011 Taka
<b>14.5(a) Consolidated Provision for Other Assets</b>		
Dhaka Bank Limited (note-14.5)	752,315	65,920
DBL Securities Limited	57,594,242	10,266,289
	<b>58,346,557</b>	<b>10,332,209</b>
<b>14.6 Provision for Income Tax</b>		
<b>Advance Tax</b>		
Balance of Advance Income Tax at the beginning of the year	558,826,221	1,418,226,865
Paid during the year	1,185,825,573	1,316,114,201
Settlement for previous years	-	(2,175,514,845)
	<b>1,744,651,794</b>	<b>558,826,221</b>
<b>Provision</b>		
Balance of provision including Deferred Tax at the beginning of the year	1,787,280,415	2,474,295,260
<b>Provision made during the year:</b>		
Current Tax	738,415,500	1,488,500,000
Deferred Tax (Note - 14.5.1)	-	-
Settlement for previous years tax liability	-	(2,175,514,845)
	<b>2,525,695,915</b>	<b>1,787,280,415</b>

Provision for taxation has been made on accounting profit considering taxable allowances / disallowances as per Income Tax Ordinance 1984 amounting to Tk.738,415,500 as Current Tax Provision for the year 2012 (Assessment Year 2013-2014). 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 Clearance Certificate upto 2006 (Assessment year 2007-2008) from Tax Authority. But under section 120, the assessment for the year 2004, 2005 and 2006 are under process. Bank filed an appeal against the assessment order for the year 2007 and 2008 to The Honorable High Court. The Bank filed an appeal to the Appellate Tribunal for 2009. The Bank filed appeal to the Commissioner of Taxes for 2010. The Tax Return of the Bank for 2011 (Assessment year 2012-2013) has been submitted to Tax Authority on September 13, 2012, which is under assessment.

<b>14.6.1 Deferred Tax</b>		
<b>Deferred Tax Assets</b>		
Balance at the beginning of the year	-	-
Add: Addition during the year	-	-
<b>Balance at the end of the year</b>		
<b>Deferred Tax Liability</b>		
Balance at the beginning of the year	79,549	79,549
Add: Addition during the year	-	-
<b>Balance at the end of the year</b>	<b>79,549</b>	<b>79,549</b>
<b>Net Deferred Tax Liability</b>	<b>79,549</b>	<b>79,549</b>

The Bank has calculated deferred tax as per BAS-12 and found no deferred tax asset / liability for the current year.

<b>14.6(a) Consolidated Provision for Income Tax</b>		
Dhaka Bank Limited (note-14.6)	738,415,500	1,488,500,000
DBL Securities Limited	66,160,710	36,241,761
	<b>804,576,210</b>	<b>1,524,741,761</b>
<b>14.7 Other Account Payable</b>		
3 month and 5 years Bangladesh/Pratirakhkha Sanchay Patra	3,014,370	7,099,370
Application, Processing, Membership & Utilisation Fee	1,932,900	896,198
Adjusting Account Credit	3,935,615	3,986,856
Export Proceeds Suspense	47,946,119	67,773,249
Vendors' Security Deposit	2,427,147	-
Finance from Bill DisBounting OBU	74,045,520	-
Refinance by SWAP Woori Bank OBU	80,000,000	-
Import Payment Suspense	139,594,544	164,295,557
ATM Settlement Account	22,385,382	-
	<b>375,281,597</b>	<b>244,051,230</b>

Dhaka Bank Limited signed agreement with Woori Bank Limited for refinancing facility on 29.12.2012.

<b>14(a) Consolidated Other Liabilities</b>		
Dhaka Bank Limited (note-14)	8,334,275,111	5,653,334,930
DBL Securities Limited	371,494,449	234,521,698
	<b>8,705,769,560</b>	<b>5,887,856,628</b>

15

### Capital

#### 15.1 Authorized

1,000,000,000 ordinary shares of Tk.10 each	10,000,000,000	10,000,000,000
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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.

## Notes to the Financial Statement continued

### 15.2 Issued, subscribed and paid up

The issued, subscribed and paid up capital of the bank as follows:  
359,045,703 ordinary shares (2011: 265,959,780 ordinary shares of Tk. 100.00 each) of Tk. 10.00 each  
107,713,710 ordinary shares (2011: 93,085,923 ordinary shares of Tk. 100.00 each) of Tk. 10 each issued as bonus shares

Notes	2012 Taka	2011 Taka
	3,590,457,030	2,659,597,800
	1,077,137,100	930,859,230
<b>Total</b>	<b>4,667,594,130</b>	<b>3,590,457,030</b>

The Bank has increased its paid up capital by issuance of 20:6 Bonus share i.e. 107,713,710 ordinary shares of Tk. 10.00 each as on 03, April 2012.

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 bank's 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 Percentage of Shareholdings at 31 December 2012

Particulars	2012		2011	
	% Of Holdings	Value Of Shares (Tk.)	% Of Holdings	Value Of Shares (Tk.)
<b>1. Local Ownership</b>				
Government	-	-	-	-
Banking Companies	13.641	636,718,530	15.098	542,099,180
Financial Institutions	4.033	188,229,810	3.311	118,882,670
Sponsors	43.646	2,037,210,410	50.534	1,814,403,820
General Public	34.507	1,610,662,830	26.980	968,702,460
Mutual Fund	0.773	36,090,840	0.585	20,998,770
Unit Funds	0.243	11,345,040	0.176	6,305,500
ICML A/C, Chittagong	0.059	2,743,090	0.066	2,374,650
ICB Account Holders	0.116	5,441,620	0.119	4,280,330
ICB Head office (Investors A/c)	0.308	14,384,160	0.352	12,648,900
ICB Unit Fund	0.011	504,390	0.006	200,300
ICB Capital Management Limited, Rajshahi	0.082	3,845,630	0.092	3,296,130
Non-Resident Bangladeshi (NRB)	0.396	18,458,440	0.359	12,899,290
ICB Mutual Fund	0.009	397,350	0.005	190,660
ICB Investors A/C, Local Office	0.009	405,720	0.007	259,020
Other Investor's A/C	2.167	101,156,270	2.309	82,915,350
<b>Sub Total</b>	<b>100.00</b>	<b>4,667,594,130</b>	<b>100.00</b>	<b>3,590,457,030</b>
<b>2. Foreign Ownership</b>				
Financial Company	-	-	-	-
Individual Investors	-	-	-	-
<b>Sub Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>100.00</b>	<b>4,667,594,130</b>	<b>100.00</b>	<b>3,590,457,030</b>

### 15.6 Classification of shareholders by holding as on 31 December 2012

Holdings	2012		2011	
	No. Of Share Holders	No. Of Shares	No. Of Share Holders	No. Of Shares
1 to 500 shares	25,646	4,142,632	26,696	4,893,521
501 to 5,000 shares	16,608	24,403,581	16,816	23,699,518
5,001 to 10,000 shares	1,179	8,279,799	984	6,924,417
10,001 to 20,000 shares	475	6,774,759	443	6,244,160
20,001 to 30,000 shares	129	3,160,715	120	3,019,589
30,001 to 40,000 shares	68	2,396,575	61	2,129,150
40,001 to 50,000 shares	46	2,039,323	52	2,379,707
50,001 to 100,000 shares	91	6,696,962	83	5,913,356
100,001 to 1,000,000 shares	137	46,357,258	123	43,134,512
1,000,001 & above shares	66	362,507,809	60	260,707,773
<b>Total</b>	<b>44,445</b>	<b>466,759,413</b>	<b>45,438</b>	<b>359,045,703</b>



## Notes to the Financial Statement continued

			2012 Taka		2011 Taka	
			No. Of Share	Value Of Share (Tk.)	No. Of Share	Value Of Share (Tk.)
15.7	Name of Directors					
	01. Mr. Reshadur Rahman	Chairman	15,619,545	156,195,450	11,625,079	116,250,790
	02. Mr. Mirza Abbas Uddin Ahmed	Director	28,791,388	287,913,880	-	-
	03. Mr. Abdul Hai Sarker	Director	10,068,873	100,688,730	7,745,287	77,452,870
	04. Mrs. Rokshana Zaman	Director	9,344,539	93,445,390	2,034,261	20,342,610
	05. Mr. Altaf Hossain Sarker	Director	13,017,202	130,172,020	10,013,233	100,132,330
	06. Mr. Md. Amirullah	Director	9,336,298	93,362,980	6,248,691	62,486,910
	07. Mr. Abdullah Al Ahsan	Director	9,337,103	93,371,030	6,862,387	68,623,870
	08. Mr. Khondoker Monir Uddin	Director	13,404,706	134,047,060	10,311,313	103,113,130
	09. Mr. M. N. H. Bulu	Director	9,584,719	95,847,190	7,372,861	73,728,610
	10. Mr. Tahidul Hossain Chowdhury	Director	9,374,329	93,743,290	5,431,023	54,310,230
	11. Mr. Jashim Uddin	Director	9,336,384	93,363,840	6,415,834	64,158,340
	12. Mr. Mohammed Hanif	Director	14,217,781	142,177,810	10,936,755	109,367,550
	13. Mr. Khondoker Jamil Uddin	Director	9,336,255	93,362,550	6,886,350	68,863,500
	14. Mr. Mirza Yasser Abbas	Director	17,190,979	171,909,790	-	-
	15. Mr. Suez Islam	Independent Director	1,375,270	13,752,700	1,057,900	10,579,000
	16. Mr. Syed Abu Naser Bukhtear Ahmed	Independent Director	-	-	-	-
	17. Mr. Aminul Islam	Director	-	-	4,264,868	42,648,680
	18. Mrs. Rakhi Das Gupta	Director	-	-	3,458,052	34,580,520
	19. Mr. Abdul Wahed	Director	-	-	3,904,281	39,042,810
	20. Mrs. Kamala Khatun*	Director	-	-	84,375	843,750
	21. Mr. Amanullah Sarker	Director	-	-	1,000	10,000
	22. Mr. G. M. Shameem Hussain	Director	-	-	1,232,658	12,326,580
	<b>Total</b>		<b>179,335,371</b>	<b>1,793,353,710</b>	<b>105,886,208</b>	<b>1,058,862,080</b>

N.B.\*

Mrs. Kamala Khatun died on 26.10.2011.

Mr. Mirza Abbas Uddin Ahmed and Mr. Mirza Yasser Abbas were not Directors in 2011 while Mr. Aminul Islam, Mrs. Rakhi Das Gupta, Mr. Abdul Wahed, Mr. Amanullah sarker and Mr. G.M. Shameem Hussain were not Directors in 2012.

Notes	2012 Taka	2011 Taka
<b>15.8 Risk-weighted assets and Capital ratios as defined by the Basel Capital Accord</b>		
<b>Core Capital (Tier - I)</b>		
Paid up Capital	4,667,594,130	3,590,457,030
Statutory Reserve	3,572,572,204	3,284,607,425
General Reserve	346,546,164	168,421,146
Surplus in Profit and Loss Account	413,443,614	1,434,784,969
	<b>9,000,156,112</b>	<b>8,478,270,570</b>
<b>Supplementary Capital (Tier - II)</b>		
General Provision	899,208,529	848,024,000
Provision for Off Balance Sheet Exposure	365,733,131	334,250,000
Asset Revaluation Reserve (50%) [note-2.5(a) and note-18]	324,227,500	324,227,500
Revaluation Reserve for HTM & HFT Securities (50%)	17,305,681	45,014,619
Non-convertible Subordinated Bond	2,000,000,000	2,000,000,000
<b>Total</b>	<b>3,606,474,841</b>	<b>3,551,516,119</b>
<b>A. Total Eligible Capital</b>	<b>12,606,630,953</b>	<b>12,029,786,689</b>
<b>B. Risk Weighted Assets</b>		
<b>Credit Risk</b>		
Balance sheet business	78,798,300,000	80,818,700,000
Off- Balance sheet business	24,549,800,000	19,923,200,000
	<b>103,348,100,000</b>	<b>100,741,900,000</b>
<b>Market Risk</b>	4,687,600,000	3,172,200,000
<b>Operational Risk</b>	9,376,700,000	8,555,600,000
<b>Total Risk-weighted Assets</b>	<b>117,412,400,000</b>	<b>112,469,700,000</b>



## Notes to the Financial Statement continued

### C. Required Capital on Risk Weighted Assets

(10% on Total Risk Weighted Assets for 2012)

### D. Capital Surplus / (Shortfall) [A-C]

Total Capital Ratio (%)

2012 Taka	2011 Taka
<b>11,741,240,000</b>	<b>11,246,970,000</b>
<b>865,390,953</b>	<b>782,816,689</b>
<b>10.74%</b>	<b>10.70%</b>

### Capital Requirement

Core Capital (Tier-I)

Supplementary Capital (Tier - II)

Required (%)	Held (%)	Required (%)	Held (%)
5.00	7.67%	4.50	7.54%
-	3.07%	-	3.16%

Capital Adequacy Ratio (CAR) have been calculated as per Basel-II BRPD Circular No.20 dated December 29, 2009.

### 15.8(a) Consolidated Risk-weighted assets and Consolidated

Capital ratios as defined by the Basel Capital Accord

### Core Capital (Tier - I)

Paid up Capital

Minority Interest

Statutory Reserve

General Reserve

Surplus in Profit and Loss Account

Total

4,667,594,130	3,590,457,030
16,486	7,714
3,572,572,204	3,284,607,425
346,546,164	168,421,146
516,515,831	1,511,819,326
<b>9,103,244,815</b>	<b>8,555,312,641</b>

### Supplementary Capital (Tier - II)

General Provision

Provision for Off Balance Sheet Exposure

Asset Revaluation Reserve (50%)

Revaluation Reserve for HTM & HFT Securities (50%)

Non-convertible Subordinated Bond

Total

899,208,529	848,024,000
365,733,131	334,250,000
324,227,500	324,227,500
17,305,681	45,014,619
2,000,000,000	2,000,000,000
<b>3,606,474,841</b>	<b>3,551,516,119</b>

### A. Total Eligible Capital

### B. Risk Weighted Assets

### Credit Risk

Balance sheet business

Off- Balance sheet business

### Market Risk

### Operational Risk

### Total Risk-weighted Assets

### C. Required Capital on Risk Weighted Assets

(10% on Total Risk Weighted Assets for 2012)

### D. Capital Surplus / (Shortfall) [A-C]

Total Capital Ratio (%)

<b>12,709,719,656</b>	<b>12,106,828,760</b>
79,043,700,000	80,429,400,000
24,549,800,000	19,923,200,000
<b>103,593,500,000</b>	<b>100,352,600,000</b>
4,687,600,000	3,177,300,000
9,376,700,000	8,555,600,000
<b>117,657,800,000</b>	<b>112,085,500,000</b>
<b>11,765,780,000</b>	<b>11,208,550,000</b>
<b>943,939,656</b>	<b>898,278,760</b>
<b>10.80%</b>	<b>10.80%</b>

### Capital Requirement

Core Capital (Tier-I)

Supplementary Capital (Tier - II)

Required (%)	Held (%)	Required (%)	Held (%)
5.00	7.73%	4.50	7.63%
-	3.07%	-	3.17%

Capital Adequacy Ratio (CAR) have been calculated as per Basel-II BRPD Circular No.20 dated December 29, 2009.

### 15.9 Market Discipline Disclosures on Risk Based Capital (Basel

II) is given in Annexure - I.

### 15(a) Minority Interest

Share Capital

Retained Earnings

Add: Addition during the year from net profit

60	10
7,704	7,704
8,722	-
<b>16,486</b>	<b>7,714</b>

### 16 Statutory Reserve

Opening balance at the beginning of the year

Add: Addition during the year from net profit

Closing balance at the end of the year

3,284,607,425	2,553,786,183
287,964,779	730,821,242
<b>3,572,572,204</b>	<b>3,284,607,425</b>

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

Add: Addition during the year

Closing balance at the end of the year

168,421,146	3,803,255
178,125,018	164,617,891
<b>346,546,164</b>	<b>168,421,146</b>

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.



## Notes to the Financial Statement continued

### 18 Assets Revaluation Reserve

Opening balance at the beginning of the year  
Add: Addition during the year  
Closing balance at the end of the year

2012 Taka	2011 Taka
648,455,000	-
-	648,455,000
<b>648,455,000</b>	<b>648,455,000</b>

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

### 19 Revaluation Reserve on Investment

#### Revaluation Reserve for HTM Securities

Opening balance at the beginning of the year  
Add: Addition during the year  
Less: Adjustment during the year  
Closing balance at the end of the year

49,440,924	195,472,555
117,423,248	7,397,486
(146,100,597)	(153,429,117)
<b>20,763,575</b>	<b>49,440,924</b>

#### Revaluation Reserve for HFT Securities

Opening balance at the beginning of the year  
Add: Addition during the year  
Less: Adjustment during the year  
Closing balance at the end of the year

40,588,314	71,592,474
218,507,710	131,491,255
(245,248,237)	(162,495,415)
<b>13,847,787</b>	<b>40,588,314</b>
<b>34,611,362</b>	<b>90,029,238</b>

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  
Dividend Income  
Fee, Commission and Brokerage  
Gains less Losses arising from dealing securities  
Gains less Losses arising from investment securities  
Gains less Losses arising from dealing in foreign currencies  
Income from non-banking assets  
Other operating income  
Profit less Losses on interest rate changes

13,228,520,380	9,945,529,826
25,123,245	17,585,601
833,573,411	753,343,293
-	-
1,396,296,804	2,059,512,945
251,369,413	751,495,987
-	-
206,441,207	312,146,070
-	-
<b>15,941,324,460</b>	<b>13,839,613,722</b>

#### Expenses

Interest, fee and commission  
Losses on loans and advances  
Administrative expenses  
Other operating expenses  
Depreciation on banking assets

10,598,442,925	7,610,560,989
36,546	60,568
1,701,338,935	1,534,672,455
341,227,863	300,101,546
76,902,827	109,992,377
<b>12,717,949,096</b>	<b>9,555,387,935</b>
<b>3,223,375,364</b>	<b>4,284,225,787</b>

#### Profit before tax & provision

#### 20.1 Profit & Loss Account Surplus

Operating income as on 31 December  
**Less:** Provision for loans during the year  
Provision for Off Balance Sheet Item  
Provision for diminution in value of Investment  
Other Provisions  
Provision for Income Tax  
Statutory Reserve (20% of pre tax profit)

<b>3,223,375,364</b>	<b>4,284,225,787</b>
1,685,376,923	440,911,548
31,483,131	75,150,000
65,939,102	113,992,108
752,315	65,920
738,415,500	1,488,500,000
287,964,779	730,821,242
2,809,931,750	2,849,440,818
<b>413,443,614</b>	<b>1,434,784,969</b>

#### Net Profit

#### 20(a) Consolidated Profit & Loss Account

Dhaka Bank Limited (note-20.1)  
DBL Securities Limited

413,443,614	1,434,784,969
103,080,939	77,042,061
516,524,553	1,511,827,030
8,722	7,704
<b>516,515,831</b>	<b>1,511,819,326</b>

Less: Minority Interest

## Notes to the Financial Statement continued

	2012 Taka	2011 Taka
<b>21 Contingent Liabilities</b>		
Acceptance & Endorsement	15,907,069,233	14,607,538,417
Letters of Credit		
Usance/Defer Letter of Credit	3,547,669,428	2,564,635,642
Sight Letter of Credit	3,758,625,999	4,955,115,262
Back to Back Letter of Credit	1,237,122,589	926,550,875
BD-Sight (EDF)	478,802,604	919,576,769
Back to Back - Local	1,000,914,634	951,832,448
	<b>10,023,135,254</b>	<b>10,317,710,996</b>
Letters of Guarantee ( <b>Note - 21.1</b> )		
Bid Bond	1,396,923,612	1,256,671,469
Performance Bond	5,626,858,074	5,631,238,416
Counter Guarantee	245,830,601	247,300,629
Other Guarantee	3,354,777,210	2,844,257,630
Shipping Guarantee	18,719,090	18,719,092
	<b>10,643,108,587</b>	<b>9,998,187,236</b>
Bills for Collection		
Local Bills for Collection	6,350,956,996	6,115,134,158
Foreign Bills for Collection	1,472,754,572	1,222,169,906
	<b>7,823,711,568</b>	<b>7,337,304,064</b>
Other Contingent Liabilities		
Bangladesh/Pratirakhkha/Paribar Sanchay Patra	802,298,230	724,915,311
ICB Unit Certificate	51,330,900	51,961,500
Forward Exchange Sold	-	449,980,525
US Investment & Premium Bond	14,530,450	8,839,800
	<b>868,159,580</b>	<b>1,235,697,136</b>
<b>Total</b>	<b>45,265,184,222</b>	<b>43,496,437,849</b>
<b>21.1 Letters of Guarantee</b>		
Money for which the Bank is contingently liable in respect of guarantees given favouring:		
Directors	-	-
Government	5,719,030,522	4,218,845,279
Bank and other financial institutions	1,510,415,940	169,218,263
Others	3,413,662,125	5,610,123,694
<b>Total</b>	<b>10,643,108,587</b>	<b>9,998,187,236</b>
<b>22 Litigation pending by bank</b>		
<b>Sl. No. Branch Name</b>		
01. Agrabad	557,060,852	6,427,053
02. Banani	102,104,340	85,562,640
03. Bangshal	693,174,495	153,490,350
04. BB Road	7,618,775	-
05. Cox's Bazar	60,570,144	-
06. Dhanmondi	164,916	-
07. EPZ,DEPZ	249,022,884	24,744,558
08. Fantasy Kingdom	4,615,299	4,615,299
09. Gulshan	-	173,006,753
10. IBB Dhaka	426,435,715	219,703
11. IBB Muradpur	567,890,180	-
12. Imamgonj	7,236,861	7,236,861
13. Islampur	1,126,884	1,126,884
14. Joypara	533,291	533,291
15. Kawran Bazar	40,257,537	40,257,537
16. Khatungonj	680,571,810	680,571,810
17. Local Office	1,144,683,146	1,358,797,489
18. Madhabdi	4,344,141	-
19. Moghbazar	5,459,949	5,912,354
20. Moulvibazar	6,928,440	1,498,405
21. Naryangonj	280,715,548	280,715,548
22. Satkhira	51,569,110	101,389,396
<b>Total</b>	<b>4,892,084,320</b>	<b>2,926,105,931</b>

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.



## Notes to the Financial Statement continued

	2012 Taka	2011 Taka
<b>23 Interest Income/ Profit Received</b>		
Demand Loan	66,776	91,116
Term Loan	3,655,996,861	2,570,326,286
Overdrafts	3,687,986,607	2,851,888,396
Loan against Imported Merchandise/Murabaha	137,019,592	78,008,179
Loan against Trust Receipt	2,187,938,287	1,763,498,831
Packing Credits	13,421,281	3,007,320
Cash Credits / Bai-Muajjal	1,525,564,666	912,322,637
Payment against Documents	438,302,904	424,707,073
House Building Loan	239,407,274	148,744,795
Transport Loan	141,824,200	109,036,830
Syndicate Loan	389,303,551	274,542,858
Hire Purchase	71,022,793	27,870,411
Lease Rental/Izara	396,110,809	249,353,495
Credit Card	29,880,837	23,077,527
<b>Total Interest / profit &amp; Rental Income on loans &amp; advances</b>	<b>12,913,846,438</b>	<b>9,436,475,754</b>
Call Lending and Fund Placement with banks	307,162,777	500,901,914
Accounts with Foreign Banks	7,511,165	8,152,158
<b>Total</b>	<b>13,228,520,380</b>	<b>9,945,529,826</b>
<b>22 (a) Consolidated Interest Income/ Profit Received</b>		
Dhaka Bank Limited (note-23)	13,228,520,380	9,945,529,826
Less: Interest received on Margin Loan	(218,109,375)	(228,685,435)
	13,010,411,005	9,716,844,391
DBL Securities Limited	358,452,526	295,977,443
	<b>13,368,863,531</b>	<b>10,012,821,834</b>
<b>24 Interest / Profit Paid On Deposits &amp; Borrowings</b>		
Savings Account including Mudaraba	372,274,451	328,360,468
Special Notice Deposit	266,579,849	220,606,744
Term Deposits	8,132,125,209	5,393,006,879
Deposits under Scheme	659,079,222	924,380,062
Call Borrowing & Fund Placement	344,138,579	228,991,229
Non-convertible Subordinate Bond	236,883,333	238,323,403
Repurchase Agreement (REPO)	102,716,909	14,965,835
Overseas Accounts charges	13,674,490	6,042,001
Leased assets	27,329,682	69,817,041
HTM / HFT Securities	303,526,808	91,422,558
Others (Note-24.1)	140,114,393	94,644,769
	<b>10,598,442,925</b>	<b>7,610,560,989</b>
<b>24.1 Others</b>		
Interest paid on NFCB	988,549	115,276
Interest/profit paid against Refinance from Bangladesh Bank	86,240,342	62,148,933
Interest paid on Gift Cheque	307,729	170,920
Interest paid on Excel Account	2,075,130	755,287
Interest on Smart Plant (Deposit)	1,616,652	1,563,027
Interest on Finance Bill Rediscounting	3,114,645	1,763,648
Interest on Refinance from Woori Bank	3,372,923	-
Interest on Fund Borrowing-OBV	3,226,739	-
Treasury Bond Premium	39,171,684	28,127,678
	<b>140,114,393</b>	<b>94,644,769</b>
<b>24(a) Consolidated Interest / Profit Paid On Deposits &amp; Borrowings</b>		
Dhaka Bank Limited (note-24)	10,598,442,925	7,610,560,989
DBL Securities Limited	-	-
	<b>10,598,442,925</b>	<b>7,610,560,989</b>
<b>25 Income from Investment</b>		
Interest on Treasury bills / bonds	1,039,853,281	773,088,347
Profit paid on Govt. Islamic Bond	3,590,278	-
Capital Gain on Government Securities	293,377,620	297,811,156
Capital Gain on sale of shares of DSE and CSE	-	935,880,000
Interest on Debentures	706,189	446,531
Interest on Subordinated Bond	22,862,466	22,882,420
Interest on Zero Coupon Bond	2,970,792	2,962,675
Dividend on Shares	25,123,245	17,585,601
	<b>1,388,483,871</b>	<b>2,050,656,730</b>

Dhaka Bank Limited sold the shares of Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) to DBL Securities Limited, subsidiary company of the Bank in 2011.

## Notes to the Financial Statement continued

	2012 Taka	2011 Taka
<b>25(a) Consolidated Income from Investment</b>		
Dhaka Bank Limited (note-25)	1,388,483,871	2,050,656,730
DBL Securities Limited	-	-
	<b>1,388,483,871</b>	<b>2,050,656,730</b>
<b>26 Commission / Fees, Exchange Earnings &amp; Brokerage</b>		
Commission on L/C	378,692,008	347,046,849
Commission on L/G	154,244,043	147,534,352
Commission on Remittance / Bills	4,780,948	5,804,944
Processing Fee Consumer Loan	37,925,850	31,518,801
Other Commission / Fees (Clearing, cash transaction etc.)	237,670,842	201,663,490
Rebate from Foreign Bank outside Bangladesh	12,398,708	12,150,756
Commission & Fee on Credit Card	7,861,012	7,624,101
Exchange gain including gain from foreign currency dealings	251,369,413	751,495,987
Brokerage (Dhaka Stock Exchange & Chittagong Stock Exchange)	-	-
	<b>1,084,942,824</b>	<b>1,504,839,280</b>
<b>26(a) Consolidated Commission / Fees, Exchange Earnings &amp; Brokerage</b>		
Dhaka Bank Limited (note-26)	1,084,942,824	1,504,839,280
DBL Securities Limited	107,017,251	106,422,928
	<b>1,191,960,075</b>	<b>1,611,262,208</b>
<b>27 Other Operating Income</b>		
Other Income on Credit Card	8,749,253	7,875,753
Postage charge recoveries	12,966,158	12,552,996
Incidental charges	97,327,217	88,919,099
Supervision & monitoring charges	1,731,027	122,965,363
Swift charge recoveries	77,405,952	67,901,064
Locker rent	6,069,350	5,272,135
Godown charges recovery	1,384,000	1,460,500
Capital gain on sale of Shares (Note - 27.1)	32,936,178	26,441,816
Profit from sale of fixed assets	808,250	5,199,160
	<b>239,377,385</b>	<b>338,587,886</b>
<b>27.1 Profit on sale of Shares</b>		
Sale proceeds of Shares	1,910,697,058	827,401,126
Less: Cost of Shares	1,877,760,880	800,959,310
	<b>32,936,178</b>	<b>26,441,816</b>
<b>27(a) Consolidated Other Operating Income</b>		
Dhaka Bank Limited (note-27)	239,377,385	338,587,886
DBL Securities Limited	24,117,628	6,195,154
	<b>263,495,013</b>	<b>344,783,040</b>
<b>28 Salary and Allowances</b>		
Basic Salary	426,333,551	341,691,005
Allowances	380,482,971	290,485,509
Salary Casual Staff	4,145,749	7,252,317
Bonus & Ex-gratia	74,722,924	142,872,522
Car Maintenance Allowances	63,929,630	54,514,254
Leave Fare Assistance	65,873,064	47,551,146
Utility Allowances	6,194,856	10,213,371
Medical Allowance	17,115,239	17,564,780
Partial payment against Gratuity	100,000,000	100,000,000
Staff Furniture Installment	6,495,705	5,855,036
Bank's contribution to Provident Fund	38,609,164	30,875,718
	<b>1,183,902,853</b>	<b>1,048,875,658</b>
<b>28(a) Consolidated Salary and Allowances</b>		
Dhaka Bank Limited (note-28)	1,183,902,853	1,048,875,658
DBL Securities Limited	27,296,143	29,914,668
	<b>1,211,198,996</b>	<b>1,078,790,326</b>
<b>29 Rent, Taxes, Insurance, Lighting Etc.</b>		
Office Rent	168,954,726	145,856,223
Electricity and Lighting	41,722,341	29,210,099
Regulatory Charges	8,921,439	40,603,298
Insurance	48,359,248	37,534,438
	<b>267,957,754</b>	<b>253,204,058</b>





## Notes to the Financial Statement continued

	2012 Taka	2011 Taka
<b>29(a) Consolidated Rent, Taxes, Insurance, Lighting Etc.</b>		
Dhaka Bank Limited (note-29)	267,957,754	253,204,058
DBL Securities Limited	13,131,578	5,876,394
	<b>281,089,332</b>	<b>259,080,452</b>
<b>30 Legal &amp; Professional Expenses</b>		
Legal Expenses	8,318,542	10,527,791
Other professional fees	1,261,974	694,875
	<b>9,580,516</b>	<b>11,222,666</b>
<b>30(a) Consolidated Legal &amp; Professional Expenses</b>		
Dhaka Bank Limited (note-30)	9,580,516	11,222,666
DBL Securities Limited	346,445	2,291,808
	<b>9,926,961</b>	<b>13,514,474</b>
<b>31 Postage, Stamps, Telecommunication Etc.</b>		
Stamps, Postage & Courier	17,338,749	18,148,415
Telephone Charges	8,921,244	8,990,987
Fax, Telex & Internet, Radio Link, & DDN Charges	27,271,648	25,719,960
	<b>53,531,641</b>	<b>52,859,362</b>
<b>31(a) Consolidated Postage, Stamps, Telecommunication Etc.</b>		
Dhaka Bank Limited (note-31)	53,531,641	52,859,362
DBL Securities Limited	561,550	283,771
	<b>54,093,191</b>	<b>53,143,133</b>
<b>32 Stationery, Printing, Advertisement Etc.</b>		
Table Stationery	11,317,034	10,223,109
Printing Stationery	32,225,937	40,665,739
Security Stationery	1,696,972	2,130,379
Computer Stationery	14,926,300	11,243,038
Advertisement	42,738,638	42,036,786
	<b>102,904,881</b>	<b>106,299,051</b>
<b>32(a) Consolidated Stationery, Printing, Advertisement Etc.</b>		
Dhaka Bank Limited (note-32)	102,904,881	106,299,051
DBL Securities Limited	1,803,269	1,405,347
	<b>104,708,150</b>	<b>107,704,398</b>
<b>33 Chief Executive's Salary &amp; Allowances</b>		
Basic Salary	6,988,000	5,687,143
House Rent Allowances	2,133,500	1,980,000
Entertainment Allowances	368,833	420,000
House Maintenance Allowances	411,167	360,000
Bonus	2,200,000	960,000
	<b>12,101,500</b>	<b>9,407,143</b>
<b>34 Directors' Fees &amp; Meeting Expenses</b>		
Directors Fees	2,110,000	1,805,000
Other financial benefits to Directors	-	-
Fees related to Shariah Council Meeting	45,000	58,250
Board Meeting Expenses	8,105	120,293
Executive Committee / Shariah Council Meeting Expenses	537,295	334,206
	<b>2,700,400</b>	<b>2,317,749</b>
Each Director is paid for Tk.5,000.00 inclusive VAT per meeting per attendance 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.		
<b>34(a) Consolidated Directors' Fees &amp; Meeting Expenses</b>		
Dhaka Bank Limited (note-34)	2,700,400	2,317,749
DBL Securities Limited	230,868	293,153
	<b>2,931,268</b>	<b>2,610,902</b>
<b>35 Consolidated Audit Fees</b>		
Dhaka Bank Limited	690,000	574,750
DBL Securities Limited	115,000	230,000
	<b>805,000</b>	<b>804,750</b>
The DBL Securities Limited incorporated in 2010 but started its operation in 2011. The audit fee of DBL Securities Limited for 2010 and 2011 has been charged in 2011.		
<b>36 Charges on Loan Losses</b>		
As there is no realistic prospect to recovery, an amount of Tk. 36,546 has been charged to expense account to adjust classified retail loans as per decision of Executive Committee of the Board of Directors.		

## Notes to the Financial Statement continued

	2012 Taka	2011 Taka
<b>37 Depreciation of Bank's Assets</b>		
<b>Depreciation on own Assets</b>		
Land	-	-
Building	6,238,038	3,889,123
Furniture & Fixture	13,327,727	21,594,291
Office Appliance & Equipment	31,273,822	43,948,788
Computer	14,445,528	26,907,192
Software	3,605,439	3,670,635
Motor Vehicle	6,119,566	8,308,592
	<b>75,010,120</b>	<b>108,318,621</b>
<b>Depreciation on Leased Assets</b>		
Furniture & Fixture	1,024,410	939,043
Office Appliance & Equipment	571,330	483,433
Computer	283,620	239,986
Software	13,347	11,294
	<b>1,892,707</b>	<b>1,673,756</b>
<b>Total</b>	<b>76,902,827</b>	<b>109,992,377</b>
Upto the year 2011, depreciation was charged on cost of assets in straight line method for the full year irrespective of their date of purchase. Due to change in policy, depreciation has been charged from the month of purchase instead of full year and accordingly adjustment has been made during the year 2012. (see note-2.6)		
<b>37(a) Consolidated Depreciation on Fixed Assets</b>		
Dhaka Bank Limited (note-37)	76,902,827	109,992,377
DBL Securities Limited	5,609,256	3,530,629
	<b>82,512,083</b>	<b>113,523,006</b>
<b>38 Repair &amp; Maintenance of Bank's Assets</b>		
Office Premises	20,705,561	14,532,677
Office Equipment	16,786,731	13,364,422
Office Furniture	1,522,997	972,504
Motor Vehicle	4,945,047	5,044,814
Computer	3,319,829	2,799,792
Software	20,689,225	13,197,809
	<b>67,969,390</b>	<b>49,912,018</b>
<b>38(a) Consolidated Repair &amp; Maintenance of Bank's Assets</b>		
Dhaka Bank Limited (note-38)	67,969,390	49,912,018
DBL Securities Limited	5,388,915	3,628,988
	<b>73,358,305</b>	<b>53,541,006</b>
<b>39 Other Expenses</b>		
Contribution to Superannuation Fund	2,500,000	2,500,000
Contractual Service Charge	152,320,625	106,068,105
Petrol, Oil and Lubricants (Vehicle & Generator)	24,075,801	15,853,944
Entertainment: canteen & other	34,911,739	32,727,735
AGM Expenses	4,770,560	10,431,003
Donation	26,905,071	18,470,257
Subscription	2,598,996	5,122,939
Travelling	10,257,317	9,122,872
Conveyance	8,670,306	6,788,006
Branch Opening Expenses	1,986,520	2,484,158
Godown Expenses	1,409,652	1,223,396
Training Expenses	6,513,087	5,115,222
Share/Bond Issue Expenses	4,567,636	4,614,386
Books and Papers	2,109,505	1,464,246
WASA Charges	2,942,088	1,915,181
Staff Uniform	1,395,360	1,099,139
Vehicle Registration Charges	886,827	782,873
Potted Plants	1,743,218	1,605,832
Business Development & Promotion	24,245,941	24,318,549
Reuters Charges	1,739,396	1,558,595
Fees and expenses for Credit Card	3,446,450	3,902,742
ATM Network Service Charges	5,598,180	5,188,593
Dhaka Bank Foundation (Note-39.1)	14,543,675	36,910,164
Miscellaneous expenses	1,089,913	833,609
	<b>341,227,863</b>	<b>300,101,546</b>



## Notes to the Financial Statement continued

	2012 Taka	2011 Taka
<b>39.1 Fund for Dhaka Bank Foundation</b>		
Opening balance at the beginning of the year	36,910,164	29,469,650
Add: Addition during the year	14,543,675	36,910,164
Less: Transferred to DBL Foundation Trustee Account	(36,910,164)	(29,469,650)
Closing balance at the end of the year	<b>14,543,675</b>	<b>36,910,164</b>
Dhaka Bank Limited has been maintaining provision for Dhaka Bank Foundation since 2003. In 2012, the Bank has made a provision of Tk.14,543,675 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.		
<b>39(a) Consolidated Other Expenses</b>		
Dhaka Bank Limited (note-39)	341,227,863	300,101,546
DBL Securities Limited	5,134,974	8,905,221
	<b>346,362,837</b>	<b>309,006,767</b>
<b>40 Provision for Loans &amp; Advances</b>		
On classified loans & advances as per Bangladesh Bank circular	1,634,192,394	334,877,548
On unclassified loans & advances	51,184,529	106,034,000
	<b>1,685,376,923</b>	<b>440,911,548</b>
<b>41 Provision for Off Balance Sheet Exposures</b>		
On Off Balance Sheet Exposures (Acceptances and Endorsements, Letter of Credit and Letter of Guarantee)	<b>31,483,131</b>	<b>75,150,000</b>
Bank has made a provision of Tk.31,483,131 @ 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.		
<b>42 Provision against Decrease in Value of Investment</b>		
<b>Dealing Securities</b>		
Quoted	-	-
Unquoted	-	-
<b>Investment Securities</b>		
Quoted	-	-
Opening balance at the beginning of the year	125,242,108	11,250,000
Add: Addition during the year	65,939,102	113,992,108
Closing balance at the end of the year	<b>191,181,210</b>	<b>125,242,108</b>
Unquoted	-	-
<b>Total</b>	<b>191,181,210</b>	<b>125,242,108</b>
Cost price of investment in shares represents the book value as on 31.12.2012 being ordinary shares of different companies purchased from primary and secondary market. A required provision for Tk.65,939,102 made from current year's profit due to shortfall in market price than the cost price. The total provision of Tk.191,181,210 which is 25% of total required provision has been made as per Bangladesh Bank Letter noDOS(SR)1153/161/2012/428 dated 30.12.2012.		
<b>43 Earnings Per Share (EPS)</b>		
<b>Bonus Issue:</b>		
Net Profit after Tax	701,408,393	2,165,606,211
Number of ordinary shares outstanding	466,759,413	466,759,413
Earnings per share (EPS)	<b>1.50</b>	<b>4.64</b>
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.		
<b>43(a) Consolidated Earnings Per Share (CEPS)</b>		
<b>Bonus Issue:</b>		
Net Profit after Tax	788,629,626	2,242,648,272
Less: Minority Interest	8,722	7,704
	788,620,904	2,242,640,568
Number of ordinary shares outstanding	466,759,413	466,759,413
<b>Earnings per share (EPS)</b>	<b>1.69</b>	<b>4.80</b>
<b>44 Receipts from Other Operating Activities</b>		
Exchange earnings	145,077,343	34,211,225
Brokerage	-	-
Other Operating Income	238,569,135	333,388,726
<b>Total</b>	<b>383,646,478</b>	<b>367,599,951</b>
<b>Non Operating Income</b>	-	-
	<b>383,646,478</b>	<b>367,599,951</b>
<b>44(a) Consolidated Receipts from Other Operating Activities</b>		
Dhaka Bank Limited (note-44)	383,646,478	367,599,951
DBL Securities Limited	(101,611,153)	12,313,804
	<b>282,035,325</b>	<b>379,913,755</b>

## Notes to the Financial Statement continued

	2012 Taka	2011 Taka
<b>45 Payments for Other Operating Activities</b>		
Rent, Taxes, Insurance, Lighting etc.	267,957,754	253,204,058
Chief executive's salary & allowances	12,101,500	9,407,143
Directors' fees & Meeting expenses	2,700,400	2,317,749
Repair of bank's assets	67,969,390	49,912,018
Other expenses	341,227,863	300,101,546
Charges on loan losses	36,546	60,568
<b>Total</b>	<b>691,993,453</b>	<b>615,003,082</b>
Dhaka Bank Foundation	(14,543,675)	(36,910,164)
	<b>677,449,778</b>	<b>578,092,918</b>
<b>45(a) Consolidated Payments for Other Operating Activities</b>		
Dhaka Bank Limited (note-45)	677,449,778	578,092,918
DBL Securities Limited	54,008,741	57,474,569
	<b>731,458,519</b>	<b>635,567,487</b>
<b>46 Other Assets</b>		
Stationery, stamps, printing materials etc.	551,019,394	39,668,867
Advance rent and advertisement;	284,798,025	175,194,217
Security deposit;	20,506,596	11,040,146
Preliminary, formation and organization expenses, renovation / development expenses and prepaid expenses;	1,571,788,353	1,595,654,681
Branch adjustments;	9,302,112	18,004,535
Suspense account;	373,616,072	190,537,260
Other assets	385,763,490	510,214,344
	<b>2,700,884,042</b>	<b>2,540,314,050</b>
<b>(Increase) / decrease during the year</b>	<b>(160,569,992)</b>	<b>(1,036,251,640)</b>
<b>46(a) Consolidated Other Assets</b>		
Dhaka Bank Limited (note-46)	(160,569,992)	(1,036,251,640)
DBL Securities Limited	(7,348,794)	(542,497,620)
	<b>(167,918,786)</b>	<b>(1,578,749,260)</b>
<b>47 Other Liabilities</b>		
Provision against Expenses	44,263,282	125,617,659
Interest Suspense Account	1,141,385,776	897,389,067
Other Account Payable	375,281,597	244,051,230
Obligation under finance lease	-	1,978,075
<b>Total</b>	<b>1,560,930,655</b>	<b>1,269,036,031</b>
Amount tranferred to DBL Foundation Trustee Account	(36,910,164)	(29,469,650)
Adjustment of Classified Loan from Provision	(203,279,751)	(749,293,545)
<b>Increase / (decrease) during the year</b>	<b>51,704,709</b>	<b>(1,087,097,888)</b>
<b>47(a) Consolidated Other Liabilities</b>		
Dhaka Bank Limited (note-47)	51,704,709	(1,087,097,888)
DBL Securities Limited	(50,570,542)	(131,537,601)
	<b>(1,134,167)</b>	<b>(1,218,635,489)</b>
<b>48 Adjustment of Consolidated Retained Earnings</b>		
Opening balance	1,511,819,326	-
Add : Restatement of provision	8,914,880	-
Less : Adjustment against Tax Return	(10,089,531)	-
	<b>1,510,644,675</b>	<b>1,511,819,326</b>



## Notes to the Financial Statement continued

### Annexure - A

#### Balance with other banks - Outside Bangladesh (Nostro Account) as at 31 December 2012

Particulars	Currency Name	2012		2011	
		Amount In Fc	Conversion Rate Per Unit Fc	Amount In Fc	Conversion Rate Per Unit Fc
Standard Chartered Bank, New York	USD	3,308,028.40	80.00	1,671,716.38	81.85
Mashreq Bank, New York	USD	500,680.96	80.00	321,301.13	81.85
HSBC, New York	USD	0.00	80.00	153,034.79	81.85
CITI Bank NA, New York	USD	1,428,104.12	80.00	1,066,547.83	81.85
Commerz Bank, Frankfurt	USD	72,659.93	80.00	571,994.14	81.85
Habib American Bank	USD	777,081.99	80.00	311,368.21	81.85
Wachovia Bank NA, New York	USD	2,116,836.88	80.00	555,804.50	81.85
JP Morgan Chase Bank NA	USD	517,929.29	80.00	154,001.14	81.85
Standard Chartered Bank, Mumbai	ACUD	308,222.46	80.00	424,620.24	81.85
Sonali Bank, Kolkata	ACUD	13,186.81	80.00	16,262.03	81.85
AB Bank Mumbai	ACUD	340,942.56	80.00	222,484.57	81.85
Nepal Bangladesh Bank	ACUD	21,958.55	80.00	62,827.60	81.85
Sampath Bank, Sri Lanka	ACUD	39,996.94	80.00	178,004.42	81.85
Bhutan National Bank	ACUD	64,281.17	80.00	64,281.17	81.85
Bank of Bhutan	ACUD	47,049.54	80.00	50,149.54	81.85
Habib Metropolitan Bank Ltd. Pakistan	ACUD	826,201.18	80.00	523,661.78	81.85
Banca Nazionale Del Italy	USD	0.00	80.00	47,963.74	81.85
Dhaka Bank OBU Nostro	USD	4,000,000.00	80.00	4,000,000.00	81.85
ICICI Bank Limited, India	ACUD	104,479.72	80.00	5,289.01	81.85
Mashreq Bank, Mumbai	ACUD	698,571.56	80.00	323,419.93	81.85
Union Bank of Switzerland	CHF	31,829.86	87.72	80,838.30	86.86
Commerz Bank, Frankfurt	EURO	207,193.25	105.78	100,074.74	105.83
Standard Chartered Bank, Frankfurt	EURO	48,988.95	105.78	128,253.55	105.83
Bank Nazionale Del Italy	EURO	0.00	105.78	9,894.02	105.83
Unicredit S.P.A. Milano	EURO	63,700.43	105.78	96,201.25	105.83
Commonwealth Bank of Australia, Sydney	AUD	83,924.50	82.90	79,155.26	82.48
Standard Chartered Bank, Japan	JPY	12,495,735.00	0.9283	5,168,277.00	1.0481
Standard Chartered Bank, London	GBP	71,502.92	129.350	311,882.14	126.366
Bank of Nova Scotia	CAD	31,852.75	80.240	120,375.15	79.809
Al-Rajhi Bank, Kingdom of Saudi Arabia	SAR	120,425.00	21.320	-	-
				<b>1,284,454,702</b>	<b>981,197,034</b>

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.



## Notes to the Financial Statement continued

### Annexure - B

#### Investment in Shares as at 31 December 2012

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 31.12.2012
<b>Quoted</b>							
AB Bank Limited	A	10	728,000	44,937,260.17	61.73	33.70	24,533,600.00
Bank Asia Limited	A	10	3,202,500	99,303,410	31.008	21.50	68,853,750
Brac Bank Limited	A	10	1,060,000	48,806,015	46.043	34.80	36,888,000
Eastern Bank Limited	A	10	399,400	16,732,321	41.894	31.70	12,660,980
Jamuna Bank Limited	A	10	100,000	3,332,853	33.329	21.70	2,170,000
Mercantile Bank Limited	A	10	3,777,000	117,335,405	31.066	19.10	72,140,700
National Bank Limited	A	10	2,420,000	122,387,547	50.573	22.10	53,482,000
One Bank Limited	A	10	2,607,000	93,550,126	35.884	22.80	59,439,600
Prime Bank Limited	A	10	554,250	26,149,126	47.179	37.00	20,507,250
Southeast Bank Limited	A	10	2,258,500	69,981,347	30.986	20.00	45,170,000
Standard Bank Limited	A	10	1,800,000	51,291,559	28.495	19.20	34,560,000
The City Bank Limited	A	10	1,137,000	62,999,883	55.409	26.80	30,471,600
National Credit and Commerce Bank Limited	A	10	950,000	33,984,533	35.773	18.20	17,290,000
The Trust Bank Limited	A	10	1,820,500	45,550,273	25.021	25.00	45,512,500
The Premier Bank Limited	A	10	1,374,250	46,825,330	34.073	16.20	22,262,850
Bay Leasing & Investment Limited	A	10	288,000	31,787,591	110.374	35.30	10,166,400
IDLC Finance Limited	A	10	25,000	2,707,232	108.289	91.90	2,297,500
Peoples Leasing & Financial Services Limited	A	10	374,900	37,812,172	100.859	32.40	12,146,760
United Leasing Company Limited	A	10	714,580	49,675,948	69.518	31.20	22,294,896
Prime Islami Life Insurance Limited	A	10	125,710	29,498,479	234.655	116.00	14,582,360
Progressive Life Insurance Limited	A	10	60,606	11,980,050	197.671	116.00	7,030,296
Rupali Insurance Company Limited	A	10	80,400	4,093,401	50.913	45.90	3,690,360
Padma Islami Life Insurance Limited	A	10	32,500	2,119,662	65.220	65.50	2,128,750
Eastland Insurance Company Limited	A	10	89,600	6,398,699	71.414	56.60	5,071,360
City General Insurance Company Limited	A	10	13,000	594,614	45.740	35.40	460,200
United Insurance Limited	A	10	87,200	10,996,209	126.103	46.00	4,011,200
Dhaka Electric Supply Company Limited	A	10	1,146,500	100,076,732	87.289	72.10	82,662,650
Khulna Power Company Limited	A	10	1,286,550	87,093,632	67.695	49.80	64,070,190
Power Grid Company of Bangladesh Limited	A	10	495,000	31,239,135	63.109	55.60	27,522,000
Summit Power Limited	A	10	642,100	48,873,995	76.116	53.30	34,223,930
Jamuna Oil Company Limited	A	10	208,000	46,670,392	224.377	178.50	37,128,000
Meghna Petroleum Limited	A	10	586,400	109,491,710	186.718	158.50	92,944,400
Padma Oil Company Limited	A	10	364,500	80,205,874	220.044	187.50	68,343,750
Titas Gas Transmission and Distribution Co. Limited	A	10	124,000	11,465,318	92.462	65.30	8,097,200
BSRM Steels Limited	A	10	673,500	109,020,475	161.872	67.90	45,730,650
ACI Limited	A	10	123,300	38,161,927	309.505	141.20	17,409,960
ACI Formulations Limited	A	10	1,100	77,429	70.390	73.90	81,290
Square Pharmaceuticals Limited	A	10	312,450	29,489,832	94.383	55.90	17,465,955
Beximco Pharmaceuticals Limited	A	10	134,740	24,743,892	183.642	168.60	22,717,164
MI Cement	A	10	297,000	32,044,544	107.894	82.90	24,621,300
SP Ceramics	A	10	360,000	11,688,820	32.469	27.20	9,792,000
1st BSRS Mutual Fund	A	10	250,500	27,361,701	109.228	90.70	22,720,350
IAMCL 1st NRB	A	10	7,000	208,635	29.805	27.00	189,000
EBL NRB Mutual Fund	A	10	5,438,000	54,153,831	9.958	9.40	51,117,200
Investment Corporation of Bangladesh	A	100	4,300	6,879,511	1,599.886	1,508.25	6,485,475



## Notes to the Financial Statement continued

### Annexure - B

#### Investment in Shares as at 31 December 2012

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 31.12.2012
<b>Quoted</b>							
ICB AMCL First Mutual Fund	A	10	356,500	13,737,635	38.535	40.60	14,473,900
IFIL Islami Mutual Fund	A	10	500,000	3,973,348	7.947	6.20	3,100,000
MBL 1st Mutual Fund	A	10	5,090,000	50,688,926	9.959	6.90	35,121,000
Malek Spinning Mills Limited	A	10	5,000	150,136	30.027	25.10	125,500
R.N Spinning Mills Limited	A	10	293,250	11,400,332	38.876	34.10	9,999,825
Saiham Cotton Mills Limited	A	10	141,000	4,828,768	34.247	28.30	3,990,300
Square Textile Limited	A	10	170,500	20,151,505	118.191	102.80	17,527,400
Envoy Textiles Limited	A	10	194,210	10,572,979	54.441	52.40	10,176,604
S. Alam Cold Rolled Steels Limited	A	10	40,000	2,245,552	56.139	49.10	1,964,000
Renwick jajneswar & Co.(BD) Limited	A	10	1,000	83,570	83.570	80.70	80,700
Keya Cosmetics Limited	A	10	306,350	13,321,796	43.486	30.60	9,374,310
Bangladesh Submarine Cable Company Limited	A	10	62,000	8,119,142	130.954	132.90	8,239,800
Apex Adelchi Footwear Limited	A	10	600	142,740	237.900	231.10	138,660
The Dacca Dyeing & Manufacturing Co. Limited	A	10	112,000	4,235,468	37.817	31.30	3,505,600
Eastern Housing Limited	A	10	92,400	4,920,720	53.255	44.00	4,065,600
Unique Hotels and Resorts Limited	A	10	300,000	42,742,351	142.475	126.20	37,860,000
Bangladesh Export Import Co. Limited	A	10	702,100	118,864,353	169.298	64.40	45,215,240
				<b>2,229,957,751</b>			<b>1,468,103,815</b>
<b>Unquoted</b>							
Bangladesh Fund				<b>200,000,000</b>			<b>200,000,000</b>
				<b>200,000,000</b>			<b>200,000,000</b>
<b>Total</b>				<b>2,429,957,751</b>			<b>1,668,103,815</b>

The Cost price of investment in shares represents the book value as on 31.12.2012 being ordinary shares of different companies purchased from primary and secondary markets. A provision of Tk.191,181,210 (which is 25% Of total required provision) has been made as per Bangladesh Bank Letter no.DOS(SR)1153/161/2012-428 dated 30.12.2012.

## Notes to the Financial Statement *continued*

### Annexure - C

#### Detail of information on advances More than 10 % of bank's total capital ( Funded & Non - funded )

Sl. No.	Name Of The Client	Outstanding As On 31.12.2012			Remarks
		Funded	Non Funded	Total	
1	Noman Weaving Mills Ltd.	1,483,880	1,259,951	2,743,831	
2	Fakir Apparel Ltd.	1,271,732	1,361,765	2,633,497	
3	Samannaz Super Oil Ltd.	544,445	1,408,942	1,953,387	
4	Abdul Monem Ltd	1,300,123	473,888	1,774,011	
5	Poton Traders	911,304	845,587	1,756,891	
6	Suruj Miah Spinning Mills Ltd.	1,429,129	248,859	1,677,988	
7	Karnafully Steel Mills Ltd.	393,748	1,139,793	1,533,541	
8	Zam Zam Spinning Mills Ltd.	973,183	506,657	1,479,840	
9	Vosta Lmg- Karnafuly Jvc Ltd	436,088	1,027,514	1,463,602	
10	Nafa Apparels Ltd.	76,074	1,347,757	1,423,831	
<b>Total</b>		<b>8,819,706</b>	<b>9,620,713</b>	<b>18,440,419</b>	



## Notes to the Financial Statement continued

### Annexure - D

#### Schedule of Premises and Fixed Assets

Particulars	Cost Price			Depreciation					Written Down Value as at 31 December 2012			
	Balance as at 1 January 2012	Asset Revaluation Reserve	Addition during the year	Transfer/ Adjustment during the year	Balance as at 31 December 2012	Rate of Dep.	Balance as at 1 January 2012	Addition during the year		Transfer/ Adjustment during the year	Disposal/ Transfer to	Balance as at 31 December 2012
<b>Own Assets</b>												
Land	1,192,255,776	-	-	(69,625,000)	1,122,630,776	0	-	-	-	-	-	1,122,630,776
Building	155,564,903	-	155,348,642	-	310,913,545	2.5%	12,922,272	6,238,038	(85,367)	-	19,074,943	291,838,602
Furniture & Fixture	224,112,563	-	49,481,628	(5,291,193)	268,302,998	10%	67,524,631	13,327,727	7,091	-	80,859,449	187,443,549
Office Appliances & Equipments	236,059,869	-	93,539,221	(2,067,705)	327,531,385	20%	120,064,243	31,273,822	(210,708)	-	151,127,357	176,404,028
Computer	141,387,992	-	20,054,857	(1,966,178)	159,476,671	20%	85,031,649	14,445,528	(1,866,958)	-	97,610,219	61,866,452
Software	19,117,630	-	8,168,356	11,828	27,297,814	20%	9,256,341	3,605,439	8,467	-	12,870,247	14,427,567
Bank Vehicle	43,332,310	-	3,733,200	-	47,065,510	20%	16,082,947	6,119,566	(2)	-	22,202,511	24,862,999
<b>TOTAL 2012</b>	<b>2,011,831,043</b>	<b>-</b>	<b>330,325,904</b>	<b>(78,938,248)</b>	<b>2,263,218,699</b>	<b>-</b>	<b>310,882,083</b>	<b>75,010,120</b>	<b>(2,147,477)</b>	<b>-</b>	<b>383,744,726</b>	<b>1,879,473,973</b>
<b>TOTAL 2011</b>	<b>1,183,577,846</b>	<b>648,455,000</b>	<b>186,807,626</b>	<b>(7,009,429)</b>	<b>2,011,831,043</b>	<b>-</b>	<b>209,844,285</b>	<b>108,318,621</b>	<b>(7,280,823)</b>	<b>-</b>	<b>310,882,083</b>	<b>1,700,948,960</b>

Dhaka Bank transferred Tk. 69,625,000 being cost of land to suspense account in 2012 due to incompleteness of some legal procedures.

<b>Leased Assets</b>												
Furniture & Fixture	5,122,050	-	-	-	5,122,050	20%	4,012,273	1,109,777	-	-	-	5,122,050
Office Appliances & Equipments	2,636,908	-	-	-	2,636,908	20%	2,065,578	571,330	-	-	-	2,636,908
Computer	1,309,017	-	-	-	1,309,017	20%	1,025,397	283,620	-	-	-	1,309,017
Software	61,602	-	-	-	61,602	20%	48,254	13,348	-	-	-	61,602
<b>TOTAL 2012</b>	<b>9,129,577</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,129,577</b>	<b>-</b>	<b>7,151,502</b>	<b>1,978,075</b>	<b>-</b>	<b>-</b>	<b>9,129,577</b>	<b>-</b>
<b>TOTAL 2011</b>	<b>9,129,577</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,129,577</b>	<b>-</b>	<b>5,477,746</b>	<b>1,673,756</b>	<b>-</b>	<b>-</b>	<b>7,151,502</b>	<b>1,978,075</b>

The leased assets has been adjusted upon completion of lease period in 2012 and recorded in the books of assets at residual value.

## Notes to the Financial Statement continued

### Annexure - E

#### 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.	73,236,248.12	67,259,006.23	84,810,683.00
2	M/s New Era Hospital	4,649,438.58	-	5,789,144.25
3	M/s Ahnaf & Co.	17,855,447.34	15,742,192.55	20,846,463.92
4	Riyadh Business International	284,208,087.08	206,422,103.99	283,661,278.33
5	Akhter Enterprise	376,261,068.22	297,880,603.33	376,064,068.22
6	M/s Dusk Construction & Builder	8,011,788.95	-	10,456,953.60
7	Bangladesh Jute Diversification Centre	5,828,969.14	4,325,004.42	6,427,052.94
8	Noorpore Technologies Ltd.	45,798,618.52	38,592,092.72	45,776,534.87
9	Raja Auto House	2,908,300.89	1,492,321.06	2,700,774.64
10	Nebula Techno Solutions	6,094,525.17	3,651,249.93	4,964,623.83
11	Integrated Services Ltd.	218,167,278.19	140,051,126.95	204,424,199.45
12	Anima International	2,495,891.91	2,284,859.73	2,633,364.30
13	Bental Technology Group	15,703,443.71	13,378,259.14	17,715,271.93
14	Nafiza Enterprise	5,160,843.21	4,498,590.40	5,586,628.91
15	S and S Enterprise	1,399,162.22	1,175,450.72	1,650,231.65
16	Silko Textile Mills	50,547,918.70	25,569,204.31	38,649,475.85
17	Bicycle Trading Corporation	888,047.59	735,493.89	1,105,914.47
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 Jersey 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
<b>Total</b>		<b>3,221,706,258</b>	<b>1,902,147,251</b>	<b>3,507,161,383</b>





## Notes to the Financial Statement continued

### Annexure - F

#### Recovery of loans previously written-off during the year 2012

(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. N.F. Enterprise	9,690,871.18	8,215,393.46	10,919,545.50	2,500,000.00
2	M/s. Integrated Services Ltd.	218,167,278.19	140,051,126.95	204,424,199.45	50,000,000.00
3	M/s. Nafiza Enterprise	5,160,843.21	4,498,590.40	5,586,628.91	1,496,660.00
<b>Total</b>		<b>233,018,993</b>	<b>152,765,111</b>	<b>220,930,374</b>	<b>53,996,660</b>

The above figure of Tk.53,996,660 of recovery of written-off loans represents the amount of corporate clients of the Bank.

## Notes to the Financial Statement continued

### Related Party Disclosures

### Annexure - G

#### A. i) 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

#### A. ii) Name of the Directors and their interest in Bank (31.12.2011):

Sl. No.	Name Of Directors	Designation	% Of Interest 31.12.2011
1	Mr. Reshadur Rahman	Chairman	3.23777
2	Mr. Abdul Hai Sarker	Director	2.15719
3	Mrs. Rokshana Zaman	Director	0.56658
4	Mr. Altaf Hossain sarker	Director	2.78885
5	Mr. Aminul Islam	Director	1.18783
6	Mr. Md. Amirullah	Director	1.74036
7	Mr. Abdullah Al-Ahsan	Director	1.91128
8	Mr. Khondoker Monir Uddin	Director	2.87187
9	Mr. M. N. H. Bulu	Director	2.05346
10	Mrs. Rakhi Das Gupta	Director	0.96312
11	Mr. Tahidul Hossain Chowdhury	Director	1.51263
12	Mr. Jashim Uddin	Director	1.78691
13	Mr. Abdul Wahed	Director	1.08741
14	Mrs. Kamala Khatun *	Director	0.02350
15	Mr. Mohammed Hanif	Director	3.04606
16	Mr. Khondoker Jamil Uddin	Director	1.91796
17	Mr. Amanullah Sarker	Director	0.00028
18	Mr. Suez Islam	Director	0.29464
19	Mr. G. M. Shameem Hussain	Director	0.34332

\* Mrs. Kamala Khatun died on 26.10.2011



## Notes to the Financial Statement continued

### b) Name of Directors and their interest in different entities:

Sl. No.	Name Of Directors	Status	Education	Length Of Experience	Directorship In Other Companies
01	Mr. Reshadur Rahman	Chairman	Graduate	33 years	RR Holdings Ltd. RR Trading & Co. RR Shipping Lines RR Ocean Shipping Lines. RR Alliance Logistic Private Ltd. Alliance Deep Sea Fishing Ltd. Alliance Bag Ltd. National Trader RR Architecture & Engineering Co. H.P. Chemicals Ltd. Quality Breeders Ltd. Quality Grain
02	Mr. Mirza Abbas Uddin Ahmed	Director	B.Com	38 years	Mirza Enterprise
03	Mr. Abdul Hai Sarker	Director	M.Com	39 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
04	Mrs. Rokshana Zaman	Director	Intermediate	13 years	Dhaka Enterprise, Proprietor
05	Mr. Altaf Hossain Sarker	Director	B.Com	41 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.
60	Mr. Md. Amirullah	Director	Intermediate	43 years	H.P. Chemicals Ltd. Orient Craft Ltd.
07	Mr. Abdullah Al-Ahsan	Director	M. Com	29 Years	Aroma Poultry. Aroma Agro Industries.
08	Mr. Khondoker Monir Uddin	Director	B.Com (Hons), M.Com (Accounting)	31 years	Shanta Garments Ltd. 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. LankaBangla Securities Ltd. SPL Holdings Ltd. Apollo Hospital Dhaka Ltd. GDS Chemical Bangladesh (Pvt.) Ltd. Spring Valley Ltd. Metro Homes Ltd.
09	Mr. M.N.H. Bulu	Director	B.Com	30 years	National Chemical Manufacturing Ltd. Abico Industries Ltd. Rumki Industries Ltd. Shafkat PVC Sole Industries Ltd. Bulu International Oishee International Aleef Enterprise Nawshin Vinyl Industries Boss PVC Vinyl Industries BNS International Co. BNS Properties Ltd. BNS Real Estate Ltd. BNS DOP Chemical Industries.

## Notes to the Financial Statement continued

### b) Name of Directors and their interest in different entities:

Sl. No.	Name Of Directors	Status	Education	Length Of Experience	Directorship In Other Companies
10	Mr. Tahidul Hossain Chowdhury	Director	Bachelor of Arts	34 years	Hi Fashion Ltd. Riotex Ltd. K.B. Knit Fashion Ltd. Jerat Fashion Ltd. Central Hospital Ltd. Hurdco. Ltd. Hotel Victory Ltd.
11	Mr. Jashim Uddin	Director	Bachelor of Arts	28 Years	Impel Shares & Securities Ltd. Federal Insurance Co. Ltd. HURDCO (Human Resources & Development Co. Ltd) Rafid Enterprise Progressive Planters & Traders.
12	Mr. Mohammed Hanif	Director	Intermediate	48 years	Hanif Steels Ltd. Hanif Spinning Mills Ltd. National Foundry & Engineering works (pvt.) Ltd. C.H. Overseas Ltd.
13	Mr. Khondoker Jamil uddin	Director	BSS (Hons) MSS MPhil	35 Years	Apollo Hospital 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.
14	Mr. Mirza Yasser Abbas	Director	International MBA	10 Years	He has been associated with Mirza Enterprise and family business over 10 years and gained significant business experience.
15	Mr. Syed Abu Naser Bukhtear Ahmed	Independent Director	MBA	40 Years	Trade Hub (Bangladesh) Ltd Financial Excellence Ltd
16	Mr. Suez Islam	Independent Director	BBA	18 Years	Omni Technologies.

iv). Share issued to Directors & Executives without consideration or exercisable at discount: **Nil**

v). Related party Transactions: **Nil**

vi). Lending Policies to related parties:

Lending to related parties is effected as per requirements of Section 27 (1) of Bank Companies Act 1991

vii). Loans and Advances to Directors and their related concern: **Nil**

viii). Business other than Banking business with any related concern of the Directors as per Section 18 (2) of Bank Companies Act 1991: **Nil**

ix). Investments in the Securities of Directors and their related concern: **Nil**



## Dhaka Bank Limited Islamic Banking

### Annexure - H

#### 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 for the Year 2012.

Dhaka Bank Limited has successfully completed the business year 2012 and declared final profit rates on various Mudaraba Deposits Accounts for the year 2012 to the depositors.

The final rates of various Mudaraba Deposits Accounts of Banks as per approved weightage for 2012 have come up lower than declared Mudaraba Deposits Accounts rates.

The matter was submitted in the Shari'ah Supervisory Committee and the committee recommended to declare 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 2012
1	Mudaraba Savings Deposit	6.00
2	Mudaraba Savings Deposit For Bank	5.00
3	Mudaraba Short Notice Deposit	5.00
4	Mudaraba Term Deposit Account	
	• 36 Months	-
	• 24 Months	-
	• 12 Months	10.00
	• 6 Months	10.50
	• 3 Months	11.50
	• 1 Months	12.50
5	Mudaraba Term Deposit Account Bank	9.00
6	Mudaraba Hajj Savings Scheme	9.50
7	Mudaraba Special Deposit Scheme	12.50
8	Mudaraba Deposit Pension Scheme	12.00



## Dhaka Bank Limited - Islamic Banking *continued*

Annexure - H(i)

### Balance Sheet

as at 31 December 2012

	Notes	2012 Taka	2011 Taka
<b>Property &amp; Assets</b>			
<b>Cash</b>	<b>01</b>	<b>492,668,334</b>	<b>727,131,791</b>
Cash in Hand (including foreign currencies)		14,962,435	15,070,184
Balance with Bangladesh Bank & Sonali Bank (including foreign currencies)		477,705,899	712,061,607
<b>Balance With Other Banks &amp; Financial Institutions</b>	<b>02</b>	<b>1,090,000,000</b>	<b>850,000,000</b>
<b>Money at Call and Short Notice</b>		-	-
<b>Investments (Including BILLS)</b>	<b>03</b>	<b>4,600,204,691</b>	<b>4,313,472,321</b>
General Investments		3,849,329,496	3,965,683,313
Bills Discounted and Purchased		750,875,195	347,789,008
<b>Premises and Fixed Assets</b>	<b>04</b>	<b>23,594,472</b>	<b>21,716,028</b>
<b>Other Assets</b>	<b>05</b>	<b>47,600,291</b>	<b>270,178,451</b>
<b>Non-Banking Assets</b>		-	-
<b>Total Assets</b>		<b>6,254,067,788</b>	<b>6,182,498,591</b>
<b>Liabilities &amp; Capital</b>			
<b>Liabilities:</b>			
<b>Borrowings from other banks / financial Institutions and agents</b>	<b>06</b>	<b>400,000,000</b>	<b>500,525,000</b>
<b>Deposits and Other Accounts</b>	<b>07</b>	<b>4,616,931,311</b>	<b>4,906,712,488</b>
Current Accounts & Other Accounts		81,271,915	114,052,390
Bills Payable		4,502,968	14,043,470
Savings Bank Deposits		239,010,006	223,360,038
Term Deposits		4,292,146,422	4,555,256,590
<b>Other Liabilities</b>	<b>08</b>	<b>1,237,136,477</b>	<b>775,261,103</b>
<b>Total Liabilities</b>		<b>6,254,067,788</b>	<b>6,182,498,591</b>
<b>Contingent Liabilities:</b>			
Acceptances and Endorsements		1,099,494,483	1,059,830,053
Letter of Credit		208,939,662	55,548,461
Letter of Guarantees		47,111,214	36,211,139
Bills for Collection		872,299,398	895,268,163
Other Contingent Liabilities		-	-
<b>Total:</b>		<b>2,227,844,757</b>	<b>2,046,857,816</b>
<b>Other Commitments:</b>			
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		-	-
<b>Total:</b>		-	-
<b>Total Off - Balance Sheet Items</b>		<b>2,227,844,757</b>	<b>2,046,857,816</b>



## Dhaka Bank Limited - Islamic Banking continued

Annexure - H(ii)

### Profit and Loss Account for the year ended 31 December 2012

	Notes	2012 Taka	2011 Taka
<b>Operating Income</b>			
Profit Received from Investment	09	557,705,684	579,676,385
Profit Paid on Deposits & Borrowings	10	618,682,044	435,920,631
<b>Net Profit Received</b>		<b>(60,976,360)</b>	<b>143,755,754</b>
Commission, Exchange Earnings & Brokerage	11	18,866,767	24,470,793
Other Operating Income	12	2,340,733	10,265,601
<b>Total Operating Income ( A )</b>		<b>(39,768,860)</b>	<b>178,492,148</b>
<b>Operating Expenses</b>			
Salary & Allowance	13	26,781,591	21,830,159
Rent, Taxes, Insurance, Lighting etc.	14	6,328,658	2,417,648
Legal Expenses		228,000	123,429
Postage, Stamp, Telecommunication etc.	15	685,310	660,868
Stationery, Printing, Advertisement etc.	16	1,618,557	788,783
Shariah Council Meeting Expenses		-	-
Depreciation of Bank's Assets	17	2,049,661	1,022,475
Repair of Bank's Assets	18	637,801	710,417
Other Expenses	19	4,070,540	3,003,209
<b>Total Operating Expenses ( B )</b>		<b>42,400,118</b>	<b>30,556,988</b>
<b>Operating Profit During The Year ( A - B )</b>		<b>(82,168,978)</b>	<b>147,935,160</b>

## Dhaka Bank Limited - Islamic Banking *continued*

### Notes to the Financial Statements For the year ended 31 December 2012

	2012 Taka	2011 Taka
<b>01 Cash</b>		
<b>1.1 Cash in Hand</b>		
In Local Currency (Bangladesh Bank Note & Government Note)	14,336,835	14,773,887
In Foreign Currencies	625,600	296,297
	14,962,435	15,070,184
<b>1.2 Balance with Bangladesh Bank</b>		
In Local Currency		
Al-Wadiah Current Account	477,705,899	712,061,607
In Foreign Currencies	-	-
	477,705,899	712,061,607
<b>Total</b>	<b>492,668,334</b>	<b>727,131,791</b>
<b>02 Balance With Other Banks &amp; Financial Institutions</b>		
In Bangladesh		
<b>Mudaraba Term Deposits</b>		
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	400,000,000	200,000,000
Islamic Hajj Finance	90,000,000	50,000,000
	<b>1,090,000,000</b>	<b>850,000,000</b>
Outside Bangladesh	-	-
<b>Total</b>	<b>1,090,000,000</b>	<b>850,000,000</b>
<b>03 Investments</b>		
<b>3.1 In Bangladesh</b>		
Murabaha (Purchase Order)	757,397,555	600,481,403
Murabaha (Term Financing)	1,122,577,786	1,629,884,287
MPI Trust Receipt	338,761,503	377,759,722
Murabaha Import Bill (PAD)	-	12,208,756
Bai Muajjal	988,857,426	738,309,500
Ijara (Lease Financing) (Note-1.5)	112,227,323	151,447,485
Shirkatul Mulk (Hire Purchase)	482,428,113	446,168,586
Others	47,079,790	9,423,574
	<b>3,849,329,496</b>	<b>3,965,683,313</b>
<b>Outside Bangladesh</b>	-	-
	<b>3,849,329,496</b>	<b>3,965,683,313</b>
<b>3.2 Bills Purchased &amp; Discounted</b>		
Payable in Bangladesh:		
Inland bills purchased	750,875,195	347,789,008
Payable outside Bangladesh:	-	-
Foreign bills purchased & discounted	-	-
	<b>750,875,195</b>	<b>347,789,008</b>
<b>Total</b>	<b>4,600,204,691</b>	<b>4,313,472,321</b>
<b>3.3 Residual maturity grouping of investments including bills purchased and discounted</b>		
Repayable on Demand	1,089,636,699	348,556,244
Not more than 3 months	951,888,958	916,804,029
More than 3 months but not more than 6 months	742,725,276	696,256,642
More than 6 months but not more than 1 year	597,707,858	1,098,937,382
More than 1 year but not more than 5 years	889,255,472	1,065,513,098
More than 5 years	328,990,427	187,404,926
<b>Total</b>	<b>4,600,204,691</b>	<b>4,313,472,321</b>
<b>3.4 Maturity grouping of bills purchased &amp; discounted</b>		
Payable within 1 month	200,151,827	109,414,635
Over 1 month but less than 3 months	214,056,792	99,536,918
Over 3 months but less than 6 months	336,666,576	138,837,455
6 months or more	-	-
	<b>750,875,195</b>	<b>347,789,008</b>
<b>3.5 Investment in lease / izara finance</b>		
Lease rental receivable within 1 year	67,534,046	104,177,032
Lease rental receivable within more than 1 year	64,469,902	57,925,621
<b>Total lease/ izara rental receivable</b>	<b>132,003,947</b>	<b>162,102,653</b>
Less: unearned interest receivable	19,776,624	10,655,168
<b>Net investment in lease/izara finance</b>	<b>112,227,323</b>	<b>151,447,485</b>



## Dhaka Bank Limited - Islamic Banking continued

### Notes to the Financial Statements

For the year ended 31 December 2012

	2012 Taka	2011 Taka
<b>3.6 Investments on the basis of significant</b>		
a. Investments to allied concerns of Directors;	-	-
b. Investments to Chief Executive	-	-
c. Investments to Other Senior Executives	1,395,655	2,088,696
d. Investments to Customer's Group:		
Agriculture investments	-	-
Commercial lending	3,780,101,579	3,916,573,226
Export financing	750,875,195	347,789,008
Consumer credit scheme	18,877,938	25,456,271
Special Program Loan (SME)	3,270,190	2,187,700
Staff investments	25,867,133	11,154,720
Others	19,817,000	8,222,700
<b>Total</b>	<b>4,600,204,691</b>	<b>4,313,472,321</b>
<b>3.7 Investments under the following broad categories</b>		
Investments	2,860,472,070	2,999,704,111
Bai Murabaha/ Bai Muajjal	988,857,426	965,979,201
	3,849,329,496	3,965,683,312
Bills Purchased and discounted	750,875,195	347,789,008
<b>Total</b>	<b>4,600,204,691</b>	<b>4,313,472,321</b>
<b>3.8 Industry - wise investments including bills purchased &amp; discounted:</b>		
Agricultural Industries	-	-
Pharmaceuticals Industries	-	-
Textile & Garment Industries	1,778,650,270	1,688,831,991
Chemical Industries	4,228,314	1,442,456
Food & allied Industries	166,331,989	150,283,907
Transport & Communication	43,651,079	-
Electronics & Automobile Industries	8,869,619	-
Housing & Construction Industries	160,235,660	21,682,731
Engineering & Metal Industries including Ship Breaking	1,357,508,987	1,097,473,765
Energy & Power Industries	275,076,672	427,147,132
Service Industries	30,887,428	47,557,547
Other Industries	774,764,673	879,052,792
<b>Total</b>	<b>4,600,204,691</b>	<b>4,313,472,321</b>
<b>3.9 Geographical Location - wise investments:</b>		
Dhaka Region	2,745,965,232	2,480,489,104
Chittagong Region	1,854,239,458	1,832,983,217
Sylhet Region	-	-
Other	-	-
<b>Total</b>	<b>4,600,204,691</b>	<b>4,313,472,321</b>
<b>3.10 Sector - wise investments:</b>		
In Bangladesh		
Government & Autonomous bodies	-	-
Financial Institutions (Public & Private)	288,665,778	364,285,608
Other Public Sector	-	-
Private Sector	4,311,538,913	3,949,186,713
	<b>4,600,204,691</b>	<b>4,313,472,321</b>
Outside Bangladesh	-	-
<b>Total</b>	<b>4,600,204,691</b>	<b>4,313,472,321</b>
<b>3.11 Classification of investments:</b>		
Unclassified (including staff loan)	3,589,339,898	3,951,354,294
Sub-Standard	15,492,148	215,694,263
Doubtful	126,326,462	262,056
Bad or loss	869,046,182	146,161,708
<b>Total</b>	<b>4,600,204,691</b>	<b>4,313,472,321</b>
<b>3.12 Provision required for investments:</b>		
<b>Status</b>		
Unclassified	36,145,396	39,657,696
Special Mention Account	154,669	2,703,719
	<b>36,300,064</b>	<b>42,361,415</b>
<b>Classified:</b>		
Sub-Standard	2,877,342	37,099,208
Doubtful	28,826,385	478
Bad or loss	495,335,616	119,320,948
	<b>527,039,344</b>	<b>156,420,633</b>
Required provision for investments	<b>563,339,408</b>	<b>198,782,048</b>
Total provision maintained	<b>563,339,408</b>	<b>198,782,048</b>
<b>Excess / short provision as at 31 December</b>	<b>-</b>	<b>-</b>

## Dhaka Bank Limited - Islamic Banking continued

### Notes to the Financial Statements For the year ended 31 December

	2012 Taka	2011 Taka
<b>3.13 Securities against investments including bills purchased &amp; discounted</b>		
a. Secured		
Collateral of movable / immovable assets	3,025,974,213	3,317,612,254
Local Banks & Financial Institutions guarantee	750,875,195	347,789,008
Government Guarantee	-	-
Foreign Banks Guarantee	-	-
Export documents	-	767,236
Fixed Deposits Receipts	-	-
1 Own FDR	19,817,000	8,222,700
2 FDR of Other Banks	-	-
Government bonds	-	-
Personal Guarantee	46,140,726	38,699,688
Other Securities	757,397,557	600,381,436
	<b>4,600,204,691</b>	<b>4,313,472,321</b>
b. Unsecured	-	-
	<b>4,600,204,691</b>	<b>4,313,472,321</b>
<b>3.14 Particulars of Loans and Advances:</b>		
i) Investments considered good in respect of which the bank company is fully secured;	2,283,679,302	2,014,817,835
ii) Investments considered good against which the banking company holds no security other than the debtor's personal guarantee;	41,764,906	36,770,099
iii) Investments considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtors;	1,554,752,013	1,695,576,226
iv) Investments adversely classified; provision not maintained thereagainst;	-	-
v) Investments due by directors or officers of the banking company or any of these either separately or jointly with any other persons;	27,262,788	13,243,416
vi) Investments 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 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;	27,262,788	13,243,416
viii) Maximum total amount of investments 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 investments on which interest has not been charged, should be mentioned as follows:		
a) Decrease / increase in provision;	376,014,669	115,627,738
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;	495,335,616	119,320,948
d) Profit creditable to the Profit Suspense A/c;	-	-
xi) Cumulative amount of the written off investments;	400,020,582	-





## Dhaka Bank Limited - Islamic Banking continued

### Notes to the Financial Statements For the year ended 31 December

	2012 Taka	2011 Taka
<b>04 Premises and Fixed Assets</b>		
<b>Own Assets</b>		
Land	4,600,000	4,600,000
Building	20,000,000	20,000,000
Furniture and Fixture including Office decoration	599,686	199,686
Office Appliances & Equipment	4,120,405	1,237,855
Computer	2,574,103	2,094,403
Software	421,959	228,673
Bank's Vehicle	-	-
	<b>32,316,153</b>	<b>28,360,617</b>
Less: Accumulated depreciation	8,721,681	6,644,589
	<b>23,594,472</b>	<b>21,716,028</b>
<b>05 Other Assets</b>		
Stationery, stamps, printing materials etc.	147,133	110,562
Profit accrued on investment but not collected,	16,526,667	13,094,444
Advance rent	12,140,843	6,651,000
Security deposit;	315,000	315,000
Preliminary, formation and organization expenses, renovation	515,056	980,946
/ development expenses and prepaid expenses	-	241,685,435
Branch Adjustments	8,664,896	60,090
Suspense Account	9,290,696	7,280,974
Others	-	-
<b>Total</b>	<b>47,600,291</b>	<b>270,178,451</b>
<b>06 Borrowings From Other Banks, Financial Institutions &amp; Agents</b>		
Refinance from Bangladesh Bank	400,000,000	500,525,000
	<b>400,000,000</b>	<b>500,525,000</b>
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.		
<b>07 Deposits &amp; Other Accounts</b>		
<b>7.1 Current and Other Accounts</b>		
Current Account	61,908,051	64,739,879
Foreign Currency Deposits	595,313	747,960
Margin under Letter of Credit	6,915,575	9,026,060
Margin under Letter of Guarantee	6,062,964	4,346,483
Deposits Awaiting Disposal	-	30,908,971
Sundry Deposit	5,790,012	4,283,037
	<b>81,271,915</b>	<b>114,052,390</b>
<b>7.2 Bills Payable</b>		
Pay Order	4,502,968	14,043,470
Demand Draft	-	-
	<b>4,502,968</b>	<b>14,043,470</b>
<b>7.3 Savings Deposits</b>		
Mudaraba Savings Accounts	239,010,006	223,360,038
	<b>239,010,006</b>	<b>223,360,038</b>
<b>7.4 Term Deposits</b>		
Mudaraba Special Notice Deposits	34,089,953	26,904,010
Mudaraba Term Deposits	4,074,830,948	4,405,492,640
Mudaraba Deposit Pension/Hajj Savings Scheme	183,225,521	122,859,940
	<b>4,292,146,422</b>	<b>4,555,256,590</b>
	<b>4,616,931,311</b>	<b>4,906,712,488</b>
<b>08 Other Liabilities</b>		
Accrued Interest	1,222,224	1,612,500
Interest Suspense Account	161,569,657	56,579,599
Provision against Expenses	99,250	77,000
Branch Adjustments	589,881,038	-
Borrowing from Head Office	477,705,899	712,061,607
Tax/VAT deducted at source & payable	1,977,140	1,295,995
Excise Duty Payable	4,425,105	3,433,200
Others	256,164	201,202
<b>Total</b>	<b>1,237,136,477</b>	<b>775,261,103</b>

## Dhaka Bank Limited - Islamic Banking *continued*

### Notes to the Financial Statements For the year ended 31 December

	2012 Taka	2011 Taka
<b>09 Profit received from Investment</b>		
Murabaha Term Loan	113,253,206	164,967,058
Loan against Imported Merchandise/Murabaha	349,394	1,944,198
Loan against MPI Trust Receipt	-	45,943,224
Cash Credits / Bai-Murabaha	221,974,745	180,515,642
Murabaha Import Bill (PAD)	56,376,224	57,318,656
House Building Loan	887,584	570,368
Transport Loan	90,429	73,553
Hire Purchase/Shirkatul Mulk	83,381,880	46,639,278
<b>Total Profit received from Investment</b>	<b>476,313,462</b>	<b>497,971,977</b>
Call Lending and Fund Placement with banks	81,392,222	68,468,576
Inter Branch Profit received	-	13,235,832
<b>Total</b>	<b>557,705,684</b>	<b>579,676,385</b>
<b>10 Profit Paid On Deposits &amp; Borrowings</b>		
Mudaraba Savings Account	12,932,855	9,211,988
Special Notice Deposits	2,063,438	1,992,568
Term Deposits	486,787,516	385,637,972
Mudaraba Deposit Pension / Hajj Savings Scheme	15,547,479	9,648,936
Inter Branch Profit paid	92,398,534	-
Borrowing & Fund Placement	8,952,222	29,429,167
	<b>618,682,044</b>	<b>435,920,631</b>
<b>11 Commission / Fees, Exchange Earnings &amp; Brokerage</b>		
Commission on L/C	7,797,043	11,399,639
Commission on L/G	603,541	391,663
Commission on Remittance / Bills	8,193,136	8,887,234
Processing Fee Consumer Loan	71,500	461,700
Other Commission / Fees	2,201,547	3,330,557
	<b>18,866,767</b>	<b>24,470,793</b>
<b>12 Other Operating Income</b>		
Postage charge recoveries	34,484	167,968
Incidental charges	1,838,499	1,767,487
Supervision & monitoring charges	-	7,873,669
ATM charges realised	44,250	33,350
Swift charge recoveries	423,500	423,127
	<b>2,340,733</b>	<b>10,265,601</b>
<b>13 Salary and Allowances</b>		
Basic Salary	9,108,841	7,648,972
Allowances	8,273,127	6,805,017
Salary Casual Staff	112,665	151,200
Bonus & Ex-gratia	1,669,004	1,275,040
Car Maintenance Allowances	1,327,200	1,325,350
Leave Fare Assistance	1,317,078	1,059,333
Utility Allowances	104,221	301,621
Medical Allowance	660,892	269,253
Gratuity Expense	3,217,590	2,103,417
Staff Furniture Installment	155,008	170,008
Bank's contribution to Provident Fund	835,965	720,948
	<b>26,781,591</b>	<b>21,830,159</b>
<b>14 Rent, Taxes, Insurance, Lighting Etc.</b>		
Office Rent	3,879,830	778,339
Electricity and Lighting	906,563	644,539
Regulatory Charges	17,155	12,805
Insurance	1,525,110	981,965
	<b>6,328,658</b>	<b>2,417,648</b>
<b>15 Postage, Stamps, Telecommunication Etc.</b>		
Stamps, Postage & Courier	136,505	216,957
Telephone Charges	135,810	165,302
Fax, Telex & Internet, Radio Link, & DDN Charges	412,995	278,609
	<b>685,310</b>	<b>660,868</b>
<b>16 Stationery, Printing, Advertisement Etc.</b>		
Table Stationery	259,124	212,338
Printing Stationery	499,584	314,286
Security Stationery	32,140	37,886
Computer Stationery	212,492	179,836
Advertisement	615,217	44,437
	<b>1,618,557</b>	<b>788,783</b>



## Dhaka Bank Limited - Islamic Banking *continued*

### Notes to the Financial Statements For the year ended 31 December

	2012 Taka	2011 Taka
<b>17 Depreciation of Bank's Assets</b>		
Land	-	-
Building	1,528,417	500,000
Furniture & Fixture	36,890	21,080
Office Appliance & Equipment	333,490	103,435
Computer	85,459	362,095
Software	65,405	35,865
Motor Vehicle	-	-
	<b>2,049,661</b>	<b>1,022,475</b>
<b>18 Repair &amp; Maintenance of Bank's Assets</b>		
Office Premises	148,900	219,591
Office Equipment	224,739	210,520
Office Furniture	44,283	12,970
Computer & Office Appliances	219,879	267,336
	<b>637,801</b>	<b>710,417</b>
<b>19 Other Expenses</b>		
Contractual Service Charge	2,344,613	1,699,436
Petrol, Oil and Lubricants	328,306	274,314
Entertainment: canteen & other	429,762	551,324
Travelling	207,350	109,951
Conveyance	155,029	115,251
Training Expenses	33,900	16,000
Books and Papers	10,649	10,769
WASA Charges	56,030	51,000
Staff Uniform	17,933	11,357
Potted Plants	64,670	86,750
Branch Opening Expenses	247,974	-
Business Development & Promotion	100,650	-
ATM Network Service Charges	19,800	48,999
Miscellaneous expenses	53,874	28,058
	<b>4,070,540</b>	<b>3,003,209</b>

# Disclosures on Risk Based Capital

Annexure - I

## Disclosures on Risk Based Capital (Under Pillar-3 of Basel-II Framework) For the year ended 31 December 2012

### 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 71.37% 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 28.63% of total eligible capital and almost 40.07% 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 vide 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 200,000,000 of Subordinated Bond being 22% of Tier-I capital has been considered as a component of Supplementary Capital (Tier-2) of the Bank.

### 1.2 Quantitative Disclosure:

SI	Particulars	Amount (Taka in crore)	
		2012	2011
<b>A.</b>	<b>Tier-1 (Core) Capital:</b>		
	Fully Paid-up Capital	466.76	359.05
	Statutory Reserve	357.26	328.46
	General Reserve	34.65	16.84
	Retained Earnings	41.34	143.48
	Minority Interest in Subsidiaries	-	-
	<b>Sub-Total:</b>	<b>900.01</b>	<b>847.83</b>
	<b>Less : Other Deductions from Capital:</b>		
	Capital Charge (50% from Tier-1) for exceeding the approved limit under Sec. 26(2) of Bank Company Act, 1991	-	-
	<b>Tier-1 Capital/ Core Capital (A):</b>	<b>900.01</b>	<b>847.83</b>
<b>B.</b>	<b>Tier-2/ Capital/Supplementary Capital:</b>		
	General Provision (including provision for Off-Balance Sheet Exposure)	126.49	118.22
	Assets Revaluation Reserves up to 50%	32.43	32.43
	Revaluation Reserve for HTM & HFT Securities (up to 50%)	1.73	4.50
	Non-convertible Subordinated Bond	200	200
	<b>Sub-Total:</b>	<b>360.65</b>	<b>355.15</b>
	<b>Less : Other deductions from Capital</b>		
	Capital Charge (50% from Tier-1) for exceeding the approved limit Under Section 26(2) of Bank Company Act, 1991	-	-
	<b>Total Tier-2 Capital/Supplementary Capital (B):</b>	<b>360.65</b>	<b>355.15</b>
<b>C.</b>	<b>Total Eligible Regulatory Capital (A+B):</b>	<b>1,260.66</b>	<b>1,202.98</b>

### 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, 2012 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 1-2% higher than the minimum required capital.



## Disclosures on Risk Based Capital continued

### 2.2 Quantitative Disclosure:

SI	Particulars	Amount (Taka in crore)	
		2012	2011
<b>1</b>	<b>Risk Weighted Assets:</b>		
	For Credit Risk:		
	On-Balance Sheet	7,879.83	8,081.87
	Off-Balance Sheet	2,454.98	1,992.32
	For Market Risk	468.76	317.22
	For Operational Risk	937.67	855.56
	<b>Total:</b>	<b>11,741.23</b>	<b>11,246.97</b>
<b>2</b>	<b>Minimum Capital Required:</b>		
	For Credit Risk	1,033.48	1,007.42
	For Market Risk	46.88	31.81
	For Operational Risk	93.76	85.56
	<b>Total:</b>	<b>1,174.12</b>	<b>1,124.69</b>
<b>3</b>	<b>Total Eligible Regulatory Capital:</b>		
	Tier-1 Capital/Core Capital	900.01	847.83
	Total Tier-2 Capital/Supplementary Capital	360.65	355.15
		<b>1,260.66</b>	<b>1,202.98</b>
<b>4</b>	<b>Capital Adequacy Ratio:</b>		
	Tier-1 Capital to RWA	7.67%	7.54%
	Tier-2 Capital to RWA	3.07%	3.16%
	<b>Total:</b>	<b>10.74%</b>	<b>10.70%</b>

### 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 2012).

##### 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



## Disclosures on Risk Based Capital *continued*

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 (Taka In Crore)	
	2012	2011
Total gross credit risk	10,334.81	10,074.20
Funded Domestic	7,879.83	8,081.87
Non-Funded Domestic	2,454.98	1,992.32
<b>Geographical distribution of exposures</b>		
- Domestic	10,334.81	10,074.20
- Overseas	-	-
Cash and Cash equivalents	-	-
Claims on Bangladesh Government and Bangladesh Bank	-	-
Claims on Banks & NBFIs:	183.02	151.55
Claims on Corporate	3,670.05	4,856.36
Credit Risk Mitigation	1,309.72	1,127.28
Claims included in retail portfolio & Small Enterprise	655.87	575.99
Claims on Consumer Loan	58.50	70.21
Claims fully secured by residential property	74.09	50.73
Claims fully secured by commercial real estate	590.83	237.13
Past due claims	459.76	311.36
Other categories	877.99	701.27
Total Risk weighted assets for On-balance sheet items	7,879.83	8,081.87
Risk weighted assets for Off-balance sheet exposure	2,454.98	1,992.32
Gross Non Performing Assets (NPAs)	565.63	262.40
Non Performing Assets (NPAs) to Outstanding Loans & Advances	6.28%	3.45%



## Disclosures on Risk Based Capital *continued*

Particulars	Amount (Taka In Crore)	
	2012	2011
<b>Movement of Non Performing Assets (NPAs):</b>		
Opening Balance	262.40	290.86
Additions	417.71	133.65
Reductions	(114.48)	(162.10)
Closing Balance	565.63	262.40
<b>Movement of specific provisions for NPAs:</b>		
Opening	106.70	148.14
Specific provision for the year	274.38	62.10
Fully provided debt written off	(107.75)	(82.46)
Recoveries of amounts previously written off	5.43	14.28
Provision no longer required due to recoveries	(28.97)	(35.36)
<b>Closing Balance</b>	<b>249.79</b>	<b>106.70</b>

### 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/policies 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, zero-coupon bond, debenture etc.) stood at BDT 1,578.06 crore as on December 31, 2012. 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

## Disclosures on Risk Based Capital *continued*

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 2012).

## 4.2 Quantitative Disclosure:

### 4.2.1 Equity Position:

SI	Particulars	Amount (Taka In Crore)	
		2012	2011
01.	Investment in Equity Securities:		
	Cost price	242.99	154.09
	Market Price	166.81	141.56
	<b>Difference</b>	(76.18)	(12.53)
02.	The cumulative realized gains (losses) arising from sales and liquidation	2.21	2.64
03.	Total unrealized gains (losses)	(76.18)	(12.53)
04.	Total latent revolution gains (losses)	-	-
05.	Any amount of the above included in Tier 2 capital	-	-

### 4.2.2 Capital Requirement for Market Risk:

Particulars	Amount (Taka In Crore)	
	2012	2011
<b>The capital requirements for:</b>		
Interest Rate Risk	1.05	6.75
Equity position risk	44.60	23.35
Foreign exchange risk	1.23	1.71
Commodity risk	-	-
<b>Total</b>	<b>46.88</b>	<b>31.81</b>

## 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



## Disclosures on Risk Based Capital continued

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 (Taka In Crore)	
	2012	2011
The capital requirements for Operational Risk	93.77	85.56

## Auditors' Report to the Share Holders of Dhaka Bank Limited Offshore Banking Unit

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## Dhaka Bank Limited Offshore Banking Unit

### Auditors' Report to the Share Holders of Dhaka Bank Limited Offshore Banking Unit, Bangladesh

We have audited the accompanying financial statements of the Offshore Banking Unit ("the Unit"), Bangladesh of Dhaka Bank Limited ("the Bank") which comprise the balance sheet as at 31 December 2012, profit and loss account 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

Management is responsible for the preparation and fair presentation of the financial statements of the Unit in accordance with Bangladesh Financial Reporting Standards (BFRSs) as explained in note 2, the Bank companies Act 1991, the rules and regulations issued by Bangladesh Bank, the companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' 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 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 our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider 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 prepared in

accordance with Bangladesh Financial Reporting Standards (BFRSs) as explained in note 2, give a true and fair view of the financial position of the Unit as at 31 December 2012 and the results of its financial performance and its cash flows for the year ended 31 December 2012 and comply with the Bank Companies Act 1991, the rules and regulations issued by the Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

### We also report that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- ii) 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;
- iii) the Unit's balance sheet and profit and loss account dealt with by the report are in agreement with the books of account and returns;
- iv) the expenditure incurred was for the purposes of the Unit's business;
- v) the financial statements of the Unit have been drawn up in conformity with the Bank Companies Act 1991 and in accordance with the accounting rules and regulations issued by Bangladesh Bank;
- vi) adequate provisions have been made for advances which are, in our opinion, doubtful of recovery;
- vii) the financial statements of the Unit conform to the prescribed standards set in the accounting regulations issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- viii) the information and explanations required by us have been received and found to be satisfactory; and
- ix) we have reviewed over 80% of the risk weighted assets of the Unit.

*Hoda Vasi Chowdhury*

Hoda Vasi Chowdhury & Co  
Chartered Accountants

Dhaka, March 12, 2013

## Dhaka Bank Limited Offshore Banking Unit continued

### Balance Sheet

As at 31 December 2012

	Notes	2012		2011	
		US \$	Taka	US \$	Taka
<b>Property &amp; Assets</b>					
<b>Cash:</b>		-	-	-	-
Cash in Hand (including foreign currencies)		-	-	-	-
Balance with Bangladesh Bank & Sonali Bank (including foreign currencies)		-	-	-	-
<b>Balance With Other Banks and Financial Institutions:</b>		-	-	-	-
In Bangladesh		-	-	-	-
Outside Bangladesh		-	-	-	-
<b>Money at Call and Short Notice:</b>	3	-	-	-	-
<b>Investments:</b>		-	-	-	-
Government		-	-	-	-
Others		-	-	-	-
<b>Loans &amp; Advances:</b>	4	<b>12,796,594</b>	<b>1,023,727,533</b>	<b>18,350,553</b>	<b>1,501,992,781</b>
Loans, Cash Credit & Over Draft etc.		9,014,744	721,179,482	16,678,666	1,365,148,841
Bills Discounted and Purchased		3,781,851	302,548,051	1,671,887	136,843,940
<b>Premises And Fixed Assets:</b>		-	-	-	-
<b>Other Assets:</b>	5	<b>63,122</b>	<b>5,049,777</b>	-	-
<b>Non-Banking Assets:</b>		-	-	-	-
<b>Total Assets</b>		<b>12,859,716</b>	<b>1,028,777,310</b>	<b>18,350,553</b>	<b>1,501,992,781</b>
<b>Liabilities &amp; Capital</b>					
<b>Liabilities:</b>					
Borrowings from other banks / financial Institutions and agents	6	<b>3,000,000</b>	<b>240,000,000</b>	<b>6,000,000</b>	<b>491,100,000</b>
<b>Deposits And Other Accounts:</b>					
Current Accounts & Other Accounts	7	<b>6,621,040</b>	<b>529,683,164</b>	<b>7,682,743</b>	<b>628,832,482</b>
Bills Payable		6,415,916	513,273,253	6,315,747	516,943,862
Other Deposits		-	-	-	-
		205,124	16,409,911	1,366,996	111,888,620
<b>Other Liabilities</b>	8	<b>2,292,333</b>	<b>183,386,612</b>	<b>3,585,218</b>	<b>293,450,134</b>
<b>Total Liabilities</b>		<b>11,913,372</b>	<b>953,069,776</b>	<b>17,267,961</b>	<b>1,413,382,616</b>
<b>Capital / Shareholders' Equity:</b>					
Paid-up Capital		-	-	-	-
Statutory Reserve		-	-	-	-
Other Reserve		-	-	-	-
Surplus in Profit and Loss Account		946,344	75,707,534	1,082,592	88,610,165
<b>Total Shareholders' Equity:</b>		<b>946,344</b>	<b>75,707,534</b>	<b>1,082,592</b>	<b>88,610,165</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>		<b>12,859,716</b>	<b>1,028,777,310</b>	<b>18,350,553</b>	<b>1,501,992,781</b>



## Dhaka Bank Limited Offshore Banking Unit continued

### Off Balance Sheet

As at 31 December 2012

Notes	2012		2011	
	US \$	Taka	US \$	Taka
<b>Contingent Liabilities:</b>				
9				
Acceptances and Endorsements	7,420,604	593,648,327	3,896,380	318,918,723
Letter of Credit	2,016,803	161,344,229	292,248	23,920,515
Letter of Guarantee	-	-	-	-
Bills for Collection	35,939,540	2,875,163,169	23,777,374	1,946,178,060
Other Contingent Liabilities	-	-	-	-
<b>Total:</b>	<b>45,376,947</b>	<b>3,630,155,725</b>	<b>27,966,002</b>	<b>2,289,017,298</b>
<b>Other Commitments:</b>				
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	-	-	-	-
<b>Total:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Off - Balance Sheet Items</b>	<b>44,351,322</b>	<b>3,630,155,725</b>	<b>27,966,002</b>	<b>2,289,017,298</b>

These financial statements should be read in conjunction with the annexed notes 1 to 16

  
**Khondker Fazle Rashid**  
 Managing Director

  
**Khondoker Jamil Uddin**  
 Director

  
**Abdul Hai Sarker**  
 Director

  
**Reshadur Rahman**  
 Chairman

**Auditors' report to the shareholders**  
 See annexed report of date

  
**Hoda Vasi Chowdhury & Co**  
 Chartered Accountants

Dhaka, March 12, 2013

## Dhaka Bank Limited Offshore Banking Unit *continued*


### Profit and Loss Account for the year ended 31 December 2012

	Notes	2012		2011	
		US \$	Taka	US \$	Taka
<b>Operating Income</b>					
Interest / Profit Income	10	1,015,645	81,251,609	1,408,583	115,292,482
Interest / Profit paid on Deposits & Borrowings		-	-	-	-
<b>Net Interest Income</b>		<b>1,015,645</b>	<b>81,251,609</b>	<b>1,408,583</b>	<b>115,292,482</b>
Income from Investment		-	-	-	-
Commission / Fees, Exchange Earnings & Brokerage	11	504,688	40,375,023	336,993	27,582,899
Other Operating Income	12	34,141	2,731,258	13,038	1,067,131
<b>Total Operating Income (A)</b>		<b>1,554,474</b>	<b>124,357,890</b>	<b>1,758,613</b>	<b>143,942,512</b>
<b>Less: Operating Expenses (B)</b>	13	<b>608,129</b>	<b>48,650,356</b>	<b>676,021</b>	<b>55,332,347</b>
<b>Profit / (Loss) Before Provision (C) = (A - B)</b>		<b>946,344</b>	<b>75,707,534</b>	<b>1,082,592</b>	<b>88,610,165</b>
Less: Provision for loans (D)		2,139,376	171,150,072	20,927	5,517,439
<b>Total Profit / (Loss) before Tax (C - D)</b>		<b>(1,193,032)</b>	<b>(95,442,538)</b>	<b>1,061,665</b>	<b>83,092,726</b>
Less: Provision for Income Tax		-	-	-	-
<b>Net Profit / (Loss) after Tax :</b>		<b>(1,193,032)</b>	<b>(95,442,538)</b>	<b>1,061,665</b>	<b>83,092,726</b>
<b>Distribution :</b>					
Statutory Reserve		-	-	-	-
General Reserve		-	-	-	-
Dividends etc.		-	-	-	-
<b>Retained surplus</b>		<b>(1,193,032)</b>	<b>(95,442,538)</b>	<b>1,061,665</b>	<b>83,092,726</b>
<b>Earning per Share (EPS):</b>					

These financial statements should be read in conjunction with the annexed notes 1 to 16

  
Khondker Fazle Rashid  
Managing Director

  
Khondker Jamil Uddin  
Director

  
Abdul Hai Sarker  
Director

  
Reshadur Rahman  
Chairman

Auditors' report to the shareholders  
See annexed report of date

  
Hoda Vasi Chowdhury & Co  
Chartered Accountants

Dhaka, March 12, 2013



## Dhaka Bank Limited Offshore Banking Unit continued

### Cash Flow Statement


for the year ended 31 December 2012

	Notes	2012		2011	
		US \$	Taka	US \$	Taka
<b>Cash Flow from Operating Activities</b>					
Interest receipts		1,015,645	81,251,609	1,408,583	115,292,482
Interest payments		-	-	-	-
Receipts from other operating activities	14	538,829	43,106,281	350,031	28,650,030
Payments for other operating activities	15	(608,129)	(48,650,356)	(676,021)	(55,332,347)
<b>Operating profit before changes in current assets &amp; liabilities</b>		<b>946,344</b>	<b>75,707,534</b>	<b>1,082,592</b>	<b>88,610,165</b>
<b>Increase / Decrease in operating assets and liabilities:</b>					
Loans and advances to other banks		-	-	-	-
Loans and advances to customers		5,978,316	478,265,248	(130,845)	(10,709,623)
Other assets		(63,122)	(5,049,777)	4,588,299	375,552,255
Deposits from other banks		(3,138,750)	(251,100,000)	(13,517,410)	(1,106,400,000)
Deposits from customers		(1,239,366)	(99,149,318)	5,606,888	458,923,759
Other liabilities account of customers		-	-	-	-
Other liabilities		(1,375,794)	(110,063,522)	3,188,832	261,005,928
<b>Net cash flow from operating activities (A)</b>		<b>1,107,627</b>	<b>88,610,165</b>	<b>818,356</b>	<b>66,982,484</b>
<b>Cash Flow from Investing Activities</b>		-	-	-	-
<b>Cash Flow from Financing Activities</b>					
Profit remitted to Head Office		1,107,627	88,610,165	(649,575)	(46,119,853)
<b>Net cash in financing activities</b>		<b>(1,107,627)</b>	<b>(88,610,165)</b>	<b>(649,575)</b>	<b>(46,119,853)</b>
<b>Net increase / (Decrease) in cash (A+B+C)</b>		-	-	-	-
<b>Opening cash &amp; cash equivalent as at 1 January</b>		-	-	-	-
<b>Closing cash &amp; cash equivalent as at 31 December</b>		-	-	-	-
<b>Closing cash &amp; cash equivalents</b>					
Cash in Hand		-	-	-	-
Balance with Bangladesh Bank & Sonali Bank		-	-	-	-
Balance with other banks & Financial Institutions		-	-	-	-
Money at call & Short Notice		-	-	-	-
Prize Bond		-	-	-	-
<b>Total</b>		-	-	-	-

These financial statements should be read in conjunction with the annexed notes 1 to 16

  
**Khondker Fazole Rashid**  
 Managing Director

  
**Khondker Jamil Uddin**  
 Director

  
**Abdul Hai Sarker**  
 Director

  
**Reshadur Rahman**  
 Chairman



## Dhaka Bank Limited Offshore Banking Unit continued

**Liquidity Statement**  
(Asset and Liability Maturity Analysis)  
as at 31 December 2012

	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
<b>Assets:</b>												
Cash in hand	-	-	-	-	-	-	-	-	-	-	-	-
Balance with other banks and financial institutions	-	-	-	-	-	-	-	-	-	-	-	-
Money at call on short notice	-	-	-	-	-	-	-	-	-	-	-	-
Investment	-	-	-	-	-	-	-	-	-	-	-	-
Loans and Advances	105,214	8,417,130	9,712,190	776,975,170	365,384	29,230,754	2,613,806	209,104,480	-	-	12,796,594	1,023,727,533
Fixed assets including premises, furniture and fixtures	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	63,122	5,049,777	-	-	-	-	63,122	5,049,777
Non-banking assets	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>105,214</b>	<b>8,417,130</b>	<b>9,712,190</b>	<b>776,975,170</b>	<b>428,507</b>	<b>34,280,531</b>	<b>2,613,806</b>	<b>209,104,480</b>	<b>-</b>	<b>-</b>	<b>12,859,716</b>	<b>1,028,777,310</b>
<b>Liabilities:</b>												
Borrowing from Bangladesh Bank, Other banks, financial institutions and agents	-	-	(3,000,000)	(240,000,000)	-	-	-	-	-	-	(3,000,000)	(240,000,000)
Deposits & Other Accounts	(6,621,040)	(529,683,164)	-	-	-	-	-	-	-	-	(6,621,040)	(529,683,164)
Other Liabilities	(366,764)	(29,341,092)	-	-	-	-	-	-	-	-	(366,764)	(29,341,092)
Capital & Reserve	-	-	-	-	-	-	(946,344)	(75,707,534)	-	-	(946,344)	(75,707,534)
<b>Total Liabilities</b>	<b>(6,987,803)</b>	<b>(559,024,256)</b>	<b>(3,000,000)</b>	<b>(240,000,000)</b>	<b>-</b>	<b>-</b>	<b>(946,344)</b>	<b>(75,707,534)</b>	<b>-</b>	<b>-</b>	<b>(10,934,147)</b>	<b>(874,731,790)</b>
<b>Net Liquidity Gap</b>	<b>(6,882,589)</b>	<b>(550,607,126)</b>	<b>6,712,190</b>	<b>536,975,170</b>	<b>428,507</b>	<b>34,280,531</b>	<b>1,667,462</b>	<b>133,396,946</b>	<b>-</b>	<b>-</b>	<b>1,925,569</b>	<b>154,045,520</b>
<b>Cumulative Liquidity Gap</b>	<b>(6,882,589)</b>	<b>(550,607,126)</b>	<b>(170,399)</b>	<b>(13,631,957)</b>	<b>258,107</b>	<b>20,648,574</b>	<b>1,925,569</b>	<b>154,045,520</b>	<b>1,925,569</b>	<b>154,045,520</b>	<b>-</b>	<b>-</b>



## Dhaka Bank Limited Offshore Banking Unit continued

### Notes to the Financial Statements

#### For the year ended 31 December 2012

##### 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.

### 3 Money at call and Short Notice

### 4 Loans and Advances

#### 4.1 Loans, Cash Credits & Overdrafts etc:

In Bangladesh

Overdraft

Term Loan

Loan against Accepted Bills

Outside Bangladesh

Sub-total

#### 4.2 Bills Purchased & Discounted

Payable in Bangladesh:

Inland bills purchased

Payable outside Bangladesh:

Foreign bills purchased & discounted

Sub-total

Total

#### 4.3 Residual maturity grouping of loans including bills purchased and discounted

Repayable on Demand

Not more than 3 months

More than 3 months but not more than 1 year

More than 1 year but not more than 5 years

More than 5 years

Total

#### 4.4 Maturity grouping of bills purchased & discounted

Payable within 1 month

Over 1 month but less than 3 months

Over 3 months but less than 6 months

6 months or more

Total

2012		2011	
US \$	Taka	US \$	Taka
-	-	-	-
2,219,799	177,583,909	2,176,904	178,179,565
6,173,960	493,916,763	13,560,542	1,109,930,337
620,985	49,678,810	941,221	77,038,939
<b>9,014,744</b>	<b>721,179,482</b>	<b>16,678,666</b>	<b>1,365,148,841</b>
-	-	-	-
<b>9,014,744</b>	<b>721,179,482</b>	<b>16,678,666</b>	<b>1,365,148,841</b>
3,639,050	291,123,997	1,404,149	114,929,621
142,801	11,424,054	267,738	21,914,319
<b>3,781,851</b>	<b>302,548,051</b>	<b>1,671,887</b>	<b>136,843,940</b>
<b>12,796,594</b>	<b>1,023,727,533</b>	<b>18,350,553</b>	<b>1,501,992,781</b>
105,214	8,417,130	9,656,508	790,385,213
9,712,190	776,975,170	4,456,968	364,802,842
365,384	29,230,754	1,855,602	151,880,997
2,613,806	209,104,480	2,381,475	194,923,729
-	-	-	-
<b>12,796,594</b>	<b>1,023,727,533</b>	<b>18,350,553</b>	<b>1,501,992,781</b>
2,107,765	168,621,196	-	-
1,568,875	125,509,989	1,671,887	136,843,940
105,214	8,417,130	-	-
-	-	-	-
<b>3,781,854</b>	<b>302,548,314</b>	<b>1,671,887</b>	<b>136,843,940</b>

## Dhaka Bank Limited Offshore Banking Unit continued

	2012		2011	
	US \$	Taka	US \$	Taka
<b>4.5 Loans on the basis of significant concentration including bills purchased &amp; discounted:</b>				
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	6,794,941	543,595,312	14,501,763	1,186,969,302
Export financing	3,781,854	302,548,315	1,671,887	136,843,916
Consumer credit scheme	-	-	-	-
Special Program Loan (SME)	-	-	-	-
Staff Loan	-	-	-	-
Others	2,219,799	177,583,906	2,176,904	178,179,563
<b>Total</b>	<b>12,796,594</b>	<b>1,023,727,533</b>	<b>18,350,553</b>	<b>1,501,992,781</b>
<b>4.6 Industry - wise loans including bills purchased &amp; discounted:</b>				
Agricultural Industries	-	-	-	-
Pharmaceuticals Industries	-	-	-	-
Textile & Garment Industries	9,716,031	777,282,497	9,091,848	744,167,783
Chemical Industries	466,757	37,340,555	590,985	48,372,152
Food & allied Industries	-	-	-	-
Transport & Communication	2,613,806	209,104,481	6,184,019	506,161,919
Electronics & Automobile Industries	-	-	-	-
Housing & Construction Industries	-	-	-	-
Engineering & Metal Industries including Ship Breaking	-	-	-	-
Energy & Power Industries	-	-	2,381,475	194,923,729
Service Industries	-	-	-	-
Other Industries	-	-	102,226	8,367,198
<b>Total</b>	<b>12,796,594</b>	<b>1,023,727,533</b>	<b>18,350,553</b>	<b>1,501,992,781</b>
<b>4.7 Geographical Location - wise Loans and Advances:</b>				
Dhaka Region	12,796,594	1,023,727,533	18,350,553	1,501,992,781
Chittagong Region	-	-	-	-
Sylhet Region	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>12,796,594</b>	<b>1,023,727,533</b>	<b>18,350,553</b>	<b>1,501,992,781</b>
<b>4.8 Sector - wise loans:</b>				
In Bangladesh				
Government & Autonomous bodies	2,613,806	209,104,480	-	-
Financial Institutions (Public & Private)	-	-	-	-
Other Public Sector	-	-	-	-
Private Sector	10,182,788	814,623,053	18,350,553	1,501,992,781
	12,796,594	1,023,727,533	18,350,553	1,501,992,781
Outside Bangladesh	-	-	-	-
<b>Total</b>	<b>12,796,594</b>	<b>1,023,727,533</b>	<b>18,350,553</b>	<b>1,501,992,781</b>
<b>4.9 Classification of loans &amp; advances:</b>				
Unclassified (including staff loan)	10,103,394	808,271,508	18,051,601	1,477,523,560
Sub-Standard	-	-	196,726	16,102,023
Doubtful	-	-	-	-
Bad or loss	2,693,200	215,456,025	102,226	8,367,198
<b>Total</b>	<b>12,796,594</b>	<b>1,023,727,533</b>	<b>18,350,553</b>	<b>1,501,992,781</b>



## Dhaka Bank Limited Offshore Banking Unit continued

		2012		2011	
		US \$	Taka	US \$	Taka
<b>4.10 Provision required for loans and advances:</b>					
<b>Status</b>	<b>Rate%</b>				
Unclassified	1,2 & 5	100,973	8,077,857	164,873	13,494,865
Special Mention Account	5	304	24,292	68,017	5,567,206
		101,277	8,102,149	232,890	19,062,071
Classified:					
Sub-Standard	20	-	-	37,254	3,049,250
Doubtful	50	-	-	-	-
Bad or loss	100	2,418,271	193,461,699	101,435	8,302,455
		2,418,271	193,461,699	138,689	11,351,705
Required provision for loans & advances		2,519,548	201,563,848	371,579	30,413,776
Total provision maintained		2,519,548	201,563,848	371,579	30,413,776
<b>Excess / short provision as at 31 December</b>		-	-	-	-
<b>4.11 Securities against loans including bills purchased &amp; discounted</b>					
a. Secured					
Collateral of movable / immovable assets		9,014,740	721,179,218	16,678,667	1,365,148,865
Local Banks & Financial Institutions guarantee		3,652,870	292,229,594	1,414,788	115,800,363
Government Guarantee		-	-	-	-
Foreign Banks Guarantee		128,984	10,318,721	257,099	21,043,553
Export documents		-	-	-	-
Fixed Deposits Receipts		-	-	-	-
1 Own FDR		-	-	-	-
2 FDR of Other Banks		-	-	-	-
Government bonds		-	-	-	-
Personal Guarantee		-	-	-	-
Other Securities		-	-	-	-
b. Unsecured		-	-	-	-
<b>Total</b>		<b>12,796,594</b>	<b>1,023,727,533</b>	<b>18,350,553</b>	<b>1,501,992,781</b>
<b>4.12 Particulars of Loans and Advances:</b>					
(i) Loans considered good in respect of which the bank company is fully secured;		8,289,224	663,137,923	11,746,376	961,440,876
(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;		4,507,370	360,589,609	8,339,333	682,574,432
(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;		-	-	-	-
(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;		-	-	-	-

## Dhaka Bank Limited Offshore Banking Unit continued

	2012		2011	
	US \$	Taka	US \$	Taka
(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;	2,314,491	185,159,245	(67,409)	(5,517,438)
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	101,435	8,302,455
d) Interest creditable to the Interest Suspense A/c;	-	-	-	-
(xi) Cumulative amount of the written off loan;	97,931	7,834,456	-	-
<b>5 Other Assets</b>				
Accrued Interest	-	-	-	-
Advance Payment against Deferred LC	-	-	-	-
Prepaid Expenses	4,511	360,868	-	-
Branch Adjustment	58,611	4,688,909	-	-
	<b>63,122</b>	<b>5,049,777</b>	-	-
<b>6 Borrowing from other Banks/Financial Institutions</b>	<b>3,000,000</b>	<b>240,000,000</b>	<b>6,000,000</b>	<b>491,100,000</b>
<b>6.1 Maturity grouping of Borrowings</b>				
Repayable on demand	-	-	-	-
Repayable within 1 month	3,000,000	240,000,000	6,000,000	491,100,000
Over 1 month but within 6 months	-	-	-	-
Over 6 months but within 1 year	-	-	-	-
Over 1 year but within 5 years	-	-	-	-
	<b>3,000,000</b>	<b>240,000,000</b>	<b>6,000,000</b>	<b>491,100,000</b>
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.				
<b>7 Deposits and Other Accounts</b>				
<b>7.1 Current and Other Accounts</b>				
Foreign Currency Deposits	6,415,916	513,273,253	6,315,747	516,943,862
<b>7.2 Bills Payable</b>	-	-	-	-
<b>7.3 Other deposit</b>				
Margin under L/C	67,542	5,403,382	102,964	8,427,612
Deposits Awaiting Disposal	118,832	9,506,529	264,032	21,611,008
Sundry Deposit	18,750	1,500,000	1,000,000	81,850,000
	<b>205,124</b>	<b>16,409,911</b>	<b>1,366,996</b>	<b>111,888,620</b>
<b>Total</b>	<b>6,621,040</b>	<b>529,683,164</b>	<b>7,682,743</b>	<b>628,832,482</b>
<b>7.4 Maturity grouping of deposits and other accounts</b>				
Repayable on demand	6,621,040	529,683,164	6,677,131	546,523,213
Repayable within 1 month	-	-	-	-
Over 1 month but within 6 months	-	-	-	-
Over 6 months but within 1 year	-	-	1,005,611	82,309,269
Over 1 year but within 5 years	-	-	-	-
Over 5 years but within 10 years	-	-	-	-
<b>Total</b>	<b>6,621,040</b>	<b>529,683,164</b>	<b>7,682,743</b>	<b>628,832,482</b>





## Dhaka Bank Limited Offshore Banking Unit *continued*

	2012		2011	
	US \$	Taka	US \$	Taka
<b>8 Other Liabilities</b>				
Accrued Interest	26,858	2,148,636	13,981	1,144,321
Finance from Bill Discounting	925,569	74,045,520	-	-
Refinance by SWAP Woori Bank	1,000,000	80,000,000	-	-
5 years BSP	180	14,370	176	14,370
Export proceeds suspense	35,470	2,837,563	24,960	2,042,976
Interest Suspense Account	274,929	21,994,329	97,894	8,012,588
Tax deducted at source & payable	29,315	2,345,220	15,192	1,243,442
Provision against Expenses	12	974	12	974
Branch Adjustment	-	-	3,433,005	280,991,463
<b>Total</b>	<b>2,292,333</b>	<b>183,386,612</b>	<b>3,585,218</b>	<b>293,450,134</b>
<b>9 Contingent Liabilities</b>				
Acceptance & Endorsement	7,420,604	593,648,327	3,896,380	318,918,723
Letters of Credit	2,016,803	161,344,229	292,248	23,920,515
Letters of Guarantee	-	-	-	-
Bills for Collection	35,939,540	2,875,163,169	23,777,374	1,946,178,060
Other Contingent Liabilities	-	-	-	-
<b>Total</b>	<b>45,376,947</b>	<b>3,630,155,725</b>	<b>27,966,002</b>	<b>2,289,017,298</b>
<b>10 Interest Income</b>				
Interest on Advances	1,015,645	81,251,609	1,408,583	115,292,482
Interest on Money at call and short Notice	-	-	-	-
Call Lending and Fund Placement with banks	-	-	-	-
Accounts with Foreign Banks	-	-	-	-
<b>Total</b>	<b>1,015,645</b>	<b>81,251,609</b>	<b>1,408,583</b>	<b>115,292,482</b>
<b>11 Commission / Fees, Exchange Earnings &amp; Brokerage</b>				
Commission / Fee Income	504,688	40,375,023	336,993	27,582,899
Exchange gain including gain form foreign currency dealings	-	-	-	-
<b>Total</b>	<b>504,688</b>	<b>40,375,023</b>	<b>336,993</b>	<b>27,582,899</b>
<b>12 Other Operating Income</b>				
Postage charge recoveries	12,078	966,252	7,296	597,139
Swift charge recoveries	22,063	1,765,006	5,742	469,992
Other fees	-	-	-	-
<b>Total</b>	<b>34,141</b>	<b>2,731,258</b>	<b>13,038</b>	<b>1,067,131</b>
<b>13 Operating Expenses</b>				
Office operating Expenses	608,129	48,650,356	676,021	55,332,347
<b>14 Cash Received from Other Operating Activities</b>				
Commission, Exchange & Brokerage	504,688	40,375,023	336,993	27,582,899
Other Operating Income	34,141	2,731,258	13,038	1,067,131
<b>Total</b>	<b>538,829</b>	<b>43,106,281</b>	<b>350,031</b>	<b>28,650,030</b>
<b>15 Cash Paid for Other Operating Activities</b>				
Office operating expenses	608,129	48,650,356	676,021	55,332,347

## 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. 80.00, GBP=129.354, Euro =**

**105.778 (2011 : Us \$ 1 = Tk 81.85) which represents the year end mid rate of exchange as at 31 December 2012.**

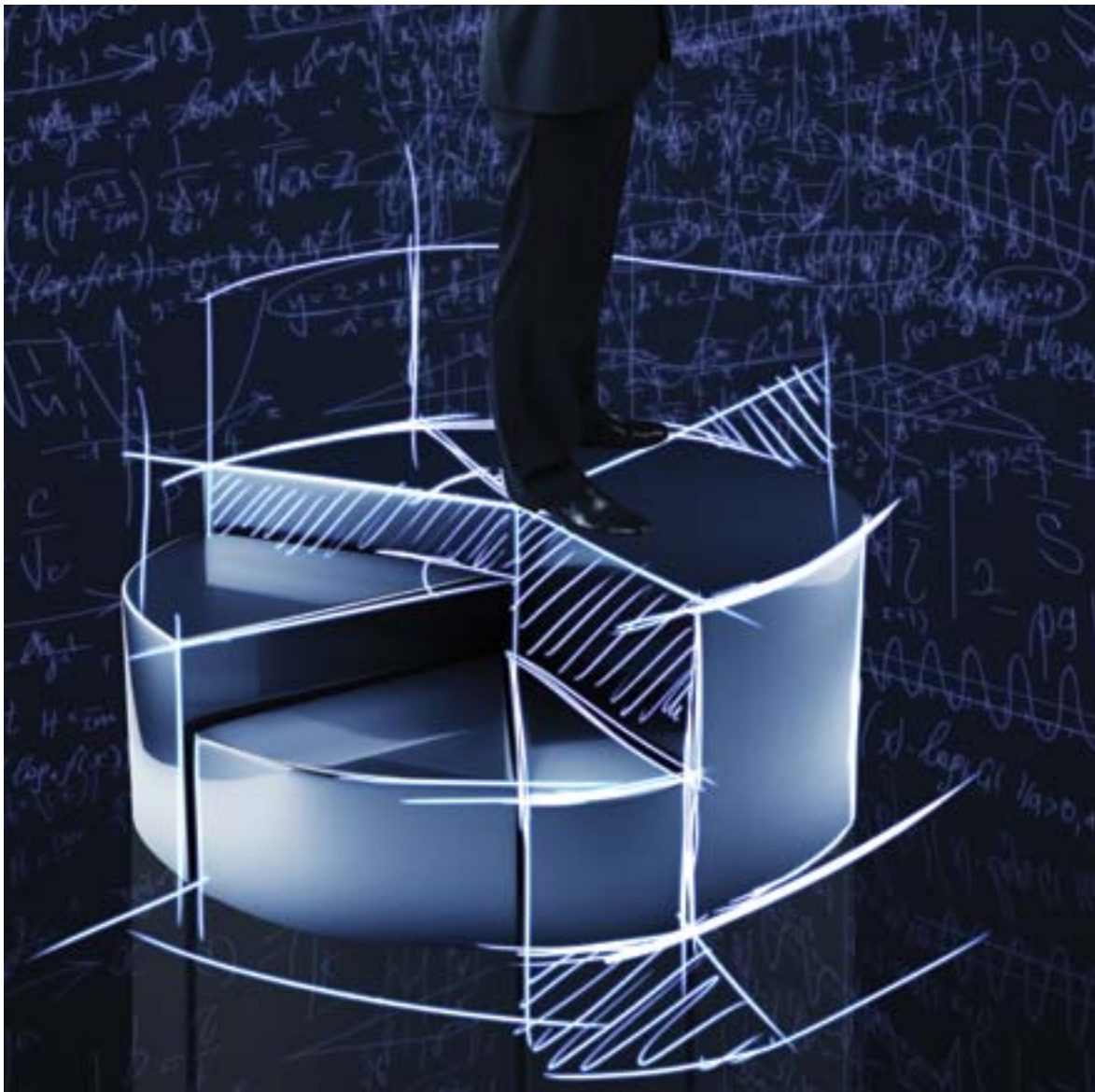
**16.3 Previous year's figures have been rearranged, where considered necessary, to conform to current year's presentation.**

## DBL Securities Limited

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### Auditors' Report and Audited Financial Statement for the Year ended 31 December 2012

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## Auditors' 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 at 31 December 2012, Statement of Comprehensive Income, 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 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 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 2012 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 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; and
- d) the expenditure incurred was for the purpose of business of DBL Securities Limited.

**ACNABIN**

Chartered Accountants

Dhaka, March 12, 2013

## Auditors' Report to the Shareholders of DBL Securities Limited *continued*

### Statement of Financial Position

As on 31 December 2012

	Notes	2012 Taka	2011 Taka
<b>Assets</b>			
<b>Non Current Assets</b>			
Property, Plant and Equipment	4	24,933,321	18,509,516
Investment	5	1,136,272,633	968,277,770
Total Non Current Assets		1,161,205,953	986,787,286
<b>Current Assets</b>			
Cash and Bank Balances	6	92,579,451	241,175,744
Margin Loan and Clients Receivables	7	2,342,532,020	2,071,531,279
Receivable from Dhaka Stock Exchange (DSE)		57,989,912	55,402,276
Receivable from Chittagong Stock Exchange (CSE)		2,181,977	4,868,776
Advance Income Tax	8	64,119,383	16,990,360
Advance, Prepayments and Other Receivables	9	13,974,395	1,798,396
Total Current Assets		2,573,377,137	2,391,766,831
<b>Total Assets</b>		<b>3,734,583,091</b>	<b>3,378,554,117</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Paid-up Capital	10	1,560,000,000	1,500,000,000
Retained Earnings	11	103,088,642	77,042,061
Total Equity		1,663,088,642	1,577,042,061
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Bank Loan	12	1,700,000,000	1,550,000,000
Deferred Tax Liability	13	883,847	-
Total Non-Current liabilities		1,700,883,847	1,550,000,000
<b>Current Liabilities</b>			
Accounts Payable	14	130,245,574	174,724,438
Provision for Income Tax	15	112,492,002	36,241,761
Provision against Unrealized Loss in Portfolio	16	5,231,914	-
Provision against Unrealized Loss in Margin Loan Accounts	17	53,867,713	10,266,289
Stimulation Fund for Affected Investors		8,760,904	-
Other Liabilities	18	60,012,493	30,279,568
Total Current Liabilities		370,610,600	251,512,055
<b>Total Liabilities</b>		<b>2,071,494,448</b>	<b>1,801,512,055</b>
<b>Total Equity &amp; Liabilities</b>		<b>3,734,583,091</b>	<b>3,378,554,117</b>

The annexed notes form an integral part of the Statement of Financial Position.

  
**Niaz Habib**  
 Acting Managing Director

  
**Reshadur Rahman**  
 Director

  
**Abdul Hai Sarker**  
 Chairman

This is the Statement of Financial Position referred to in our separate report of even date.

  
**ACNABIN**  
 Chartered Accountants



## Auditors' Report to the Shareholders of DBL Securities Limited continued

### Statement of Comprehensive Income

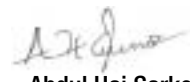
For the year ended 31 December 2012

	Notes	2012 Taka	2011 Taka
<b>Operating Income</b>			
Brokerage Commission Income	19	88,112,190	87,970,107
Gain on Investment in Shares		19,301,551	-
Dividend on Shares		4,816,077	-
Interest Income on Margin Loan	20	140,343,151	67,292,008
Central Depository Bangladesh Limited (CDBL) Income	21	2,524,389	10,240,431
Fees and Other Income	22	16,380,672	9,491,924
<b>Total Operating Income</b>		<b>271,478,029</b>	<b>174,994,470</b>
<b>Operating Expenses</b>			
Salaries and Allowances	23	27,296,143	29,914,668
Rent, Taxes, Insurance and Lighting	24	13,131,578	4,741,415
Legal and Professional Fees	25	346,444	2,291,808
Postage, Stamp and Telecommunication	26	561,550	283,771
Stationery, Printing and Advertisement	27	1,803,269	1,405,347
Expenses related to CDBL	28	1,563,963	2,178,249
Directors' Fee and Meeting Expenses	29	230,868	147,377
Audit Fee		115,000	230,000
Repair and Maintenance	30	5,388,915	3,628,988
Other Operating Expenses	31	3,571,011	2,961,108
Depreciation of Property, Plant and Equipment		5,609,256	3,530,629
<b>Total Operating Expenses</b>		<b>59,617,997</b>	<b>51,313,359</b>
Add: Loss on Disposal of Software		-	131,000
<b>Total Expenses</b>		<b>59,617,997</b>	<b>51,444,359</b>
<b>Profit Before Provision</b>		<b>211,860,032</b>	<b>123,550,111</b>
<b>Less: Provisions</b>			
Provision against Unrealized Loss in Margin Loan Accounts		43,601,424	10,266,289
Provision against Unrealized Loss in Own Portfolio		5,231,914	-
Stimulation Fund for Affected Investors		8,760,904	-
		57,594,242	10,266,289
<b>Profit Before Tax</b>		<b>154,265,790</b>	<b>113,283,822</b>
<b>Less: Provision for Income Tax</b>			
Current Tax		66,160,710	36,241,761
Deferred Tax		883,847	-
		67,044,557	
<b>Net Profit After Tax</b>		<b>87,221,233</b>	<b>77,042,061</b>
<b>Earnings Per Share (EPS)</b>	32	0.56	1.77
<b>Earnings Per Share (EPS) (Restated)</b>			0.49

The annexed notes form an integral part of the Statement of Comprehensive Income.

  
**Niaz Habib**  
 Acting Managing Director

  
**Reshadur Rahman**  
 Director

  
**Abdul Hai Sarker**  
 Chairman

This is the Statement of Comprehensive Income referred to our report of even date.

Dhaka, February 20, 2013

  
**ACNABIN**  
 Chartered Accountants



## Auditors' Report to the Shareholders of DBL Securities Limited *continued*

### Statement of Changes in Equity

For the year ended 31 December 2012

(Amount in Taka)

Particulars	Share Capital	Retained Earnings	Total Taka
Balance as at 01 January 2012	1,500,000,000	77,042,061	1,577,042,061
Adjustment for Prior Year Tax Deficit		(10,089,531)	(10,089,531)
Adjustment with Retained Earnings	-	8,914,880	8,914,880
Bonus Share Issued	60,000,000	(60,000,000)	-
Net profit for the year	-	87,221,233	87,221,233
Balance as of 31 December 2012	1,560,000,000	103,088,642	1,663,088,642

Particulars	Share Capital	Retained Earnings	Total Taka
Balance as at 01 January 2011	150,000,000	-	150,000,000
Issuance of New Shares	1,350,000,000	-	1,350,000,000
Net profit for the year	-	77,042,061	77,042,061
Balance as of 31 December 2011	1,500,000,000	77,042,061	1,577,042,061

Dhaka  
20 February 2013

  
**Niaz Habib**  
Acting Managing Director

  
**Reshadur Rahman**  
Director

  
**Abdul Hai Sarker**  
Chairman



## Auditors' Report to the Shareholders of DBL Securities Limited continued

### Cash Flow Statement

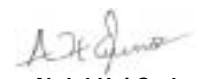
For the year ended 31 December 2012

	2012 Taka	2011 Taka
<b>Cash flows from Operating Activities</b>		
Brokerage Commission Received	88,112,190	87,970,107
Interest Income Received	140,343,151	67,292,008
Other Operating Income Received	18,905,061	19,732,355
Operating Expenses paid in Cash	(54,008,741)	(47,455,251)
<b>Cash generated from operating activities before changes in operating assets and liabilities</b>	<b>193,351,661</b>	<b>127,539,219</b>
<b>Increase / (Decrease) in Operating Liabilities</b>		
Payable to Clients	(40,252,809)	(202,945,263)
Payable to DSE	(5,172,826)	4,597,215
Payable to CSE	1,193,046	17,251
Payable to CDBL	(125,069)	271,867
Other Liabilities	38,647,805	30,279,568
<b>(Increase) / Decrease in Operating Assets</b>		
Receivable from Clients	4,728,040	(18,273,549)
Receivable from DSE	(2,587,636)	32,214,713
Receivable from CSE	2,686,799	11,296,135
Advance Income Tax	(47,129,023)	(16,990,360)
Advance & Prepayments	(12,175,999)	4,544,689
	(60,187,672)	(154,987,734)
<b>Net cash flow from/(used in) Operating Activities (A)</b>	<b>133,163,989</b>	<b>(27,448,515)</b>
<b>Cash used in Investing Activities</b>		
Purchase of Property, Plant and Equipment	(12,154,266)	(7,929,990)
Investment in Shares/Securities	(167,994,863)	(968,277,770)
Income from Investment in Shares	24,117,628	-
Increase in Margin Loan	(275,728,781)	(178,639,618)
<b>Net cash used in Investing Activities (B)</b>	<b>(431,760,282)</b>	<b>(1,154,847,378)</b>
<b>Cash flow from Financing Activities</b>		
Proceeds from issue of Share capital	-	1,350,000,000
Receipt/(Repayment) of Loan from DBL	150,000,000	(393,639,990)
<b>Net cash flow from financing activities (C)</b>	<b>150,000,000</b>	<b>956,360,010</b>
<b>Net deficit in Cash and Bank Balances for the year (A+B+C)</b>	<b>(148,596,293)</b>	<b>(225,935,883)</b>
Cash and Bank Balance at beginning of the year	241,175,744	467,111,627
<b>Cash &amp; Bank Balance at the end of the year</b>	<b>92,579,451</b>	<b>241,175,744</b>
<b>(*) Cash &amp; Bank Balance:</b>		
Cash in Hand	197,500	85,578
Cash at Bank	92,381,951	188,180,410
Balance in FDR Accounts with DBL	-	52,909,756
	<b>92,579,451</b>	<b>241,175,744</b>

Dhaka  
20 February 2013

  
**Niaz Habib**  
Acting Managing Director

  
**Reshadur Rahman**  
Director

  
**Abdul Hai Sarker**  
Chairman

## Auditors' Report to the Shareholders of DBL Securities Limited *continued*

### Notes to the Financial Statements

#### For the year ended 31 December 2012

#### 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 July 19, 2010 as a Private Company Limited by Shares having its registered office at Adamjee Court (1st Floor), 115-120, Motijheel C/A, Dhaka -1000. Subsequently, the company obtained stock broker and stock dealer registration certificates from Bangladesh Securities and Exchange Commission (BSEC) on 06 February 2011 for both the stock exchanges. 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 or dealers 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 International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh as Bangladesh Financial Reporting Standards (BFRS's) and other applicable laws and regulations.

##### 2.2 Components of the Financial Statements

The financial statements referred to here comprise of:

- a) Statement of Financial Position;
- b) Statement of Comprehensive Income;
- c) Statement of Changes in Equity;
- d) Statement of Cash Flows; and
- e) Notes to the Financial Statements.

##### 2.3 Basis of Measurement

The financial statements have been prepared based on historical cost convention basis. No adjustment has been made for inflationary factors affecting the financial statements. The accounting policies, unless otherwise

stated, have been consistently applied by the Company and are consistent with those of the previous year.

##### 2.4 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.

##### 2.5 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.

##### 2.6 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.

##### 2.7 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



## Auditors' Report to the Shareholders of DBL Securities Limited continued

intends to settle on net basis. Income and expenses are presented on a net basis only when permitted by the relevant accounting standards.

### 2.8 Property Plant and Equipment

#### 2.8.1 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.

#### 2.8.2 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.

#### 2.8.3 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:

Furniture and fixtures	10%
Office Appliance and Equipment	20%
Computer Equipments	20%
Software	20%
Motor Vehicles	20%

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.

### 2.9 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.

### 2.10 Investment in Stock Exchange 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.

### 2.11 Investment in Securities

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.

### 2.12 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.

### 2.13 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.

### 2.14 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.

## Auditors' Report to the Shareholders of DBL Securities Limited continued

### 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.

### 2.15 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 Profit and Loss Account.

### 2.16 Provision against Unrealized Loss in Margin Loan Accounts

As Per Bangladesh Securities and Exchange Commission (BSEC) Circular No. sec/mukhpatra/2011/696 dated on 19 February 2013, the company kept 20% Provision against Unrealized Loss in the Portfolio accounts of Margin Loan Clients.

### 2.17 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 operating decisions. The Company carried out

transactions in the ordinary course of business on an arm's length basis at commercial rates with related parties.

### 2.18 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".

### 2.19 Branch Accounting

The Company has a total 6 number of Branch Offices (excluding Head Office), with no overseas branch as on 31 December, 2012. Accounts of the branches are maintained at the head office which are included in the accompanying financial statements.

### 2.20 Reporting Period

The company's reporting period is January to December.

### 2.21 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.

## 4. Property, Plant and Equipment

### A. Cost

Opening balance 22,040,145  
Add: Addition during the year 12,033,061  
Less: Disposal during the year -

### B. Accumulated Depreciation

Opening balance 3,530,629  
Add: Charged during the year 5,609,256

### C. Written Down Value (A-B)

A schedule of Property, Plant and Equipment is given in Annexure - A

## 5. Investments

### Investment in

	2012 Taka	2011 Taka
Share of DSE	700,000,000	700,000,000
Share of CSE	250,000,000	250,000,000
Share of CDBL	18,277,770	18,277,770
Portfolio	167,994,863	-
	<b>1,136,272,633</b>	<b>968,277,770</b>

A schedule of Investment in Portfolio is given in Annexure - B

## 6. Cash and Bank Balances

	2012 Taka	2011 Taka
Cash in Hand	197,500	85,578
Cash at Bank (Note: 6.1)	92,381,951	188,180,410
Balance in FDR Accounts with DBL	-	52,909,756
	<b>92,579,451</b>	<b>241,175,744</b>

	2012 Taka	2011 Taka
Opening balance	22,040,145	12,891,155
Add: Addition during the year	12,033,061	9,279,990
	34,073,206	22,171,145
Less: Disposal during the year	-	131,000
	34,073,206	22,040,145
Opening balance	3,530,629	-
Add: Charged during the year	5,609,256	3,530,629
	9,139,885	3,530,629
	<b>24,933,321</b>	<b>18,509,516</b>
Share of DSE	700,000,000	700,000,000
Share of CSE	250,000,000	250,000,000
Share of CDBL	18,277,770	18,277,770
Portfolio	167,994,863	-
	<b>1,136,272,633</b>	<b>968,277,770</b>
Cash in Hand	197,500	85,578
Cash at Bank (Note: 6.1)	92,381,951	188,180,410
Balance in FDR Accounts with DBL	-	52,909,756
	<b>92,579,451</b>	<b>241,175,744</b>





## Auditors' Report to the Shareholders of DBL Securities Limited continued

		2012 Taka	2011 Taka
<b>6.1 Cash at Bank</b>			
Name of Bank	Account #		
Dhaka Bank Limited	201.150.2960	5,221,764	87,495,216
Dhaka Bank Limited	201.150.2972	66,959,868	70,358,808
IFIC Bank Limited (Broker A/C)	1090.358002.001/041	17,279,904	27,180,019
IFIC Bank Limited (Dealer A/C)	1090-358447-001	296,168	-
United Commercial Bank Limited	72.111.16443	2,624,247	3,146,367
		<b>92,381,951</b>	<b>188,180,410</b>
<b>7. Margin Loan and Clients Receivable</b>			
Margin Loan Client		2,328,986,511	2,053,257,730
General Client		13,545,509	18,273,549
		<b>2,342,532,020</b>	<b>2,071,531,279</b>
<b>8. Advance Income Tax</b>			
Opening Balance		16,990,360	-
Add: Paid during the year (Note: 8.1)		47,129,023	16,990,360
		<b>64,119,383</b>	<b>16,990,360</b>
<b>8.1 Advance Income Tax (Addition)</b>			
AIT/TDS on Brokerage Commission - DSE		12,589,125	14,959,798
AIT/TDS on Brokerage Commission - CSE		718,882	1,538,506
Advance Income Tax paid		31,840,932	-
AIT/TDS on Interest Income and Dividend		1,980,084	492,056
		<b>47,129,023</b>	<b>16,990,360</b>
<b>9. Advance, Prepayments and Other Receivables</b>			
Advance Rent -Premises		11,489,820	807,960
Prepaid Insurance - Fire and Burglary		35,104	40,436
Prepaid Insurance - Vehicles		7,471	-
Receivable against Cash Dividend		1,592,000	-
Advance- Purchase of Micro Bus		-	100,000
Advance - Purchase of Floor Space at DSE Tower		850,000	850,000
		<b>13,974,395</b>	<b>1,798,396</b>
<b>10. Share Capital</b>			
<b>Authorized Capital</b>			
500,000,000 ordinary shares @ Tk.10 each		<b>5,000,000,000</b>	<b>5,000,000,000</b>

### Paid up Capital

The Issued, Subscribed and Paid-up Capital is Tk.1560,000,000.00 divided into 156,000,000 ordinary shares of Taka 10 each fully paid. The Shareholding position of the company as on December 31, 2012 is as follows:

Sl. #	Name of Shareholders	Number of Shares held	% Of Shareholding		
01.	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	1,499,999,990
02.	Mr. Dilwar Hossain	1	0.000001	10	-
03.	Mr. Choudhury Md. Humayun Kabir	1	0.000001	10	-
04.	Mr. Md. Mahbubur Rahman	1	0.000001	10	-
05.	Mr. ABM Saiful Islam	1	0.000001	10	-
06.	Mr. Nazmul Alam Khan	1	0.000001	10	-
07.	Mrs. Shahnaz Naznin	1	0.000001	10	10
	<b>Total</b>	<b>156,000,000</b>	<b>100</b>	<b>1,560,000,000</b>	<b>1,500,000,000</b>

The company increased its Paid-up Share Capital from Tk.1,500,000,000 to Tk.1,560,000,000 by issuing 6,000,000 bonus shares to the shareholders as approved in 2nd Annual General Meeting held on 25 March 2012 & 11th Board Meeting held on 26 January 2012.

## Auditors' Report to the Shareholders of DBL Securities Limited continued

	2012 Taka	2011 Taka		
<b>11. Retained Earnings</b>				
Opening Balance	77,042,061	-		
Add: Net profit for the year	87,221,233	77,042,061		
Adjustment with Retained Earnings	8,914,880	-		
	96,136,113	77,042,061		
	173,178,173	77,042,061		
Less : Bonus Share Issued	60,000,000	-		
Adjustment for Prior Year Tax Deficit	10,089,531	-		
	70,089,531	-		
	<b>103,088,642</b>	<b>77,042,061</b>		
<b>12. Long Term Loan (Loan from Dhaka Bank)</b>				
Opening Balance	1,550,000,000	1,943,639,990		
Add : Addition during the year	852,000,000	-		
	2,402,000,000	1,943,639,990		
Less : Paid during the year	702,000,000	393,639,990		
	<b>1,700,000,000</b>	<b>1,550,000,000</b>		
<b>13. Deferred Tax Liability</b>				
	<b>Carrying Amount</b>	<b>Tax Base</b>	<b>Taxable Temporary Difference</b>	
Property Plant and Equipment-Own	24,933,321	22,576,395	2,356,926	-
Temporary difference	<b>24,933,321</b>	<b>22,576,395</b>	<b>2,356,926</b>	-
Applicable Rate			37.5%	-
Deferred Tax Liability for the year ended 31 December 2012			<b>883,847</b>	-
<b>14. Accounts Payable</b>				
Payable to :				
Clients		127,058,889	167,311,699	
Central Depository Bangladesh Limited (CDBL)		153,781	278,850	
Suppliers		1,228,795	1,350,000	
Dhaka Stock Exchange (DSE)		572,444	5,745,270	
Chittagong Stock Exchange CSE		1,231,665	38,619	
		<b>130,245,574</b>	<b>174,724,438</b>	
<b>15. Provision for Tax</b>				
Opening Balance		36,241,761	-	
Add: Provision made during the year				
Provision made for current year		66,160,710	36,241,761	
Adjustment against Tax Return of Last Year		10,089,531	-	
		76,250,241	36,241,761	
		<b>112,492,002</b>	<b>36,241,761</b>	
<b>16. Provision against Unrealized Loss in Portfolio</b>				
Opening balance		-	-	
Add: Unrealized loss increased during the year (Note-16.1)		5,231,914	-	
		<b>5,231,914</b>	<b>-</b>	

DBL Securities Limited has created provision for compensating loss which is incurred due to decrease in market price of shares.

### 16.1 Provision against Unrealized Loss in Portfolio

Banks	2,369,160	-
Financial Institution	4,959,229	-
Fuel & Power	12,473,758	-
Insurance	985,206	-
Mutual Fund	399,185	-
Pharmaceuticals & Chemicals	3,970,251	-
Textile	693,183	-
Cement	283,000	-
Telecommunication	26,600	-
Total Unrealized Loss	<b>26,159,571</b>	-
20% of Total Unrealized Loss	<b>5,231,914</b>	-

As Per Bangladesh Securities and Exchange Commission Circular no. sec/mukhpatra/2011/696 dated on 19 February 2013 the company kept 20% Provision against unrealized Loss in Own Portfolio.

A schedule of Provision against Unrealized Loss in Portfolio has been given in Annexure B.



## Auditors' Report to the Shareholders of DBL Securities Limited continued

	2012 Taka	2011 Taka
<b>17. Provision against Unrealized Loss in Margin Loan Accounts</b>		
Opening Balance	10,266,289	-
Add : Addition during the year	43,601,424	10,266,289
	<b>53,867,713</b>	<b>10,266,289</b>
As Per Bangladesh Securities and Exchange Commission Circular no. sec/mukhpatra/2011/696 dated on 19 February 2013, the company kept 20% Provision against Unrealized Loss in the Portfolio accounts of Margin Loan Clients.		
<b>18. Other Liabilities</b>		
Opening Balance	30,279,568	-
Add: Addition during the year	250,116,551	30,279,568
	280,396,119	30,279,568
Less: Paid during the year	211,468,746	-
Adjusted during the year	8,914,880	-
	220,383,626	-
	<b>60,012,493</b>	<b>30,279,568</b>
Details are given in Annexure-C		
<b>19. Brokerage Commission Income</b>		
Brokerage - Dhaka Stock Exchange (DSE)	93,030,356	88,943,777
Brokerage - Chittagong Stock Exchange (CSE)	6,154,382	9,668,328
	99,184,738	98,612,105
Less: Direct Expenses		
Laga Charges	5,287,258	4,729,345
Howla Charges	1,064,074	997,032
Daily Settlement (Pay In/Pay Out)	4,721,216	4,915,621
	11,072,548	10,641,997
<b>Net Brokerage Commission</b>	<b>88,112,190</b>	<b>87,970,107</b>
<b>20. Interest Income on Margin Loan</b>		
Interest Income on Margin Loan	358,452,526	295,977,443
Less: Interest Expenses on Borrowed Funds	218,109,375	228,685,435
	<b>140,343,151</b>	<b>67,292,008</b>
<b>21. Central Depository Bangladesh Limited (CDBL) Income</b>		
Transfer In/Out charges	771,369	481,131
Income from share - Bonus/Right/IPO/Split/Demat	1,242,104	2,991,452
Charge on Pledge/Unpledge of shares	510,916	525,240
Cash Back from CDBL	-	6,242,608
	<b>2,524,389</b>	<b>10,240,431</b>
<b>22. Fees and Other Income</b>		
Custodial Income	-	300,000
Interest on Investment in FDR	7,096,672	4,920,563
Interest on SND A/C	7,144,534	1,274,592
Account Opening and Closing Fees	236,320	336,778
BO Account Renewal Fees	469,812	576,239
Other Income	1,433,335	2,083,754
	<b>16,380,672</b>	<b>9,491,924</b>
<b>23. Salaries and Allowances</b>		
Basic Salaries	11,567,050	8,980,020
House Rent Allowances	6,513,603	5,183,310
Conveyance Allowances	856,719	772,800
Medical Allowance	891,437	646,373
House Maintenance Expenses	51,800	54,000
Living Allowances	1,185,744	-
Entertainment Allowances	376,849	656,400
Leave Fare Assistances	1,620,387	1,206,000
Other Allowances for Employees	102,048	270,000
Employer's Contribution to Provident Fund	991,467	770,310
Car Allowances	738,800	417,600
Bonus (Festival/Incentive)	1,985,091	10,878,330
Medical Expenses- Officers & Executives	415,148	79,525
	<b>27,296,143</b>	<b>29,914,668</b>

## Auditors' Report to the Shareholders of DBL Securities Limited *continued*

	2012 Taka	2011 Taka
<b>24. Rent, Rates ,Taxes, Insurance and Lighting</b>		
Trade License Renewal Fees	79,260	66,050
Rent Expenses	10,079,656	3,132,959
Shared Utility Expenses	154,993	294,993
Insurance Expense - Office Premises	72,523	38,109
Insurance Exp-Vehicles	82,177	-
Electricity Bill	1,280,390	546,485
Water and Sewerage	316,255	55,143
Fuel Expense - Generator / Pool Car	651,327	9,000
Pool Car Expenses	279,553	11,290
Contribution to Investors' Protection Fund-CSE	402	1,848
Contribution to Investors' Protection Fund-DSE	15,943	7,415
AR Registration Fees (For CSE)	1,100	-
AR Registration Fees - (For DSE)	10,000	12,800
AR ID Card Expenses-DSE	-	1,400
AR ID Card Expenses-CSE	-	9,900
TWS Set up Expenses-DSE (TWS# 21 -30)	-	500,023
Subscription to DSE Members Club	-	4,000
Membership Fees	13,000	15,000
Excise duty Expense	95,000	35,000
	<b>13,131,578</b>	<b>4,741,415</b>
<b>25. Legal and Professional Fees</b>		
Professional Fees - Legal Consultants	85,691	170,840
Professional Fees & Service Charge	260,753	-
Capital Raising Expenses	-	2,120,968
	<b>346,444</b>	<b>2,291,808</b>
<b>26. Postage, Stamp and Telecommunication</b>		
Telephone and Fax Expenses	197,215	98,804
Mobile and Internet Bills	333,536	130,199
Postage and Courier Expenses	30,799	54,769
	<b>561,550</b>	<b>283,771</b>
<b>27. Stationary, Printing and Advertisement</b>		
Stationeries-General	443,278	1,027,042
Stationeries-Computer Accessories	943,774	378,305
Printing - Brochure, Catalog and Booklet	407,467	-
Periodicals and Magazines	8,750	-
	<b>1,803,269</b>	<b>1,405,347</b>
<b>28. Expenses related with CDBL</b>		
Transfer in/out	495,843	363,012
Bonus/Rights/IPO/Split/Demat	731,537	1,325,065
Pledge/Unpledge	330,583	375,172
Monthly Connection Fees	6,000	5,000
Annual Account Maintenance Fees	-	110,000
	<b>1,563,963</b>	<b>2,178,249</b>
<b>29. Directors' Fees and Meeting Expenses</b>		
Directors' Fees	135,000	120,000
Meeting, Seminar and Conference Expenses	95,868	27,377
	<b>230,868</b>	<b>147,377</b>
<b>30. Repair and Maintenance</b>		
Network Connectivity Charges	2,079,000	1,565,875
Cleaning and Maintenance Services	728,883	492,170
Security Guard Expenses	1,450,482	920,997
Flower Expenses- Office Premises	31,592	33,778
Planting and Nursery Expenses- Office Premises	101,350	45,415
Office Maintenance (Note: 30.1)	997,608	570,753
	<b>5,388,915</b>	<b>3,628,988</b>



## Auditors' Report to the Shareholders of DBL Securities Limited continued

	2012 Taka	2011 Taka
<b>30.1 Office Maintenance</b>		
Office Premises	272,563	293,200
Furniture and Fixtures	13,090	49,060
Office Appliances	514,360	66,083
Electricity Appliances	85,280	128,105
Computer, Printer and UPS	42,440	26,300
Vehicles	54,095	-
Others	15,780	8,005
	<b>997,608</b>	<b>570,753</b>
<b>31. Other Operating Expenses</b>		
<b>31.1 Bank Charges and Commission</b>		
Bank Charges	15,217	13,730
Commission Expenses- Bank Guarantees	833,750	1,121,250
	<b>848,967</b>	<b>1,134,980</b>
<b>31.2 Entertainment Expenses</b>		
Entertainment-Regular Canteen Expenses	1,488,203	855,604
Entertainment- Parties and Dinner Expenses	151,399	80,000
	<b>1,639,602</b>	<b>935,604</b>
<b>31.3 Travelling &amp; Conveyance</b>		
Conveyance Expenses-Local	127,741	63,831
Traveling Expenses & Allowances-Local	56,758	23,945
	<b>184,499</b>	<b>87,776</b>
<b>31.4 Other Expenses</b>		
Newspapers	50,348	34,743
Staff Uniform Expenses	20,573	7,704
Training & Development (Local) -Executive	69,820	58,000
Advertisements in Newspapers	-	316,050
Miscellaneous - (Others)	757,203	386,251
	<b>897,944</b>	<b>802,748</b>
<b>Total Other Operating Expenses</b>	<b>3,571,011</b>	<b>2,961,108</b>
<b>32. Earnings per Share (EPS)</b>		
a) Net Profit After Tax	87,221,233	77,042,061
b) Weighted Avg. No. of Shares Outstanding (calculation as below)	156,000,000	43,479,452
<b>Earnings per Share (EPS) (a ÷ b)</b>	<b>0.56</b>	<b>1.77</b>
<b>Restated</b>		
a) Net Profit after tax for the year		77,042,061
b) Number of ordinary shares outstanding		156,000,000
<b>Earnings per Share (EPS) (a ÷ b)</b>		<b>0.49</b>

Nature Of Shares	Number Of Shares	Period	Days Of Share Holding	No. Of Shares Outstnading 31.12.2012	Weighted Average No. Of Shares Outstanding 31.12.2011
Ordinary shares	150,000,000	01.01.2012 to 31.12.2012	365	150,000,000	-
Bonus Shares	6,000,000	01.01.2012 to 31.12.2012	365	6,000,000	-
Ordinary shares	15,000,000	01.01.2011 to 31.12.2011	365	-	15,000,000
Ordinary shares Issued	135,000,000	16.10.2011 to 31.12.2011	77	-	28,479,452
Total	156,000,000			<b>156,000,000</b>	<b>43,479,452</b>



## Auditors' Report to the Shareholders of DBL Securities Limited continued

## Annexure-A

Schedule of Property, Plant and Equipment  
As on 31 December 2012

(Amount in Taka)

Particulars	Cost			Rate %	Depreciation		Written Down Value As On 31.12.2012
	Balance As On 01.01.2012	During The Year Addition	Disposals		Balance As On 01.01.2012	Charged During The Year	
Furniture and Fixture	8,773,999	3,279,851	-	10	877,400	1,205,385	9,971,065
Office Appliance & Equipments	3,824,230	1,767,970	-	20	764,846	1,118,440	3,708,914
Computer	4,610,455	3,994,735	-	20	966,292	1,721,038	5,917,860
Software	4,831,461	-	-	20	922,091	966,292	2,943,078
Motor Vehicles	-	2,990,505	-	20	-	598,101	2,392,404
<b>As on 31 December 2012</b>	<b>22,040,145</b>	<b>12,033,061</b>	<b>-</b>		<b>3,530,629</b>	<b>5,609,256</b>	<b>24,933,321</b>
<b>As on 31 December 2011</b>	<b>12,891,155</b>	<b>9,279,990</b>	<b>131,000</b>		<b>-</b>	<b>3,530,629</b>	<b>18,509,516</b>



## Auditors' Report to the Shareholders of DBL Securities Limited continued

### Annexure - B

#### Schedule of Investments in Shares As on 31 December 2012

Sl.#	Name of the Company	Types of Shares	Face Value	No. of Shares	Average Costs	Total Cost	Quoted Rate per share as on 31-12-2012	Total Market Value as on 31-12-2012	Unrealized Gain/(Loss)
	Quoted:								
<b>Banks</b>									
1	One Bank	A	10	323,500	28.99	9,378,265	22.8	7,375,800	(2,002,465)
2	Southeast	A	10	145,500	22.29	3,243,195	20	2,910,000	(333,195)
3	Mercantile Bank	A	10	14,000	19.05	266,700	19.1	267,400	700
4	ICBL Bank	Z	10	85,500	7.90	675,450	7.5	641,250	(34,200)
<b>Sub Total</b>									
						<b>13,563,610</b>		<b>11,194,450</b>	<b>(2,369,160)</b>
<b>Financial Institutions</b>									
1	ULC	A	10	219,200	45.69	10,015,248	31.2	11,194,450	(2,369,160)
2	ICB	A	100	6,425	1,777.44	11,420,052	1508.25	6,839,040	(3,176,208)
3	International Leasing	A	10	46,500	21.25	988,125	20.1	934,650	(53,475)
<b>Sub Total</b>									
						<b>22,423,425</b>		<b>17,464,196</b>	<b>(4,959,229)</b>
<b>Fuel &amp; Power</b>									
1	Jamuna Oil	A	10	78,000	231.01	18,018,780	178.5	13,923,000	(4,095,780)
2	Mpetroleum	A	10	182,000	187.79	34,177,780	158.5	28,847,000	(5,330,780)
3	DESCO	A	10	217,000	73.38	15,923,050	72.1	15,645,700	(277,350)
4	Power Grid	A	10	156,200	64.65	10,098,330	55.6	8,684,720	(1,413,610)
5	Padma Oil	A	10	27,000	218.38	5,896,260	187.5	5,062,500	(833,760)
6	Barakatullah electro	A	10	48,400	41.12	1,990,208	32.6	1,577,840	(412,368)
7	Khulna Power Co. Ltd	A	10	45,500	52.22	2,376,010	49.8	2,265,900	(110,110)
<b>Sub Total</b>									
						<b>88,480,418</b>		<b>76,006,660</b>	<b>(12,473,758)</b>
<b>Insurance</b>									
1	Sonabangla Insurance	A	10	16,000	38.96	623,360	31.4	502,400	(120,960)
2	Rupali Insurance	A	10	125,800	52.77	6,638,466	45.9	5,774,220	(864,246)
<b>Sub Total</b>									
						<b>7,261,826</b>		<b>6,276,620</b>	<b>(985,206)</b>
<b>Mutual Fund:</b>									
1	1st BSRS		10	54,500	98.72	5,380,240	90.7	4,943,150	(437,090)
2	EBL NRB MF		10	199,500	9.21	1,837,395	9.4	1,875,300	37,905
<b>Sub Total</b>									
						<b>7,217,635</b>		<b>6,818,450</b>	<b>(399,185)</b>
<b>Pharmaceuticals &amp; Chemicals</b>									
1	Beximco Pharma	A	10	108,456	57.81	6,269,841	55.9	6,062,690	(207,151)
2	Keya Cosmetics	A	10	242,000	46.15	11,168,300	30.6	7,405,200	(3,763,100)
<b>Sub Total</b>									
						<b>17,438,141</b>		<b>13,467,890</b>	<b>(3,970,251)</b>
<b>Textile</b>									
1	R.N. Spinning Mills	A	10	57,250	38.67	2,213,858	34.1	1,952,225	(261,633)
2	Envoy Textiles Ltd	N	10	105,000	56.51	5,933,550	52.4	5,502,000	(431,550)
<b>Sub Total</b>									
						<b>8,147,408</b>		<b>7,454,225</b>	<b>(693,183)</b>
<b>Cement</b>									
1	IMI Cement	A	10	22,000	95.76	2,106,800	82.9	1,823,800	(283,000)
<b>Sub Total</b>									
						<b>2,106,800</b>		<b>1,823,800</b>	<b>(283,000)</b>
<b>Telecommunication</b>									
1	BD Submarine	A	10	10,000	135.56	1,355,600	132.9	1,329,000	(26,600)
<b>Sub Total</b>									
						<b>1,355,600</b>		<b>1,329,000</b>	<b>(26,600)</b>
<b>Total Investments in Quoted Shares</b>									
						<b>167,994,863</b>		<b>141,835,292</b>	<b>(26,159,571)</b>
<b>Unquoted:</b>									
1	Dhaka Stock Exchange Limited			1		700,000,000			
2	Chittagong Stock Exchange Limited			1		250,000,000			
3	Central Depository Bangladesh Limited (CDBL)			1		18,277,770			
<b>Total Investments in Un-quoted Shares</b>									
						<b>968,277,770</b>			
<b>Total Investments in Shares</b>									
						<b>1,136,272,633</b>			

## Auditors' Report to the Shareholders of DBL Securities Limited *continued*

### Annexure-C

#### Schedule of Other Liabilities

As on 31 December 2012

(Amount in Taka)

	Opening Balance	Addition	Paid	Closing Balance
Salary Payable	29,718,570	24,626,337	45,430,027	-
Interest Expenses ( Loan from DBL)	-	218,109,375	160,685,625	57,423,750
Audit Fees	115,000	115,000	115,000	115,000
Other Expenses	374,290	3,621,510	2,102,285	1,893,515
Security Money Deposited by Contractors	-	222,308	-	222,308
VAT Current A/c	46,320	1,633,247	1,501,673	177,894
Tax Withholding Liabilities	25,388	1,788,774	1,634,136	180,026
As on 31 December 2012	30,279,568	250,116,551	211,468,746	60,012,493



## Reminiscence 2012



Let us preserve our heritage

## Reminiscence 2012

continued

### Accolades



### Spreading Outreach







## Reminiscence-2012

continued

### New Product, Social Bonding & HR Development



### New ADCs & Hajj Card



## DBL Network

### Dhaka Region

#### Amin Bazar Branch

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

#### Banani Branch

Date of Opening: October 7, 1996  
73/B, Kemal Ataturk Avenue  
Banani, Dhaka 1213  
Tel: 986 2942, 988 1582(Dir), 988 2324-5  
Fax: 883 3481  
E-mail: banani@dhakabank.com.bd

#### Bangshal Branch

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  
E-mail: bangshal@dhakabank.com.bd

#### Baridhara Branch

Date of Opening: November 14, 2006  
House: 27 Block: K, Shahid Shuhrawardi  
Avenue, Baridhara, Dhaka 1229  
Tel: 883 2063-5  
Fax: 883 2068  
E-mail: baridhara@dhakabank.com.bd

#### Banashree Branch

Date of Opening: July 18, 2012  
Nilachal (1st floor), Plot# 14, Block# B  
Main Road, Banashree, Dhaka  
Tel: 839 6420, 839 6421  
Fax: 839 6426,  
E-mail: banashree@dhakabank.com.bd

#### Board Bazar Branch

Date of Opening: November 8, 2006  
Board Bazar, Gazipur 1704  
Tel: 929 3595-6  
Fax: 929 3595-106  
E-mail: boardbazar@dhakabank.com.bd

#### DEPZ Branch

Date of Opening: April 12, 2001  
Zone Service Building, Room # 48-51  
DEPZ, Ganakbari Savar, Dhaka  
Tel: 778 9671  
Fax: 778 9672  
E-mail: depz@dhakabank.com.bd

#### Dhanmondi Branch

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

#### Dhanmondi Model Branch

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

#### Fantasy Kingdom Branch

Date of Opening: March 20, 2002  
Chowdhury Plaza, Jamgara, Ashulia  
Savar, Dhaka  
Tel: 779 0711-2  
Fax: 779 0712  
E-mail: fantasy.kingdom@dhakabank.com.bd

#### Foreign Exchange Branch

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

#### Gulshan Branch

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

#### Imamgonj Branch

Date of Opening: January 12, 1997  
Sardar Mansion, 01, Imamgonj Lane  
Imamgonj Bazar, Dhaka  
Tel: 731 4032(Dir), 731 4136, 731 8031  
Fax: 731 4135,  
E-mail: imamgonj@dhakabank.com.bd

#### Islamic Banking Branch, Motijheel

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

#### Islampur Branch

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

#### Jatrabari Branch

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

#### Joypara Branch, Dohar

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

#### Karwan Bazar Branch

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

#### Keranigonj Branch

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.bd

#### Khilgaon Branch

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

#### Konabari Branch

Date of Opening: December 28, 2006  
146/147 (1st Floor) BSCIC  
Konabari, Gazipur  
Tel: 929 8701, 929 8821  
Fax: 929 8701-108  
E-mail: konabari@dhakabank.com.bd

#### Local Office

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



## DBL Network *continued*

### Mirpur Branch

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

### Moghbar Branch

Date of Opening: September 11, 2006  
70, Outer Circular Road, (1st & 2nd Floor)  
Moghbar, Dhaka 1217  
Tel: 833 1945-7  
Fax: 833 1948  
E-mail: moghbar@dhakabank.com.bd

### Mohakhali Branch

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

### Rajanagar Branch

Date of Opening: June 17, 2012  
Smriti Plaza (1st floor), Rajanagar  
Sirajdikhan, Munshigonj  
Cell: 01841-394977, 01938-834137  
01711-394977  
E-mail: rajanagar@dhakabank.com.bd

### Savar Bazar Branch

Date of Opening: August 25, 2008  
Alam Plaza (1st Floor), 122/3 Jaleshor  
Savar Bazar Bus Stand, Savar, Dhaka  
Tel: 774 3435  
Fax: 774 3434  
E-mail: savar@dhakabank.com.bd

### Uttara Branch

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

## Chittagong Region

### Agrabad Branch

Date of Opening: January 20, 1996  
Chamber House, 38, Agrabad C/A  
Chittagong  
Tel: 031-252 3420-2, 031-252 4618  
Fax: 031-252 4871  
E-mail: agrabad@dhakabank.com.bd

### Anderkilla Branch

Date of Opening: November 28, 2012  
Mozahar Bhaban (1st & 2nd floor)  
222/223, Abdus Sattar Road, Anderkilla  
Rahmatganj, Chittagong  
Tel: 031-286 9710-2  
Fax: 031-286 9713  
E-mail: anderkilla@dhakabank.com.bd

### CDA Avenue Branch

Date of Opening: December 28, 2005  
787/A Avenue Centre (1st Floor)  
East Nasirabad, Chittagong 4203  
Tel: 0312-850950, 0312-850951-52  
Fax: 0312850953  
E-mail: cdaavenue@dhakabank.com.bd

### Chakaria Branch

Date of Opening: March 30, 2011  
Taher Plaza, (1st & 2nd floor) Chiringa old  
bus stand, Chakaria, Cox's Bazar.  
Tel: 0342-256350-1,  
Fax: 0342-256352  
E-mail: chakaria@dhakabank.com.bd

### Comilla Branch

Date of Opening: December 27, 2009  
20 Kandirpar Moor, 1st Floor, Comilla  
Tel: 081-61646  
Fax: 081-61647  
E-mail: comilla@dhakabank.com.bd

### Cox's Bazar Branch

Date of Opening: December 15, 2005  
Rakshit Market (1st Floor), Main Road  
Laldighirpar, Cox's Bazar  
Tel: 0341-51015, 0341-63931  
Fax: 0341-63164  
E-mail: coxsbar@dhakabank.com.bd

### Fatikchhari Branch

Date of Opening: March 24, 2011  
College Gate, 1st floor  
Fatikchhari College, Fatikchhari  
Chittagong.  
Tel: 03022-56322  
Fax: 03022-56320  
E-mail: fatikchori@dhakabank.com.bd

### Feni Branch

Date of Opening: November 18, 2007  
City Plaza, 132, S.S.K. Road, Feni  
Tel: 0331-63541  
Fax: 0331-63542  
E-mail: feni@dhakabank.com.bd

### Gohira Branch

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

### Halishahar Branch

Date of Opening: December 29, 2009  
1st Floor, 14/A, Block -G, Port Connecting  
Road, Halishahar Housing Estate  
Chittagong  
Tel: 031-251 8923-4  
Fax: 0312-518 922  
E-mail: halishahar@dhakabank.com.bd

### Hathazari Branch

Date of Opening: September 3, 2006  
Sobhan Plaza, 1st Floor, Kachari Road  
Hathazari, Chittagong  
Tel: 031-260 1528, 0443-449 3217  
Fax: 031-260 1529  
E-mail: hathazari@dhakabank.com.bd

### Islamic Banking Branch, Muradpur Chittagong

Date of Opening: May 22, 2004  
AH Paragon, 282, CDA Avenue, Muradpur  
Panchlaish, Sholokbohor  
Chittagong  
Tel: 031-255 8166, 031-654266  
Fax: 031-655766  
E-mail: ibb.agrabad@dhakabank.com.bd

### Jubilee Road Branch

Date of Opening: September 15, 1997  
Liberty Tower, 183, Jubilee Road  
Chittagong  
Tel: 031-630184-5,  
Fax: 031-630187  
E-mail: jubilee@dhakabank.com.bd

### Khatungonj Branch

Date of Opening: August 12, 1996  
291, Khatungonj Road. Khatungonj  
Chittagong  
Tel: 031-622132-3  
Fax: 031-622130  
E-mail: khatungonj@dhakabank.com.bd

### New Market Br, Chittagong

Date of Opening: December 28, 2010  
06, Jubilee Road, 1st floor, Chittagong  
Tel: 031-621242  
Fax: 031-621244  
E-mail: newmarket.ctg@dhakabank.com.bd



## DBL Network *continued*

### Patiya Branch

Date of Opening: December 27, 2009  
A.S Rahat Ali High School Market  
1st Floor, Thana Road, Patiya, Chittagong  
Tel : 0303-556447-8  
Fax: 0303-556449  
E-mail: patiya@dhakabank.com.bd

### Sonaimuri Branch

Date of Opening: October 2, 2005  
Tofael Shopping Mall (1st Floor), Sonaimuri  
Bazar, Noakhali  
Tel: 0322-751132  
Fax: 0322-751142  
E-mail: sonaimuri@dhakabank.com.bd

### Narayangonj Region

#### B.B. Road Branch

Date of Opening: July 2, 2007  
127, 1st floor, B.B Road, Narayanganj  
Tel: 764 6658, 764 6668  
Fax: 763 0017  
E-mail: bbroad@dhakabank.com.bd

#### Bhulta Branch

Date of Opening: December 23, 2009  
Noor Mansion Market, 1st Floor  
Bhulta, Rupgonj, Narayangonj 1462  
Cell: 01730 317 848, 01730 343 836  
E-mail: bhulta@dhakabank.com.bd

#### Madhabdi Branch

Date of Opening: November 8, 2001  
8, Bank Road, Madhabdi Bazar, Narsinghdi  
Tel: 944 6681, 944 6686  
Fax: 944 6680  
E-mail: madhabdi@dhakabank.com.bd

#### Narayanganj Branch

Date of Opening: December 3, 1997  
Sattar Tower, 50, S.M Maleh Road  
(1st & 2nd Floor), Tanbazar, Narayanganj  
Tel: 7630427, 7630439, 7648314  
Fax: 7631864  
E-mail: narayanganj@dhakabank.com.bd

#### Pagla Bazar Branch

Date of Opening: August 31, 2008  
Alhaj Afsar Karim Bhaban (1st Floor)  
Paglabazar, Fatullah, Narayanganj 1421  
Tel: 7681288, 7681299  
Fax: 7681289  
E-mail: paglabazar@dhakabank.com.bd

### Sylhet Region

#### Goalabazar Branch

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

#### Hobigonj Branch

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

#### Laldighirpar Branch

Date of Opening: September 8, 1998  
960, Laldighirpar, Sylhet 3100  
Tel: 0821-721116-9  
Fax: 0821-721120  
E-mail: laldighirpar@dhakabank.com.bd

#### Madina Market Branch

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

#### Moulvibazar Branch

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

#### Uposahar Branch

Date of Opening: August 25, 2008  
House# 10, Road# 32, Block-D, Uposahar  
Shahjalal, Sylhet 3100  
Tel: 0821-283 1780  
Fax: 0821-283 1781  
E-mail: uposahar@dhakabank.com.bd

### Rajshahi Region

#### Belkuchi Branch

Date of Opening: April 24, 2003  
Jamuna Shopping Complex  
Mukundaganti Bazar, Belkuchi, Sirajganj  
Tel: 07522-56280, 07522-56428  
Fax: 07522-56280  
E-mail: belkuchi@dhakabank.com.bd

#### Bogra Branch

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

#### Dinajpur Branch

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

#### Rajshahi Branch

Date of Opening: November 23, 2005  
73, Ganak Para, Rajshahi 6100  
Tel: 0721-812330-1  
Fax: 0721-812331  
E-mail: rajshahi@dhakabank.com.bd

#### Rangpur Branch

Date of Opening: December 26, 2006  
Moti Plaza (1st Floor), Station Road  
Rangpur  
Tel: 0521-61494  
Fax: 0521-61494  
E-mail: rangpur@dhakabank.com.bd

#### Saidpur Branch

Date of Opening: October 25, 2007  
Gouri Plaza (1st Floor)  
Shaheed Dr. Zikrul Haque Road, Saidpur  
Nilphamari 5310  
Tel : 0552-672951-2  
Fax: 0552-672953  
E-mail: saidpur@dhakabank.com.bd

#### Shahjadpur Branch

Date of Opening: November 11, 2012  
Hamid Market (1st floor), 38 Dariapur  
Shahjadpur, Sirajganj 6770  
Tel: 07527-64076  
Fax: 07527-64075  
E-mail: shahjadpur@dhakabank.com.bd



## DBL Network continued

### Sirajgonj Branch

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

### Satkhira Branch

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

### Kiosk

#### New Market KIOSK

Date of Opening: August 18, 2008  
189, Dhaka New Market  
Dhaka 1205  
Cell: 961 2144  
E-mail: newmarket@dhakabank.com.bd

### Other Region

#### Barisal Branch

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

#### Bhairab Bazar Branch

Date of Opening: March 20, 2011  
166, (Ground & 1st floor) Kalibari Road  
Bhairab Bazar, Kishoregonj  
Tel: 02-947 1337-8  
Fax: 02-947 1339  
E-mail: bhairab@dhakabank.com.bd

#### Faridpur Branch

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

#### Jessore Branch

Date of Opening: January 26, 2011  
Rashid Center, 7/A, 1st Floor  
R.N Road, Jessore  
Tel: 0421-60301  
Fax: 0421-68102  
E-mail: jessore@dhakabank.com.bd

#### KDA Avenue Branch, Khulna

Date of Opening: December 20, 2009  
2B, KDA Avenue, Khulna  
Tel: 041-721437, 041-730075  
Fax: 041-2833987  
E-mail: kdaavenue@dhakabank.com.bd

#### Kishoregonj Branch

Date of Opening: April 9, 2012  
Charterjee 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

### SME Service Centres

#### CEPZ SME Service Center

Date of Opening: December 30, 2009  
Zone Service Complex, CEPZ  
South Halishahar, Chittagong  
Tel: 031-741613  
Fax: 031-741614  
E-mail: cepz@dhakabank.com.bd

#### Goran SME Service Center

Date of Opening: August 18, 2008  
179, 1st Floor, North Goran  
Khilgaon, Dhaka 1219  
Cell: 01730 097 259  
Tel: 721 3476  
E-mail: goran@dhakabank.com.bd

#### Shewrapara SME Service Center

Date of Opening: December 27, 2008  
1036, Shewrapara (1st Floor)  
Mirpur, Dhaka  
Cell: 01730 336 987  
Tel: 900 0336  
E-mail: shewrapara@dhakabank.com.bd

### Offshore Banking Unit

#### Off-shore Banking Unit, DEPZ

Date of Opening: May 22, 2006  
Zone Service Building, Room # 48-51  
DEPZ, Ganakbari, Savar, Dhaka  
Tel: 778 9671, 778 8861  
Fax: 778 9672  
E-mail: depz@dhakabank.com.bd

#### Off-shore Banking Unit, CEPZ

Date of Opening: March 3, 2008  
Zone Service Building  
Chittagong Export Processing Zone  
South Halishahar, Chittagong  
Tel: 031-741613  
Fax: 031-741614  
E-mail: cepz@dhakabank.com.bd

### Bill/Cash Collection Booth

#### Bhulta

Bhulta Branch  
Sawghat, Bhulta, Rupgonj, Narayangonj

#### Board Bazar-1

Board Bazar Branch

#### Board Bazar-2

Board Bazar Branch

#### Konabari

Konabari

#### Fantasy Kingdom

Fantasy Kingdom

#### Gulshan Circle-1

Mohakhali Branch  
Dhaka Electricity Supply Co.  
Sales & Distribution Division  
House# 27, Road # 134  
Gulshan Circle-1, Dhaka 1212



## Partnering with the Corporates



Steel



Sweater



Shipbuilding



Sugar



RMG



Spinning



Composite



Infrastructure



Biman Bhaban, 100 Motijheel C/A. Dhaka-1000

## Notice of the 18th Annual General Meeting

Notice is hereby given to all Members of Dhaka Bank Limited that the **18th Annual General Meeting** of the Members of the Company will be held on **Thursday, April 18, 2013 at Bashundhara Convention Center-2, Block-C, Baridhara, Dhaka at 11:00 a.m.** to transact the following business:

### A G E N D A

1. To receive, consider and adopt the Profit and Loss Account of the Company for the year ended 31st December, 2012 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 2012 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 Auditor of the Company for the term until the next Annual General Meeting and to fix their remuneration.
5. To approve appointment of Independent Directors.

By order of the Board  
Sd/-

**Arham Masudul Huq**

Senior Executive Vice President & Company Secretary

March 12, 2013

### NOTES

- a. The '**Record Date**' shall be on Wednesday, **March 27, 2013**.
- b. The Shareholders whose names would appear in the Register of Members of the Company on the **Record Date** will be eligible to attend the meeting and qualify for dividend.
- c. A member eligible to attend and vote at the Annual General Meeting may appoint proxy to attend and vote on his/her behalf. Proxy Form must be affixed with revenue stamp and submitted at the Registered Office of the Company not later than 48 hours before the time fixed for the Annual General Meeting.
- d. **M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants**, the current auditors will retire from office in the 18th AGM. Since they have audited the accounts of the company for three consecutive years, as such M/s. Hoda Vasi Chowdhury are not eligible for re-appointment as per the circular of Bangladesh Bank. Members are requested to send nomination for appointment of new auditors from the list of audit firms of Bangladesh Bank on or before March 27, 2013. Auditors should not be shareholders of the Company.
- e. Shareholders and proxies are requested to record their entry in the AGM well in time. No entry will be recorded after 12.00 noon.
- f. Change of address, if any, should be notified to the related Depository Participant on or before **Record Date**.
- g. 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 .

[illegible]



### 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 the 18th  
 Annual General Meeting of the Company to be held on Thursday, April 18, 2013 at Bashundhara Convention Centre-02, Block-C,  
 Baridhara, Dhaka at 11:00 a.m. or at any adjournment thereof.  
 Signed this.....day of.....2013

Signature of Proxy.....

Revenue  
Stamp  
Tk. 10.00

.....  
 Signature of Shareholder

BO ID 

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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.

.....



### Attendance Slip

I hereby record my attendance at the 18th Annual General Meeting of the Company being held on Thursday, April 18, 2013 at  
 Bashundhara Convention Centre-02, Block-C, Baridhara, Dhaka.

Name of Member/ Proxy.....

BO ID 

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Folio No.....

Signature.....

Date.....

**N.B.** 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.

## 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.

**Broad Money:** Is a measure of the money supply that includes more than just physical money such as currency and coins (also termed narrow money). It generally includes demand deposits at commercial banks, and any monies held in easily accessible accounts.

**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.

**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.

**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.

**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 accrued 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.

**Narrow Money:** One measure of the money supply that includes all coins, currency held by the public, traveler's checks, checking account balances,

now accounts, automatic transfer service accounts, and balances in credit unions. Also called M1.

**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.

**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 government 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, and the portion retained for the continued operation and expansion.





#### HEAD OFFICE

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