
Bridging the gap between urban and rural economy

The pleasant settings of the countryside dotted with twisted green-walks are a beauty to charm our mind. Tranquil homesteads under the shadows of the green, sweet murmurs of the river streams or cheerful cowboys calling cattle home are good enough to get you motionless and spell-bound. Yet, these poetic pleasures will end up in escapist fantasies unless there is any significance to what is said. In glorious 40 years of independence, our country has ascertained promising economic growth in the urban frontiers while the rural have been consigned to apathy. The affluence of city dwellers could hardly touch the aspirations of teeming millions in the far-off countryside creating wide chasm between rich and poor.

It is time to spell out a vision - to bridge the gap between rural and urban economy – to go for wider economic integration with small-medium-micro-cottage industries, women entrepreneurs and agriculture alongside the tested relationship with corporate and retail businesses. This is an opportunity as well. Prospects of banking with the unbanked may open up fantastic avenues for new business entrepreneurship and growing income portfolio. We will insistently, yet systematically think up innovative ways to extend our services to rural areas and help the rural people climb out of the poverty trap.

This change of perception will hopefully open up a new horizon –our campaign towards bridging up gap has just begun.

Letter of Transmittal

To

All Shareholders
Securities and 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 December 31, 2011

We are pleased to enclose a copy of the Annual Report of Dhaka Bank Limited together with the Audited Financial Statements for the year ended December 31, 2011 for kind information and record.

The Audited Financial Statements comprise Consolidated and separate Balance Sheet as on December 31, 2011 and Income Statement, Cash Flow Statement for the year ended December 31, 2011. Also provided are Financial Statements of Bank's Subsidiary 'DBL Securities Limited', Islamic Banking Branches as well as Offshore Banking Unit of the Bank for the same reporting period.

Best regards,

Yours truly,



Arham Masudul Huq
Company Secretary

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Forward-Looking Statement

This report contains some forward-looking approach or statements within the meaning of existing rules and regulations of the Central Bank, Securities and Exchange Commission and other regulatory bodies with respect to certain of the Bank plans and its current goals and expectations. These projections relates to Bank's future financial condition and performance and the markets in which it operates.

Forward-looking statements can be identified by the fact that they do not relate only to historical or current facts or events. These statements sometimes relate words such as 'aim', 'anticipate', 'target', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', or other words of similar implication. Examples of forward-looking statements include among others, statements regarding the Bank's future financial position, income growth, business strategy, projected costs, estimates of capital expenditures, and plans and objectives for future operations. Because such statements are inherently subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties comprise, but are not limited to, risks and uncertainties relating to profitability targets, prevailing interest rates, the performance of the domestic and global economies, the performance and volatility of the capital markets, the expected level of credit defaults, the Bank's ability to expand certain of its activities, development and implementation of its strategies including the ability to achieve estimated cost reductions, competition, capacity to address information technology issues and the availability of funding sources, changing government policy issues, and so on.

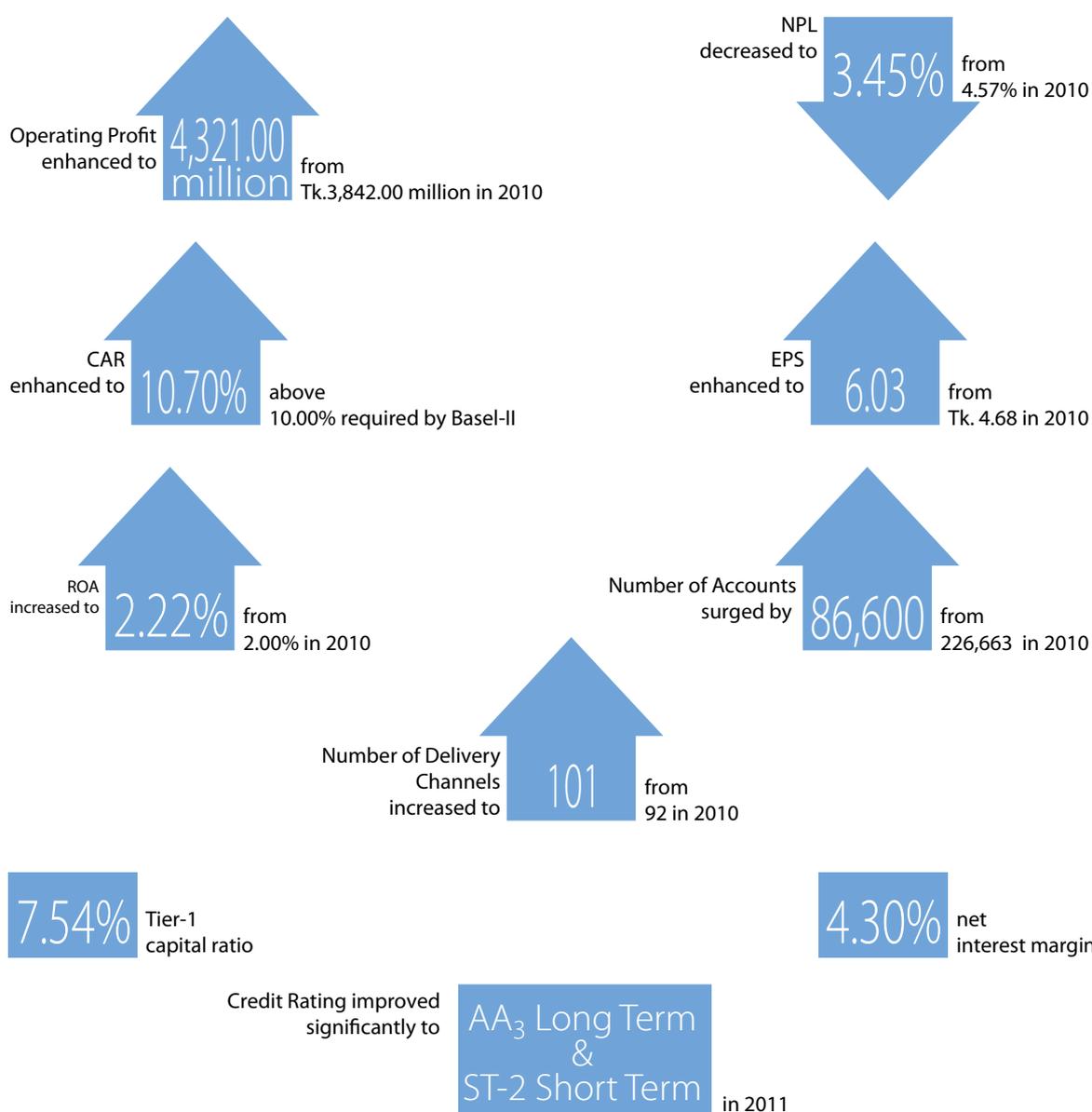
Any forward-looking statements speaks only as at the date they are made. The Bank does not undertake to release publicly any revision to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date hereof. The foregoing list of factors that might affect Bank's financial performance is not exhaustive. Investors and others should carefully consider the preceding factors, other uncertainties, and potential events while referring to forward looking statements to make decisions with respect to the Bank and its securities.



MILESTONE *The more we go, the more we grow*

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
Launching of Retail Banking	March 29, 2002
Introduction of ATM	February 24, 2002
Commencement of Islamic Banking	July 2, 2003
Going On-line	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
Launching of Off-shore Banking Unit	May 22, 2006
Launching of Credit Card	March 1, 2007
Launching of Internet Banking	September 5, 2007
Centralization of Trade Operations	April 1, 2009
Centralization of Credit Operations	April 1, 2009
AAA Guarantee Accorded by ADB under TFFP	December 17, 2009
Celebration of Glorious 15 Years of Banking Maturity & Leadership	July 5, 2010
Enhancement of Authorized Capital (from Tk. 600 Crore to Tk. 1000 Crore)	July 4, 2010
Basel-II Compliance Issuance of Subordinated Bond	December 6, 2010
Opening of 61 st Branch	December 23, 2010
Launching 'DBL Securities Limited'	February 13, 2011
Formation of Research & Development Unit	December 28, 2011

2011 Financial Achievements-DBL



2011 Business Achievements

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

Awards & Accolades

Certificate of Merit Award for best published Annual Report & Accounts 2010 by Institute of Chartered Accountants of Bangladesh
 Best Performance Award – 2010 to Mr. Khondker Fazle Rashid, Managing Director by Bankers' Forum

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

Dhaka Bank Limited was rated by Credit Rating Agency of Bangladesh Limited (CRAB) on the basis of audited Financial Statements as on December 31, 2011. The rating has improved significantly this year. The summary of Rating is presented below:

Status	2011	2010
Long Term	AA₃	A₁
Short Term	ST-2	ST-2

Credit Rating Agency of Bangladesh Limited (CRAB) has assigned "AA₃" (Pronounced as Double A Three) rating in the Long Term and "ST-2" in the Short Term to Dhaka Bank Limited.

In 2010, Credit Rating Agency of Bangladesh Limited (CRAB) awarded "A₁" (Pronounced as Single A One) rating in the Long Term and "ST-2" in the Short Term to Dhaka Bank Limited.

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.

Vision

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

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



Mission



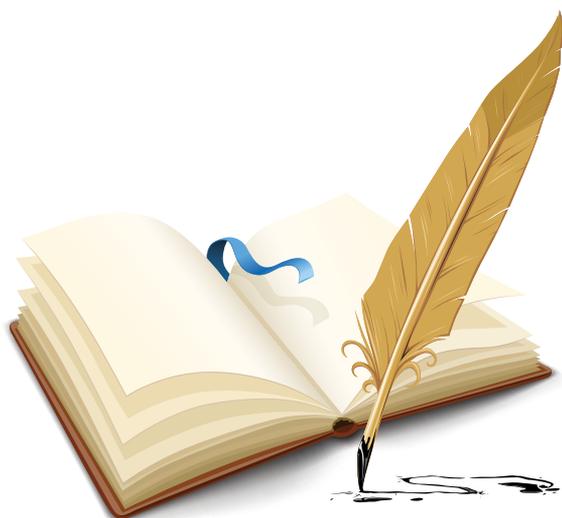
To be the premier financial institution in the country providing high quality products and services backed by latest technology and a team of highly motivated personnel to deliver Excellence in Banking.

Corporate Values

Customer Focus
Integrity Quality
Teamwork
Respect for the Individual
Responsible Citizenship



Strategic Objectives



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

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

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

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

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

We strive for fulfilment of our responsibility to the government through paying entire range of taxes and duties and abiding 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 resource**



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

Results Summary

Tk. in million

Profit Maximization (Consolidated versus Bank)	2011		Year 2010 Bank	% Change Bank
	Consolidated	Bank		
Total Income	14,018	13,838	10,500	32%
Total Expenses	9,574	9,517	6,659	43%
Profit after Income Tax	2,243	2,166	1,679	29%
Profit available after Appropriation	1,512	1,435	1,095	31%
Earnings Per Share (EPS) per Tk.10 share	6.25	6.03	4.68	30%

Return on Assets & Equity - DBL	2011	2010
Return on Assets (%)	2.22%	2.00%
Return on Equity (%)	23.49%	25.52%
Non-Performing Loan (NPL) Ratio	3.45%	4.57%

Capital Adequacy - DBL	2011	2010
Tier-I Capital Ratio (%)	7.54%	6.89%
Total Capital Ratio (%)	10.70%	10.09%

Balance Sheet Focus - DBL	2011	2010	% Change
Balance Sheet Exposure	104,726	90,139	16%
Shareholders' Equity	9,217	6,580	40%
Total Deposits	85,277	70,420	21%
Total Advances	75,983	63,591	19%
NPL Volume	2,624	2,909	(10%)

Commitment to Shareholders Value - DBL	2011	2010	% Change
Earnings Per Share (EPS) in Taka	6.03	4.68	29%
Dividend	35%	35%	-
Net Asset Value (Taka)	9,217	6,580	40%

Bank's profile - Cherishing Heritage

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. A deep insight into the spirit of Bangladesh and its business and a close observation of global financial system urged the futurist leader to form a Bank in Bangladesh matching up the global sophistication with the fragrance of local simplicity. His vision profusely motivated his entrepreneur friends who dared to shoulder the great corporate voyage for excellence. At the opportune moment, Dhaka Bank Limited was born on the 5th of July in 1995 in great expectation of the people of Bangladesh to fulfill their dreams and demands.

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 the rich heritage and antiquities of Dhaka many of which, are literally posted to oblivion. Dhaka Bank Limited is widely recognized today for its exceptional service, simplicity, proximity and cutting-age way of delivery. 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.

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 are devoted to serving each and everywhere with total simplicity – an approach that personifies our hallmark.

Dhaka Bank was incorporated as a Public Limited Company on April 06, 1995 under Companies Act, 1994 and got listed in DSE and CSE in 2000. Headquartered at Motijheel, Dhaka, DBL has rooted deep into a strong capital base and got hold of a countrywide reach through a larger network of Branches, ATMs, SME channels. Our wings of operations have widened to SME potentials, prospects in agriculture, environmental concerns and capital market opportunities. The Bank is now expanding far and wide to higher market share and big surge in assets. A great total of 313,263 customers now we serve and seek to make them better-off as best as we can. Over glorious 16 years of banking maturity and leadership, DBL has made its vibrant presence at 61 Branches including 2 Islamic Banking Branches, 1 Off-shore Banking Unit, 3 SME Service Centres, 1 Business Kiosk and 35 ATMs across the country. Complying with SEC requirements, the Bank has formed a subsidiary company registered as 'DBL Securities Ltd. having 6 countrywide branches. The Bank has strengthened its capital base to Tk. 12.40 billion with a capital adequacy ratio of 10.70%. Sailing past all odds in 2011, DBL has posted an increasing operating profit of Tk.4,321 million reflecting a growth of 13% over 2010.

Great companies rise in tough times. We believe, Dhaka Bank is on the threshold of emerging as a great Bank. 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.

Founder & Former Advisor



Mr. Mirza Abbas Uddin Ahmed

Corporate Profile



Name of the Company
Dhaka Bank Limited

Chittagong Regional Office
Khatungonj Branch
292-293, Khatungonj Road,
Khatungonj, Chittagong

Chairman
Reshadur Rahman

Authorized Capital
Tk.10,000 million

Legal Form
Public Limited Company

**Offshore Banking Unit
Dhaka EPZ**
49-51, Ganakbari, Savar
Phone 7788861, 7789672

Managing Director
Khondker Fazle Rashid

Paid-up Capital
Tk. 3,590 million

Date of Incorporation
April 6, 1995

Chittagong EPZ
South Haliashahar
Chittagong
Phone 031 741613

Company Secretary
Arham Masudul Huq

Number of Shareholders
45,438

Capital Adequacy
Tk.10.70%

Formal Inauguration
July 5, 1995

Subsidiary Company
DBL Securities Limited
Head Office: Adamjee Court
115-129 Motijheel C/A
Dhaka-1000, Bangladesh

Market Capitalization
Tk. 15.98 billion

Reserves
Tk.5,626 million

Registered Office
Biman Bhaban (1st Floor)
100 Motijheel C/A,
Dhaka-1000, Bangladesh
Phone 880-2-9554514
Fax 880-2-9556584, 957013
Swift Code DHBLBDDH
Email: info@dhakabank.com.bd

DBL website
www.dhakabankltd.com

Total Manpower
1,240

Total Assets
Tk.104.73 billion

Publication
Quarterly INSIGHT
Annual Report

Credit Rating
Long Term: AA₃
Short Term: ST-2

Earnings Per share
Tk. 6.03

Network
Total Branches: 61
Total ATMs:35
SME Centres: 3
Islamic Banking Branches: 2

Offshore Banking Unit: 1
Business Kiosk: 1
Stock Dealing Branches: 6

Net Asset Value Per Share
Tk.25.67

Auditors
Hoda Vasi Chowdhury & Co.,
Chartered Accountants

Tax Consultants
Howladar, Yunus & Co.
Chartered Accountants

Rating Agency
Credit Rating Agency of
Bangladesh (CRAB)

Board of Directors



Chairman
Mr. Reshadur Rahman

Directors
Mr. Abdul Hai Sarker
Mrs. Rokshana Zaman
Mr. Altaf Hossain Sarker

Mr. Aminul Islam (not pictured)
Mr. Md. Amirullah (not pictured)
Mr. Abdullah Al-Ahsan
Mr. Khondoker Monir Uddin
Mr. M.N.H. Bulu (not pictured)
Mrs. Rakhi Das Gupta
Mr. Tahidul Hossain Chowdhury

Board of Directors



Mr. Jashim Uddin (not pictured)
Mr. Abdul Wahed (not pictured)
Mr. Mohammed Hanif
Mr. Khondoker Jamil Uddin
Mr. Amanullah Sarker
Mr. Suez Islam
Mr. G.M. Shameem Hussain

Managing Director
Mr. Khondker Fazle Rashid

Secretary
Mr. Arham Masudul Huq

Executive Committee of the Board



Chairman
Mr. Reshadur Rahman

Directors
Mr. Abdul Hai Sarker
Mrs. Rokshana Zaman
Mr. Altaf Hossain Sarker
Mr. Mohammed Hanif

Managing Director
Mr. Khondker Fazle Rashid

Secretary
Mr. Arham Masudul Huq

Audit Committee of the Board



Chairman
Mr. Khondoker Jamil Uddin

Member
Mr. Abdullah Al Ahsan
Mr. M.N.H. Bulu
Mr. Md. Amirullah
Mr. Tahidul Hossain Chowdhury

Managing Director
Mr. Khondker Fazle Rashid (on invitation)

Secretary
Mr. Arham Masudul Huq

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
Mrs. Kamala Khatun
Mr. Abdul Wahed
Mr. Mohammed Hanif
Mr. Khondoker Jamil Uddin
Mr. Mohammad Ali Sarker
Mr. Suez Islam

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

Shari'ah Supervisory Committee

Chairman
Janab M. Azizul Huq

Members
Prof. Moulana Mohammad Saleh Uddin
Janab Md. Mokhlesur Rahman
Janab Khondker Fazle Rashid
Janab Ziaul Hasan, Bar-at-Law

Member Secretary
Janab Md. Sirajul Hoque

We Mourn



We are deeply shocked and grieved at the sad demise of Mrs. Kamala Khatun (84), Director, Dhaka Bank Limited, wife of Late A. Razzaque and mother of Mr. Mirza Abbas Uddin Ahmed, Founder & former Advisor of Dhaka Bank Limited due to old age complication at a hospital in Dhaka on October 26, 2011 (Innalillahe Wa Innailaihe Rajeun).

May Almighty Allah grant eternal peace to the departed soul.

Chairman's Message to the Shareholders



Chairman's Message to the Shareholders

Achieving for wider financial integration

Although 2011 brought some increase in global confidence and stability, the banking industry continued to operate amidst challenging conditions. Despite the return of stiff competition and challenging conditions in banking industries in Bangladesh, Dhaka Bank continued to perform strongly. In doing so, we made substantial progress towards creating a strong and stable bank, one better able to serve our clients. Only by focusing on their needs and offering products and services that address those needs, can we expect to be successful and deliver benefit to our shareholders and to our stakeholders at large. I am delighted to inform you that Dhaka Bank posted a fairly good financial result during the year 2011, with remarkable growth in all key business areas - profit, deposit and advance. The solid performance is the testament to the strength of Bank's core business and its prudent management. The fundamentals of our business remained strong in 2011 resulting in a solid year-over-year performance highlighted by notable growth in both loans and deposit. Deposit of the Bank increased by 21% while advances increased by 19% compared to preceding year. Added to this, good asset quality is maintained in spite of the challenging economic and business scenario. In 2011, Dhaka Bank performed well in international trade business considering the forces impacting the world economy. In the year 2011, our import business grew by 3% and export by 25% these growths contributed significantly to the earnings and contributed to the growth prospect of our Bank.

Despite the continuation of the global economic recession, Bangladesh attained a GDP growth of about 6.7%. This was due to the performance of agriculture and non farm sectors and upturn in public spending. Maintaining food security for a large population, managing the effects of climate change, creating employment opportunities for its labour force, continue to be the major challenges for the Bangladesh economy. To accelerate economic reforms and attain sustainable growth, Bangladesh needs to address power and gas shortages, improve investment

climate, upgrade infrastructure capacity and keep population growth at bay. Government of Bangladesh needs to undertake considerable efforts to address these challenges.

Along with these positive financial achievements, the proactive policies and sound decision making by the Bank's Board of directors and management expertise to execute the decisions have enabled the Bank to reach the pinnacle of operational performance. Our core focus and strategy was concentrated on accelerated business growth, expansion of branches maintaining asset quality and better customer service.

In the year 2011, we opened 5 new Branches to reach a total of 61 and expanded our own ATM network to 35. The Bank has commenced the operation of its newly formed subsidiary 'DBL Securities Ltd' that has branched out around the country anchoring its base at 6 suitable geographical locations. In the year 2011, the operating profit of the Bank reached Tk. 4,321 million showing an increase of 13% over the preceding year. Most of these profits came from core banking business of the bank.

We are completely clear - Success in servicing customers is the key to our business future. Above results were achieved due to our relentless focus on customer service. Quality service was the responsibility of every staff. Uniformity of action was maintained at all levels. The Service delivery performances of the branches were closely monitored. Understanding that customer deposits are the lifeline of the banking system, DBL embarked upon a strategy of customer deposit mobilization. The direct interaction with the customers helped to nurture and cement our relationship. The Bank always remained very competitive in offering services to the customers and redesigned its product to meet the customers need.

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

Chairman's Message to the Shareholders

during the year 2011. 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 Road shows along with the regulators for building awareness and help developing skill.

Dhaka Bank places utmost importance on managing credit risk. 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 offices and relationship manager to provide a system of mutual checks and balances. The Board and management is committed to prevention of money laundering. Written anti money laundering compliance policy in place and all the employees are imparted training on regular interval to identify suspicious transactions. Internal control systems are also in place. Internal audit, both comprehensive and others are carried out on regular basis.

Dhaka Bank redesigned its products to meet the customer's needs. Commercial blending in import and local trade finance to large and medium group still dominates the commercial lending portfolio. DBL also took up project finances to agro based industry during the year 2011. The Bank arrived syndication loans arranged by other banks and financial institutions. Companies 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 look initiatives to develop the entrepreneurial spiels of SME sector. DBL attended various road shows along with the regulators for building aware work and help develop skill.

Despite challenging operating environment, Dhaka Bank continued to expand its loan portfolio without compromising on the quality. Dhaka Bank's non performing loan ratio was 3.45% at the end of 2011, as compared to 4.57%

over the preceding year, which is significantly lower than the industry standard.

The bank departed from the conventional policy of managing banking operation by introducing and implementing cluster concept in 2011. The shift has proved to be very effective way empowering the people to understand the challenges ahead through interactive dialogue with senior management. The supervision of cluster managers has resulted to improvement in quality of services, oversight and support of all banking activities by the management.

We view our human capitals as our most valuable asset and the key to our success. In 2011, Dhaka bank continued to invest in its employees and their development. We always allure younger generation to work at our Bank. At the end of 2011, we have 1,240 work forces to provide service to all of our valued clients at all level. To keep DBL employees update with new Banking knowledge, the bank arranges training for them both at home and abroad.

I believe that 2012 will bring new optimism and an improved platform for business, giving us the confidence that we will achieve our business plan. We will remain committed to corporate social responsibly (CSR) and in all of our actions; we will strive to ensure that all economic, environmental and social factors are taken in to consideration. We believe the approach, driven by our principles of respect, trust and customized service makes us more passionate to achieve success as a team.

We are firmly committed to Corporate Social Responsibilities. In 2011, we dedicated nearly Tk. 29.36 million to supporting projects around the country related to education sustainability, community development and we regard those investments in society as investments in our own future.

As we look ahead, financial markets are still unsettled, and we can expect to encounter a multitude of challenges. We will need to focus

Chairman's Message to the Shareholders

on optimally managing our assets and allocating our available capital most effectively to support our clients and grow our business. We will have to respond quickly to market opportunities. We will have to continue to monitor political and regulatory activities and we will have to keep improving our infrastructure to continue operating at the very highest level.

This will demand exceptional execution, to build on the foundation that we have worked so hard to put in place. But I am confident that we will rise to these challenges. We are well positioned to continue to serve our customers in timely, innovative ways to seize attractive opportunities when they arise, and to build our banks value for shareholders in the year ahead and beyond.

I would like to take this opportunity to thank my fellow directors who have given me their generous cooperation and support. I also thank the Managing Director and all the employees for their great personal commitment and effort during the difficult year of 2011.

I thank to our customers and clients for their on going confidence in our ability to serve their needs and our shareholders and stakeholder for continuing to believe in our vision for growth.

Thank You



Reshadur Rahman
Chairman

চেয়ারম্যানের সম্ভাষণ সার্বিক সমৃদ্ধির বারতা



চেয়ারম্যানের সম্ভাষণ সার্বিক সমৃদ্ধির বারতা

আসসালামু আলাইকুম,

সম্মানিত শেয়ারহোল্ডারবৃন্দ,

আপনাদের নিজেদেরই প্রিয় প্রতিষ্ঠান, ঢাকা ব্যাংক লিমিটেড-এর ১৭তম বার্ষিক সাধারণ সভা অনুষ্ঠান উপলক্ষে সকলের জন্যে রইল আন্তরিক অভিনন্দন।

গেল বছর, অর্থাৎ ২০১১ সালে যদিও বিশ্বজুড়ে আস্থা ও সুস্থিতি খানিকটা বেড়েছিল, ব্যাংকিং খাতকে কিন্তু এগুতে হয়েছে বেশ চ্যালেঞ্জিং পরিবেশের মধ্য দিয়েই। একইভাবে বাংলাদেশের ব্যাংকগুলোকে আবার মুখোমুখি হতে হয়েছিল কঠিন প্রতিযোগিতার। তবুও এরই মাঝে ঢাকা ব্যাংক দৃঢ়তার সঙ্গেই এগিয়ে গেছে। ভাল গ্রাহকসেবা দেবার ব্যাপারে আরও সক্ষম হয়েছে আমাদের এই ব্যাংক। আসলে গ্রাহকের চাহিদা ও প্রয়োজন ঠিকমত বুঝতে পারা এবং সে অনুসারে সেবার পসরা সাজিয়েই কেবল বিশেষত শেয়ারহোল্ডারবৃন্দ ও সামগ্রিকভাবে সকল স্টেইকহোল্ডারদের জন্যে যথাযথ সুবিধা নিশ্চিত করা যায়।

আনন্দের সঙ্গে জানাচ্ছি, ঢাকা ব্যাংক ২০১১ সালে চমৎকার আর্থিক ফলাফল অর্জন করতে পেরেছে। প্রধান খাতগুলো যেমন মুনাফা, আমানত ও ঋণ সর্বক্ষেত্রেই ব্যাংকের অগ্রগতি ছিল চমৎকার।

২০১১ সালেও ব্যাংকের মূলভিত্তি ছিল একইরকম দৃঢ়। গতবছর আমাদের আমানত আগের বছরের চাইতে ২১% বেড়েছে; পাশাপাশি ঋণ এর পরিমাণ বেড়েছে ১৯%। যদিও আর্থিক ও ব্যবসায়িক খাতে কঠিন সময় গেছে, এর মধ্যে ব্যাংক তার সম্পদের সঠিক মান ধরে রাখতে সক্ষম হয়েছে। অন্যদিকে বিশ্ব অর্থনীতিও ছিল নানান চাপে সংঘাতময়। তা সত্ত্বেও আমাদের ব্যাংক আন্তর্জাতিক ব্যবসাতে ভাল করেছে। গেল বছর আমাদের আমদানী বাণিজ্যে উন্নতি হয়েছে ৩%, রপ্তানিতে ২৫%, যা ব্যাংকের আয় ও সমৃদ্ধিতে উল্লেখযোগ্য অবদান রেখেছে।

বিশ্ব অর্থনৈতিক মন্দার মাঝেও বাংলাদেশ ৬.৭% জিডিপি প্রবৃদ্ধি ধরে রেখেছে। কৃষি ও খামার বহির্ভূত খাতে অগ্রগতি ও গণব্যয় বৃদ্ধির ফলেই এটি ঘটেছে। দেশের অর্থনীতির জন্য বড় চ্যালেঞ্জ ছিল বিশাল

জনগোষ্ঠীর জন্যে খাদ্যের নিরাপত্তা বিধান, আবহাওয়া পরিবর্তনের অভিঘাতগুলোর প্রেক্ষিতে উপযুক্ত ব্যবস্থাপনা এবং বিপুল কর্মসংস্থান। আর্থিক সংস্কার দ্রুততর করে টেকসই উন্নতি নিশ্চিত করতে হলে দেশে বিদ্যুৎ ও গ্যাস ঘাটতি পূরণ, বিনিয়োগ পরিবেশের উন্নতিসাধন এবং জনসংখ্যাবৃদ্ধির হার সহনীয় মাত্রায় নিয়ে আসা এখন যথেষ্ট প্রাসঙ্গিক।

আমাদের ব্যাংকের সাফল্য ও আর্থিক অর্জনগুলোর সাথে যুক্ত হয়েছে পরিচালনা পর্ষদের নীতিমালার কার্যকারিতা ও সুস্থিত সিদ্ধান্ত গ্রহণ। ফলে ব্যাংকের কার্যক্রম প্রশংসনীয় সাফল্য লাভ করেছে। দ্রুততর ব্যবসায়িক প্রবৃদ্ধি অর্জন, সম্পদের মান অক্ষুণ্ণ রেখে শাখাসংখ্যা বাড়ানো ও গ্রাহক সেবার মান বৃদ্ধিই ছিল আমাদের প্রধান লক্ষ্য ও কৌশল। ২০১১ সালে আমরা ব্যাংক শাখার সংখ্যা ৫৬ থেকে ৬১তে সম্প্রসারিত করেছি; একই সঙ্গে বাড়ানো হয়েছে এটিএম নেটওয়ার্ক এর পরিধি। ২০১১ সালে ব্যাংকের পরিচালন মুনাফা ছিল ৪,৩২১ মিলিয়ন টাকা যা আগের বছরের চাইতে ১৩% বেশি।

ব্যবসার উন্নতি নিশ্চিত করতে হলে অবশ্যই অবিরতভাবে উন্নত গ্রাহকসেবা দিয়ে যেতে হবে। আমাদের প্রতিটি কর্মীবন্ধুর দায়িত্ব হচ্ছে মানসম্পন্ন সেবা প্রদান। এজন্যে সকল পর্যায়ে কাজের সঙ্গতি বজায় রেখে এবং ব্যাংক সেবা প্রদান কার্যক্রম অত্যন্ত সতর্কভাবে গ্রাহকদের সঙ্গে সরাসরি সম্পৃক্ত থেকে আমানত সংগ্হে আমরা গুরুত্ব দিয়েছি। গ্রাহকদের সেবা দেবার ক্ষেত্রে প্রতিযোগিতামূলক মনোভাব নিয়ে আমরা কাজ করেছি এবং গ্রাহকচাহিদার সঙ্গে মিল রেখে পণ্যগুলোতে প্রয়োজনীয় পরিবর্তন এনেছি।

ঋণ কার্যক্রমের মূখ্য অংশজুড়ে এখনো রয়েছে আমদানিতে বাণিজ্যিক ঋণ ও দেশীয় বাণিজ্যে অর্থায়ন। ২০১১ সালে ঋণদানের ক্ষেত্রে গ্রাহকবাছাইয়ের সময় আমরা কৃষিভিত্তিক শিল্প প্রকল্পগুলোকে হাতে নিয়েছি। অন্যান্য ব্যাংক ও আর্থিক প্রতিষ্ঠানের সঙ্গে মিলে আমরা সিভিকেশন ঋণেও অংশ নিয়েছি। ব্যবসা সম্প্রসারণে বেশ কার্যকর দু'টি খাত হচ্ছে ক্ষুদ্র ও মাঝারি উদ্যোগ (এসএমই) এবং গৃহনির্মাণ শিল্প। এবার এই দু'টি খাতে যথেষ্ট জোর দেয়া হয়েছে।

চেয়ারম্যানের সম্ভাষণ সার্বিক সমৃদ্ধির বারতা

উল্লেখ্য, ব্যাংক থেকে আমরা শুধু ঋণই দিচ্ছি না, এসএমই খাতে উদ্যোক্তা উন্নয়নেও আমরা কাজ করছি। সচেতনতা ও দক্ষতা বৃদ্ধির লক্ষ্যে রেগুলেটরদের সঙ্গে আমরাও দেশের বেশক'টি স্থানে অনুষ্ঠিত বিভিন্ন মেলা ও প্রদর্শনীতে সক্রিয়ভাবে অংশ নিয়েছি।

ঋণঝুঁকি ব্যবস্থাপনাতে ঢাকা ব্যাংক সবসময়ই সবিশেষ গুরুত্ব দিয়ে থাকে। ব্যাপ্তিক প্রেক্ষিতে একক ঋণ গ্রহীতা ও সামষ্টিক প্রেক্ষিতে বৃহৎ ঋণ গ্রহীতা - উভয়ক্ষেত্রেই গভীরভাবে ঝুঁকির মাত্রা ও বিভিন্ন দিক পরীক্ষা করা হয়ে থাকে। এর ফলে ঋণদান কার্যক্রমে জড়িত কর্মকর্তাগণ ও রিলেশনশিপ ম্যানেজারদের কর্মকাণ্ডে একটা সুষ্ঠু চেক অ্যান্ড ব্যালেন্স নিশ্চিত করা যায়। পরিচালনা পর্ষদ ও ব্যাংক ব্যবস্থাপনা উভয় পর্যায়ে আমরা মানিলিভারিং প্রতিরোধেও সমভাবে তৎপর। এ সংক্রান্ত একটি লিখিত নীতিমালা আমাদের রয়েছে, সকল কর্মীদেরও আমরা নির্দিষ্ট সময় পরপর প্রশিক্ষণ দিই যাতে করে তাঁরা সন্দেহজনক লেনদেন সনাক্ত করতে পারেন। অভ্যন্তরীণ নিয়ন্ত্রণ ব্যবস্থাও সচল, সমন্বিত অডিট ও অন্যান্য ধরনের অডিট কার্যক্রম কার্যকর ও নিয়মিতভাবে সম্পন্ন করা হয়।

চ্যালেঞ্জিং একটি পরিবেশের মধ্যে কাজ করেও মানের ব্যাপারে আপোষহীন থেকে ঢাকা ব্যাংক তার ঋণসেবা কার্যক্রম সম্প্রসারিত করেছে। ব্যাংকের নন-পারফর্মিং লোন বা শ্রেণীকৃত ঋণ, ২০১১ সালের শেষে এসে দাঁড়িয়েছে ৩.৪৫%, আগের বছর যা ছিলো ৪.৫৭%। দেশের ব্যাংকিং খাতের গড় হার এর চাইতে আমাদের ব্যাংকের এই ঋণ হার দৃশ্যতই অনেক কম।

ব্যাংকিং কার্যক্রমে অনুসৃত প্রচলিত পদ্ধতি থেকে সরে এসে ঢাকা ব্যাংক ২০১১ সালে গুচ্ছ-ব্যাংকিং এর ধারণার প্রয়োগ শুরু করেছে। কার্যধারায় এই পরিবর্তন বেশ ইতিবাচক ও কার্যকর বলে প্রমাণিত হয়েছে। এতে উর্ধ্বতন ব্যবস্থাপনার সাথে পারস্পরিক কার্যকর সংলাপের মাধ্যমে আমাদের কর্মীবন্ধুরা আগে থেকেই সামনের চ্যালেঞ্জগুলো বুঝতে পারেন। ক্লাস্টার ম্যানেজারদের সজাগ তদারকির ফলে সেবার মান বেড়েছে, ব্যবস্থাপনাকর্তৃক সমস্ত কার্যক্রমে সমর্থন যোগানোর কাজটিও হয়ে গেছে সহজতর।

আমাদের মানবসম্পদকে আমরা সবচাইতে মূল্যবান মনে করি, যারা রয়েছেন আমাদের সকল সাফল্যের মূলে। কর্মীদের উন্নয়নের পেছনে বিনিয়োগে বরাবরের মতোই ব্যাংক ছিল যথেষ্ট সচেতন ও উদার। অন্যদিকে, সবসময়ই আমরা তরণদের স্বাগত জানাই আমাদের সঙ্গে কাজ করতে, নতুন ও আকর্ষণীয় নানান কর্মোদ্যোগে জড়িত হতে। ২০১১ সালের শেষে এসে আমাদের কর্মীসংখ্যা ছিল ১,২৪০। ব্যাংকিং সম্পর্কিত নতুন নতুন জ্ঞান অর্জনে সহায়তা করতে আমরা দেশে ও বিদেশে এঁদের প্রশিক্ষণের ব্যবস্থা করি।

আমার বিশ্বাস, ২০১২ সাল আমাদের জন্যে বয়ে আনবে অনেক আশার বারতা। নতুন উদ্যোগে আস্থার সঙ্গে কাজ করে আমরা ব্যবসায়িক পরিকল্পনাগুলোর বাস্তব রূপ দিতে পারবো। প্রাতিষ্ঠানিক সামাজিক দায়বদ্ধতার ক্ষেত্রে আমাদের অঙ্গীকার থাকবে আগের মতই দৃঢ়। শিক্ষা, কমিউনিটি উন্নয়ন ইত্যাদি খাতের বিভিন্ন প্রকল্পে ২০১১ সালে আমরা ২৯.৩৬ মিলিয়ন টাকা ব্যয় করেছি। সমাজের উন্নয়নে এই বিনিয়োগ আসলে আমাদের সকলের ভবিষ্যতের জন্যে মঙ্গলের বিনিয়োগ বলেই আমরা মনে করি।

আমাদের সকল কাজে আমরা লক্ষ্য রাখবো যেন সবরকম অর্থনৈতিক, পরিবেশগত ও সামাজিক বিষয়গুলো যথাযথভাবে আমাদের বিবেচনায় থাকে। গ্রাহকদের প্রতি সমীহ, আস্থা ও ভিন্ন ভিন্ন গ্রাহকের প্রয়োজনমত ভিন্ন ভিন্ন রকমে সাজানো সেবার পসরা হাতে আমাদের দক্ষ ও নিবেদিতপ্রাণ কর্মীবাহিনী সাফল্যের পথে এগিয়ে যাবে বলে আমি দৃঢ়ভাবে বিশ্বাস করি।

আমাদের আগামীদিনের সম্ভাব্য অবস্থার কথা ভাবতে গেলে প্রথমে বাস্তবতাকেই বিবেচনায় নিতে হয়। আর্থিক বাজার এখনো ততটা সুস্থিত নয়। আগামীতে হয়তবা আরো নানান রূপের ও মাত্রার চ্যালেঞ্জ ওঁৎ পেতে থাকবে আমাদের যাত্রাপথে। সবচেয়ে অনুকূল উপায়ে সম্পদের ব্যবস্থাপনা এবং প্রজ্ঞার সঙ্গে প্রাপ্ত সম্পদের সদ্ব্যবহার করে গ্রাহকদের সেবাদান ও প্রবৃদ্ধি অর্জনের লক্ষ্যেই আমরা গভীরভাবে নিবিষ্ট থাকতে চাই। যখনই যে সুযোগ আমাদের সামনে আসবে, তখনই আমরা তা ফলপ্রদভাবে কাজে লাগাতে সচেষ্ট থাকবো। রাজনৈতিক

চেয়ারম্যানের সম্ভাষণ সার্বিক সমৃদ্ধির বারতা

ও নিয়ন্ত্রণমূলক ক্রিয়াকান্ডের বিষয়ে আমরা সজাগ ও সতর্ক দৃষ্টি রাখব, অবিরতভাবে অবকাঠামো উন্নয়নে ব্যাপৃত থাকব যাতে করে সর্বোচ্চ মান বজায় রেখে আমরা কাজ করতে পারি।

এইসব লক্ষ্য অর্জন করতে হলে আয়াসলব্ব যে ভিত্তিভূমি আমরা গড়েছি, তারই ওপর দাঁড়িয়ে প্রচলিত ও নতুন সব পদ্ধতি অনুসরণ করে আমাদের একত্রভাবে কঠোর পরিশ্রম করতে হবে। আমার গভীর বিশ্বাস, আমরা আগামীর চ্যালেঞ্জগুলো সাফল্যের সঙ্গে মোকাবেলা করব। সামনের বছর এবং তারপরের সময়গুলোতেও শেয়ারহোল্ডারদের আরো বেশি সুবিধা দেবার লক্ষ্যে গ্রাহকদের সময়মত নিত্যনতুন সৃজনশীল সেবা দিয়ে সাফল্যের পথে আমরা নিশ্চয়ই এগিয়ে যাব।

এ উপলক্ষে আমি আমার সহযোগী পরিচালকদের কাছ থেকে পাওয়া অশেষ সহযোগিতা ও সমর্থনের জন্যে জানাই আন্তরিক ধন্যবাদ। ২০১১ সালের কঠিন সময়গুলোতে ব্যাংকের উন্নতিতে ব্যক্তিগত ও গভীর নিষ্ঠা ও প্রচেষ্টার জন্যে অশেষ ধন্যবাদ জানাই ব্যবস্থাপনা পরিচালক ও সকল কর্মীবন্ধুদের।

আমি কৃতজ্ঞ গ্রাহকবৃন্দের প্রতি, কারণ তাঁদের সেবাদানে আমরা যে সক্ষম সে ব্যাপারে বরাবরকার মতই তাঁরা ছিলেন আস্থাশীল এবং শেয়ারহোল্ডারদের প্রতিও আমি কৃতজ্ঞ, কারণ উন্নতির পথে অকুষ্ঠ অগ্রযাত্রায় আমাদের যে ভিশন, তাতে এঁদের বিশ্বাস ছিলো আগের মতই অবিচল।

ধন্যবাদ সকলকে



রেশাদুর রহমান
চেয়ারম্যান

Managing Director's Review *Committed to further growth*



Managing Director's Review *Committed to further growth*

Another year has gone by, when the global business and corporate world waited with bated breath to witness the signs of a fresh market upheaval. But which actually didn't come, except for transient phases of surge witnessed in few economies of the world, centered mostly in Asia all in all. 2011 was a reflection of travails of 2010, when business had to be on a compulsive drive to become lean and mean in order to survive, introspect on themselves to find areas that could be improved upon so as to deliver greater value, and to find more effective strategies to woo customers.

While the market worked on its dynamics, the challenge for us at Dhaka Bank Ltd was to continue the pace of growth which we had set across the previous years, in 2011 as well. Like every other organization, we are trying to find firmer terrain to create the momentum in which would propel us through the impasse lingering around due to the economic downturn. As the market nursed its battered will power to push through safer terrains, Dhaka Bank Ltd continued the journey to achieve excellence.

I am very thankful to be able to report the accomplishments and financial results for 2011. The Bank's earnings and capital levels are very encouraging, considering the state of nation's economy and current market conditions. While we were not immune to the impact of the greater economy, we remained focused on prudent financial management and exceptional customer service, an approach we believe will have longer terms benefits to our shareholder clients and employees. In the context of these economic upheavals, Dhaka Bank's operating profit was up by 13% to Tk. 4,321 million as of December 31, 2011. Deposit soared up to Tk. 85 billion, a 21% rise over 2010. Loans and advances swelled by 19% to a total of Tk. 76 billion. Non performing loans to total portfolio were at 3.45 percent. Capital adequacy remained strong as per BASEL II at 10.70% which is above required 10%.

Credit, market, foreign exchange and operational risks of our Bank were under control. The Bank continued to grow despite an environment of slow export and import revenues, contraction in project finance and general business activities, reduction of fees and exchange earnings.

Although, deposit rates saw an upturns during last few month of 2011, because of liquidity issue of few banks, but this is expect to stabilize by Q2-Q3 of 2012. Export revenues from textile, RMG and Jute sectors were encouraging. The Bank remained continuously focused in all key areas its operations like capital adequacy, quality asset growth, reduction of non performing assets and strong liquidity.

In 2011, Dhaka Bank addressed issues of the balance sheet through integrated balance sheet management in order to generate stable earnings and steadily build up an organizational equity by taking measured business risks. Some key fundamental ratios of core banking operations like composition and mix of assets and liabilities, NPL, interest spread, ratio of low and no cost deposits, showed strong improvements in line with business growth.

In our effort to diversify our asset portfolio and reduce risk exposure, Dhaka Bank has been successful in developing well diversified loans and advances or portfolio. Our exposure in any one sector has not been in excess of 10 percent.

Foreign Trade portfolio grew by more than 10% during the year. Balance sheet of the Bank went up to Tk.105 billion equivalent to us dollar 1.25 billion approximately.

DBL Off Shore Banking Unit's (OBU) performance was remarkable. The one and only OBU unit booked an operating profit of Tk. 89 million.

The cluster management programme has bidden down. The supervision by senior management

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in providing support to business, operations, administrations and other issues to Branches has been quite rewarding.

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 a robust portfolio mainly raised as lead arranger.

During the year DBL spread 10 outlets of which 5 in branches and 4 in ATMs. By year end, we had spread our total network to 101 thereby increasing out delivery reaches and promoting out brand image. With these openings, the advances of the bank registered a staggering growth of 19% from Tk. 64 billion in 2010 to Tk. 76 billion in 2011. Commendably the non performing assets were left at bay reflecting 3.45% in 2011 shedding off a great sum of classified loans. This was possible, in addition to some write-off periodic monitoring of advances and follow up by the dedicated team of the Bank.

DBL provides both conventional Banking and Islamic Banking products and guidelines framed by Islamic shariah Board. Deposits and investment of Islamic Banking Branches have displayed a continued upward growth. Funds under management (assets/ liabilities) of our two Islamic Branches were Tk. 6,182 million.

Routine and surprise risk bound audits are being conducted at branches and departments at head office to keep relevant and concerned alert at all times, thereby ensuring a regime of compliance.

The human capital of the bank grew from 1,109 employees to 1,240 and yield per employee was Tk. 3.48 million based on operating output. We firmly believe that capacity building is a consistent exercise of our training institute which

conducted as many as 58 in-house training programs covering 1,521 participants. To meet compliance level, the bank also conducted 33 course that dwelt on anti - money laundering and terrorist finances participated by a total of 617 officials of our bank.

I would like to thank our hard working employees for the dedication and sacrifice they have shown. Time and in the past year time again in the past year, our employees have risen to the challenge to fully understand customers need and find the right solution for them.

The Corporate Social Responsibility (CSR) of the Bank continued to grow during the year as we donated Tk. 29.36 million.

DBL consider environmental and social impacts, governance, economic development, pollution control and the responsible use and protection of natural resources to fall under the umbrella of sustainable development.

My thanks to our customers for choosing DBL to help achieving your financial goals. I appreciate the trust you have shown in us; and our employees respond by putting their experience to work for you each day. We recognize that you don't build long-term success at a time but one relationship at a time.

I would also like to thank our Board of Directors for their sincere and counsel and valuable guidance in 2011. Obviously, I am very pleased with our accomplishments for 2011. I realize this accomplishment would not be possible without the wise counsel from a strong Board of directors. Along with the Board, our stockholders, customers and employee are what make us the strong bank that we are.

Our Bank has been at work in local communities for well over a decade, and many times our

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predecessors faced challenging conditions and prevailed. We work each day to carry on their legacy. At times, the work we do entails difficult decisions and short-term sacrifice in order to build value for the future. We are all tied together by a common goal: *building shareholder value by ensuring long term success growth of Dhaka Bank Limited.*

As always, I offer my sincere thanks to our shareholders and to our clients for their support, for their continued commitment to excellence. May almighty Allah grant us wisdom and strength.

Thank you



Khondker Fazle Rashid
Managing Director

ব্যবস্থাপনা পরিচালকের বক্তব্য

অধিকতর প্রবৃদ্ধির প্রতিশ্রুতি



ব্যবস্থাপনা পরিচালকের বক্তব্য অধিকতর প্রবৃদ্ধির প্রতিশ্রুতি

ব্যবসায় গন্ডিতে একটা বড় পরিবর্তনের অপেক্ষায় আরেকটি বছর কাটাল বিশ্বের বাণিজ্যিক ও কর্পোরেট মহল। কিন্তু বিশ্বের বিশেষত কয়েকটি দেশের অর্থনীতিতে স্বল্পস্থায়ী উত্থান ছাড়া বস্তুত তেমন কিছুই ঘটেনি। ২০১০ সালের উদ্যমের ফলই ফলেছে ২০১১ সালে, যখন টিকে থাকার জন্যে ব্যবসা-উদ্যোগগুলোকে খানিকটা সংকুচিত থেকে বরং স্বরূপ অন্বেষণ মনোযোগী হতে হয়েছিল। এসময় বৃহত্তর অর্জনের জন্যে গ্রাহক আকর্ষণের কার্যকর কৌশল হিসেবে কী কী উৎকর্ষ আনা যায় তাতেই মনোনিবেশ করেছে তারা।

বাজার চলেছে তার নিজের গতিতেই, এরই মাঝে ঢাকা ব্যাংকে আমাদের জন্যে চ্যালেঞ্জ ছিলো যে প্রবৃদ্ধি আমরা ২০১১ সাল এবং তারও আগে অর্জন করে নিয়েছিলাম সেটিকে ধরে রাখা। আর্থিক মন্দাজনিত অচলাবস্থার মধ্য থেকে বেরিয়ে আসতে সবার মত আমরাও ব্যস্ত ছিলাম একটি শক্ত অবস্থানের খোঁজে। বাজার যখন চেষ্টা করছিল উঠে আসার, ঢাকা ব্যাংকও এর মাঝে উৎকর্ষের সন্ধানে এগিয়ে গেছে।

২০১১ সালে অর্জিত চমৎকার আর্থিক ফলাফলের কথা আপনাদের জানাতে পেরে আমাদের ভাল লাগছে। দেশের সামগ্রিক অর্থনৈতিক অবস্থা, বিশেষ করে বর্তমান বাজার পরিস্থিতির বিচারে ঢাকা ব্যাংকের আয় ও পুঁজির স্তর ছিল বেশ উৎসাহব্যঞ্জক। বাজারের অবস্থার প্রভাব থেকে আমরা পুরোপুরি মুক্ত থাকিনি বটে, তবে তার মধ্যে আমরা মনোনিবেশ করেছি সতর্ক আর্থিক ব্যবস্থাপনা ও ব্যতিক্রমী মাত্রার গ্রাহকসেবায়। আমরা বিশ্বাস করি এটি আমাদের শেয়ারহোল্ডার, গ্রাহক ও কর্মীদের জন্যে দীর্ঘমেয়াদে সুফল বয়ে আনে।

অর্থনীতির এই ব্যাপক পরিবর্তনের মধ্যেই ঢাকা ব্যাংক এর পরিচালন মুনাফা ১৩% বাড়িয়ে ডিসেম্বর ৩১, ২০১১ তারিখে উন্নীত করেছে ৪,৩২১ মিলিয়ন টাকায়। শ্রেণীকৃত ঋণ ব্যাপকভাবে কমে দাঁড়িয়েছে ৩.৪৫% এ। আমানত ২১% বেড়ে হয়েছে ৮৫ বিলিয়ন টাকা এবং ১৯% ঋণ প্রবৃদ্ধির ফলে এর পরিমাণ বছর শেষে দাঁড়ায়

৭৬ বিলিয়ন টাকা। ব্যাজেল-২ এর ভিত্তিতে মূলধন পর্যাপ্ততার অনুপাত ছিল ১০.৭০%, বিধি অনুসারে এটি ১০% থাকা বাঞ্ছনীয়।

ব্যাংকের ঋণ-, বাজার-, ফরেন এক্সচেঞ্জ- ও পরিচালন-ঝুঁকি ছিলো নিয়ন্ত্রণের মধ্যে। রপ্তানি ও আমদানিজনিত ব্যবসায় প্রকল্প ও সাধারণ ব্যবসায়িক অর্থায়নে ধীরগতি এবং ফি ও কমিশনজনিত আয় ও বৈদেশিক মুদ্রা হতে আয় কমে যাবার পরেও ব্যাংকের প্রবৃদ্ধি অব্যাহত ছিল। ২০১১ সালের শেষদিকে কিছু ব্যাংকের তারল্যসংকট যদিও আমানতের হার উর্ধ্বমুখী করে তুলেছিল, আশা করা যায় ২০১২ সালের মাঝামাঝি এসে এ অস্থিরতা দূর হয়ে যাবে। তৈরি পোশাক ও পাট খাত থেকে রপ্তানি ছিল আশাব্যঞ্জক। ব্যাংক এ সময়ে মনোযোগী ছিল মূলধন-পর্যাপ্ততা, মানসম্পন্ন সম্পদের প্রবৃদ্ধি, নন-পারফর্মিং অ্যাসেট কমানো, তারল্যে শক্ত অবস্থান - এ জাতীয় মূখ্য বিষয়গুলোর দিকে।

২০১১ সালে আমরা সমন্বিত ব্যালেন্স শীট ব্যবস্থাপনায় জোর দিয়েছি যাতে করে পরিমিত ঝুঁকি নিয়ে আয়ে স্থিতিশীলতা আনা যায়। ব্যাংকিং কার্যক্রমে মৌলিক অনুপাত যেমন সম্পদের গঠন ও বিন্যাস, নন-পারফর্মিং লোন, সুদের বিস্তার, স্বল্পব্যয় ও ব্যয়হীন আমানত - এগুলোতে জোর দিয়ে আমরা ব্যবসায়িক প্রবৃদ্ধি দৃঢ়তর করেছি।

সম্পদ পোর্টফোলিওতে বৈচিত্র এনে এবং ঝুঁকির মাত্রা কমিয়ে আমরা একটি বহুমুখী ঋণ পোর্টফোলিও গঠন করতে সক্ষম হয়েছি। কোন একক খাতে আমরা ১০% এর বেশি ঋণ দিইনি।

এবছর আমাদের বৈদেশিক বাণিজ্য পোর্টফোলিও বৃদ্ধি পেয়েছে ১০%। ২০১১ সাল শেষে ব্যাংকের ব্যালেন্স শীট এর আকার দাঁড়ায় ১০৫ বিলিয়ন টাকা যা প্রায় ১.২৮ বিলিয়ন ডলারের সমান।

ব্যবস্থাপনা পরিচালকের বক্তব্য অধিকতর প্রবৃদ্ধির প্রতিশ্রুতি

আমাদের অফশোর ব্যাংকিং ইউনিটের কার্যক্রম ২০১১ সালেও ছিল প্রশংসনীয়। ব্যাংকের একমাত্র অফশোর ব্যাংকিং ইউনিট এর পরিচালনা মুনাফা ছিল ৮৯ মিলিয়ন টাকা।

গুচ্ছ-ব্যাংকিং কার্যক্রমেও আমরা সফলতা অর্জন করেছি। ব্যবসায় পরিচালনা, প্রশাসনসহ ব্যাংকের শাখাগুলোর অন্যান্য কাজে উর্ধ্বতন ব্যবস্থাপনার কঠোর তদারকি যথেষ্ট সুফল বয়ে এনেছে। এবছর ঋণদানের ক্ষেত্রে আমরা বৃহৎ বাণিজ্যিক ঋণ এবং আন্তর্জাতিক ও দেশীয় বাণিজ্য অর্থায়নে গুরুত্ব দিয়েছি। ফলে এক্ষেত্রে আমাদের অভিজ্ঞতা সমৃদ্ধ হয়েছে। ব্যাংকের সিডিকেশন ও স্ট্রাকচারড ফাইনান্স ইউনিট তাদের পোর্টফোলিওতে আশানুরূপ উন্নতি এনেছে।

২০১১ সালে ঢাকা ব্যাংকের আউটলেট সংখ্যা বেড়েছে। এর মধ্যে ব্যাংক শাখার মোট সংখ্যা দাঁড়ায় ৬১ এবং এসএমই সেন্টার ছিল ৩টি। ব্যাংকের নতুন সাবসিডিয়ারি ডিবিএল সিকিউরিটিজ লিমিটেড ২০১১ সালে সফলভাবে এর কার্যক্রম পরিচালনা করে। বছরশেষে ব্যাংক শাখা, এটিএম, এসএমই সার্ভিস সেন্টার, কিয়স্ক সহ আমাদের মোট আউটলেটের সংখ্যা ১০১ এ উন্নীত করে আমাদের সেবার পরিধি সম্প্রসারিত করেছি, ফলে বেড়েছে আমাদের ব্র্যান্ড ইমেজও। বিস্তৃত এই সেবার মাঝে আমাদের ঋণদানের পরিমাণও বেড়ে গেছে অনেক। নন-পারফর্মিং লোনের মাত্রা ২০১১ সালে প্রশংসনীয়ভাবে ৩.৪৫% এ সীমাবদ্ধ ছিল - দেশের ব্যাংকিং খাতের গড় হার থেকে এটি অনেক কম। ঋণ অবলেপন ছাড়াও সময়মত ঋণ তদারকি ও ফলোআপের ফলে এটি সম্ভব হয়েছে।

প্রচলিত ব্যাংকিং সেবা ছাড়াও ইসলামী শরীয়াহ বোর্ডের নির্দেশিত পন্থায় ঢাকা ব্যাংক ইসলামী ব্যাংকিং সেবাও দিয়ে যাকে। ইসলামী ব্যাংকিং শাখাগুলোয় আমানত ও বিনিয়োগ ক্রমাগত বৃদ্ধি পেয়েছে। আমাদের দু'টি ইসলামী ব্যাংকিং শাখার মোট সম্পদের পরিমাণ উন্নীত হয় ৬,১৮২ মিলিয়ন টাকায়। সংশ্লিষ্ট সকলকে

সদা সতর্ক রাখার জন্যে নিয়মিত ও আকস্মিক অডিট পরিচালনা করে পরিপালনের বিষয়টি নিশ্চিত করা হয়।

মানবসম্পদ বেড়ে ২০১০ সালের ১,১০৯ থেকে এবার ১,২৪০ জন হয়েছে। তাঁদের সক্ষমতা বৃদ্ধির জন্যে নিরন্তর প্রশিক্ষণের ব্যবস্থা রাখা হয়েছে। ঢাকা ব্যাংক ট্রেইনিং ইনস্টিটিউট ২০১১ সালে ৫৮টি কোর্সের মাধ্যমে ১,৫২১ জনকে প্রশিক্ষণ দিয়েছে। দক্ষ পরিচালনার স্বার্থে ব্যাংকের ৬১৭ জন কর্মকর্তাকে মানি লন্ডারিং ও সন্ত্রাসী অর্থায়ন প্রতিরোধ বিষয়ক প্রশিক্ষণও দেয়া হয়।

ব্যাংকের কঠোর পরিশ্রমী কর্মীবন্ধুদের নিষ্ঠা ও ত্যাগের জন্যে অজস্র ধন্যবাদ। গ্রাহকদের চাহিদা বুঝে সঠিক সমাধান দেবার ব্যাপারে অতীতের মতো গতবছরও তাঁরা সচেষ্ট ছিলেন।

কর্পোরেট সামাজিক দায়িত্বের ক্ষেত্রে ব্যাংকের অবদান বেড়েছে। গতবছর আমরা এক্ষেত্রে ২৯.৩৬ কোটি টাকা ব্যয় করেছি।

আমরা একদশকের বেশি সময় ধরে স্থানীয় কমিউনিটিগুলোতে সাফল্যের সঙ্গে কাজ করে যাচ্ছি। এজন্যে অনেক সময় কঠিন সিদ্ধান্ত নিতে হয়েছে, ভবিষ্যৎ প্রাপ্তির জন্যে বর্তমানে দিতে হয়েছে ছাড়। একই লক্ষ্য অর্জনে আমরা আজ মিলিত - ঢাকা ব্যাংকের দীর্ঘমেয়াদী সাফল্য ও প্রাপ্তির মাধ্যমে শেয়ারহোল্ডারদের সমৃদ্ধি নিশ্চিত করতে।

সামাজিক ও পরিবেশগত প্রভাব, সুশাসন, অর্থনৈতিক উন্নয়ন, দূষণ নিয়ন্ত্রণ এবং প্রাকৃতিক সম্পদের দায়িত্বশীল ব্যবহার ও সংরক্ষণের মাধ্যমেই কেবল টেকসই উন্নতি সম্ভব বলে আমরা বিশ্বাস করি।

আমাদের আর্থিক লক্ষ্য অর্জনে সহায়তার জন্যে ঢাকা ব্যাংককে সুযোগ দেয়ার জন্যে বিচক্ষণ গ্রাহকদের জানাই অশেষ ধন্যবাদ। আমাদের প্রতি তাঁরা আস্থা প্রদর্শন করায় আমরা গর্বিত। প্রতিক্ষেপেই আমাদের কর্মীবন্ধুরা

ব্যবস্থাপনা পরিচালকের বক্তব্য অধিকতর প্রবৃদ্ধির প্রতিশ্রুতি

তাদের অভিজ্ঞতাকে আপনাদের সেবায় কাজে লাগান।
দীর্ঘমেয়াদী সাফল্যের পথে আমরা ঘনিষ্ঠ ও পারস্পরিক
সম্পর্ককে গুরুত্ব দিয়ে থাকি।

২০১১ সালে দেয়া মূল্যবান নির্দেশনা ও উপদেশের
জন্মে পরিচালনা পর্ষদকে জানাই ধন্যবাদ। এবছরের
অর্জনে আমি আনন্দিত। পর্ষদের বিজ্ঞ পরামর্শ না পেলে
এই অর্জন সম্ভব হতো না। আজকের এই অবস্থানে
ব্যাংককে নিয়ে আসতে পর্ষদসহ শেয়ারহোল্ডারবৃন্দ,
গ্রাহকগণ ও কর্মীবন্ধুরা আমাদের সহায়তা করেছেন।

এবারও আমার অকৃত্রিম ধন্যবাদ জানাই শেয়ারহোল্ডার
ও গ্রাহকবৃন্দকে তাদের সমর্থনের জন্যে, পরম উৎকর্ষের
প্রতি তাদের অবিচল আস্থার জন্যে। পরম শক্তিমান
আল্লাহ আমাদের জ্ঞান ও শক্তিতে ঋদ্ধ করুন।

ধন্যবাদ



খোন্দকার ফজলে রশীদ
ব্যবস্থাপনা পরিচালক

Report of the Audit Committee of the Board

The Audit Committee of the Board of Dhaka Bank Limited is responsible to oversee effective implementation of the processes / procedures set out in business plans and policies of the Bank. The Board of Directors sorts out the overall business plans and formulates necessary policies that the Management is required to carry out. The Audit Committee, in effect, plays the role of a watchdog on behalf of the Board on the duties and responsibilities the management is entrusted with.

Structure of Audit Committee of DBL

The composition of the present Audit Committee of the Board is as follows:

Chairman

Mr. Khondoker Jamil Uddin

Member

Mr. Abdullah Al Ahsan

Mr. M.N.H. Bulu

Mr. Md. Amirullah

Mr. Tahidul Hossain Chowdhury

Secretary

Mr. Arham Masudul Huq

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. Required by regulatory compliance, the Company Secretary of the Bank is also secretary to the Audit Committee. On invitation, senior management executives of the Bank are allowed to attend certain meetings of Audit Committee.

Functions of the Audit Committee

Core functions of the Audit Committee are to facilitate the Board in its course of oversight. To this end, the main responsibilities of the Audit Committee include the following among others:

- i. Evaluation of compliance culture of the Management;
- ii. Review of existing Risk Management procedures to ensure an effective internal control and compliance system;
- iii. Review of efficiency and effectiveness of Internal Audit Functions;
- iv. Supervision on usefulness of measures taken against ill practices and irregularities;
- v. Review of Annual Financial Statements in

- line with the Accounting Standards set by Regulatory Authorities;
- vi. Review of findings and recommendations of External Auditors; and
- vii. Appraisal of the ongoing affairs of the Bank vis-à-vis the policies set out by the Board.

Meetings and Key Focus in 2011

The Audit Committee held 4 (Four) 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. Across the year under review, the Committee focused on the following activities along with many other key points:

- Reviewed Internal Audit Plan for the year 2011;
- Examined Draft Financial Statements and recommended the statements to the Board for consideration after discussion with the External Auditors;
- Reviewed audit report by External Auditors and Management responses and remedial measures thereto to get rid of lapses identified;
- Reviewed Half Yearly Financial Report of the Bank and proposed its disclosure to the shareholders as a statutory requirement;
- Advised corrective actions in case of significant deviation(s) spotted by Internal Audit;
- Submitted compliance report/ minutes to the Board for consideration of necessary decisions/recommendations in the meetings of the Board at quarterly rests;
- Recommended reinforcement of the audit and inspection personnel with a capacity to cope with modern urgencies.

Approval of Financial Statements

The Audit Committee reviewed and examined the Bank's Annual Financial Statements for the year ended December 31, 2011 prepared by the Management and audited by External Auditors M/s. Huda Vasi Chowdhury & Co Chartered Accountants with a recommendation to the Board for consideration and approval.

Report of the Audit Committee of the Board

Our Corporate Governance Report at page 50 has also attempted to sketch different attributes and activities of Audit Committee in parallel to this presentation.

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 excellence.



Khondoker Jamil Uddin
Chairman
Audit Committee of the Board

Report of the Shari'ah Supervisory Committee

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

In the name of Almighty Allah, the most compassionate and the merciful one.

Salat and Salam are on Hazrat Muhammad (Peace be upon him), the Great Prophet and the last messenger to mankind from the Almighty.

During the year ended December 31, 2011, the Shari'ah Supervisory Committee of Dhaka Bank Limited conducted 04 (Four) meetings and reviewed a number of operational issues including those referred to by the Board of Directors and the Bank Management. The council set out necessary guidelines and advice that they deemed beneficial to smooth functioning of Islami Banking business. Formal and informal discussions on Shari'ah issues were held in participation of respected members of the Shari'ah Supervisory Committee to inspire all concerned towards compliance of 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 2011 and submitted report thereon.

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

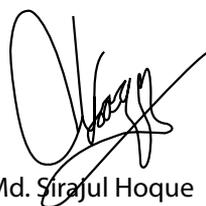
1. The Committee observed that the awareness about the compliance of Shari'ah has increased significantly among the officials responsible for investment operations and also among investment clients.
1. The Committee appraised necessary steps to rectify all the lapses as reflected in the Shari'ah Audit Reports by the Muraqib. The Council also reviewed steps to implement new software of Islami Banking for smooth operation.
2. Observation was made about effectiveness of Shari'ah Audit conducted by the Muraqib that was evident in growing compliance among the branch officials.
3. It has been recommended that the frequency of inspection should be at least once in every six months at the Islami Banking Branches to strengthen Shari'ah Compliance at Branch level.

4. Suggestion of the Shari'ah Supervisory Committee for overall progress of Shari'ah practices in DBL:

1. Propagation of Shari'ah based banking knowledge in all tiers of the Bank by way of continuous training and development process;
2. Installation of suitable Islamic banking software in Islamic Banking Branches namely IBB, Motijheel and IBB, Chittagong in quickest possible time;
3. Cautious implementation of Shari'ah principles in every investment transaction and related business operations;
4. Strict adherence to Islamic banking operation manual in IBB Branches;
5. Holding of meetings, seminars and symposiums for clients and patrons with increasing frequency to develop awareness and belongingness about Shari'ah practices in banking;
6. Proper Implementation of Islamic Banking guidelines as per BRPD Circular No. 15 dated 9th November 2009;

We pray for the mercy of Almighty Allah and His satisfaction in our best efforts to implement Shari'ah principles in every sphere of life.

Ameen,



Md. Sirajul Hoque
Member Secretary



M. Azizul Huq
Chairman

Strategic Management



Mr. Tanweer Rahim
DMD, Business Banking

Mr. Khondker Fazle Rashid
Managing Director

Mr. Neaz Mohammad Khan
DMD, Risk Management

Mr. Sajjad Hussain
DMD, Operations

Asset Liability Committee



Mr. Md. Headayetul Kabir, SAVP & In-Charge, RMU
Mr. K.M. Faisal Faruqui, FAVP & Head of Treasury
Mr. Asadul Azim, EVP & Head of CRM
Mr. Emranul Huq, SEVP & Head of Corporate Banking
Mr. Tanweer Rahim, DMD – Business Banking
Mr. Khondker Fazle Rashid, Managing Director
Mr. Neaz Mohammad Khan, DMD – Risk Management
Mr. Sajjad Hussain, DMD – Operations
Mr. Darashiko Khasru, SVP & Head of Finance & Accounts
Mr. Azad Shamsi, EVP & Head of Retail Banking

Management Committee



Sitting from left:

Mr. Sirajul Hoque, EVP, Head of Islamic Banking Division
Mr. Arham Masudul Huq, SEVP & Company Secretary
Mr. Emranul Huq, SEVP & Head of Corporate Banking
Mr. Tanweer Rahim, DMD – Business Banking
Mr. Khondker Fazle Rashid, Managing Director
Mr. Neaz Mohammad Khan, DMD – Risk Management
Mr. Sajjad Hussain, DMD - Operations
Ms. Shamshad Begum, SEVP & Principal, DBTI
Mr. S.A.F.A. Musabbir, EVP, Head of Legal & Recovery

Standing from left:

Mr. Md. Saiful Momin, FVP & Head of IT
Mr. Syed Faisal Omar, VP, Head of GTS
Mr. A.K.M. Ahsan Kabir, FVP, In-charge, ICCD
Mr. Asadul Azim, EVP & Head of CRM
Mr. Azad Shamsi, EVP, Head of Retail Banking Division
Mr. Fakrul Islam, SVP & Head of Operations
Mr. K.M. Faisal Faruqui, FAVP & Head of Treasury
Mr. Darashiko Khasru, SVP & Head of Finance & Accounts
Mr. Mujib A Siddiqui, SVP & Head of HR
Mr. J.Q.M. Habibullah, ACS, VP, Board Secretariat & Share

Management Credit Committee



Sitting from left:
Mr. Khondker Fazle Rashid, Managing Director
Mr. Tanweer Rahim, DMD – Business Banking

Standing from left:
Mr. Ziaur Rahman, VP & Head of Syndication & Structured Finance
Mr. S.A.F.A. Musabbir, EVP, Head of Legal & Recovery
Mr. Neaz Mohammad Khan, DMD – Risk Management
Mr. Emranul Huq, SEVP & Head of Corporate Banking
Mr. Asadul Azim, EVP & Head of CRM

HR Committee



Mr. Sajjad Hussain , DMD – Operations
Mr. Neaz Mohammad Khan, DMD – Risk Management
Mr. Khondker Fazle Rashid, Managing Director
Mr. Tanweer Rahim, DMD – Business Banking
Mr. Mujib A Siddiqui, SVP & Head of HR

Corporate Governance Report



To DBL, 'Corporate Governance' is an exact epithet for 'Great Diligence'. In discharging responsibilities, the Board together with the Management acts as the safeguard for the people we are aligned with - the depositors, the debtors, the shareholders, the employees, the beneficiaries of our services and the community forming the entire gamut of our stakeholders. 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.

Corporate Governance Report

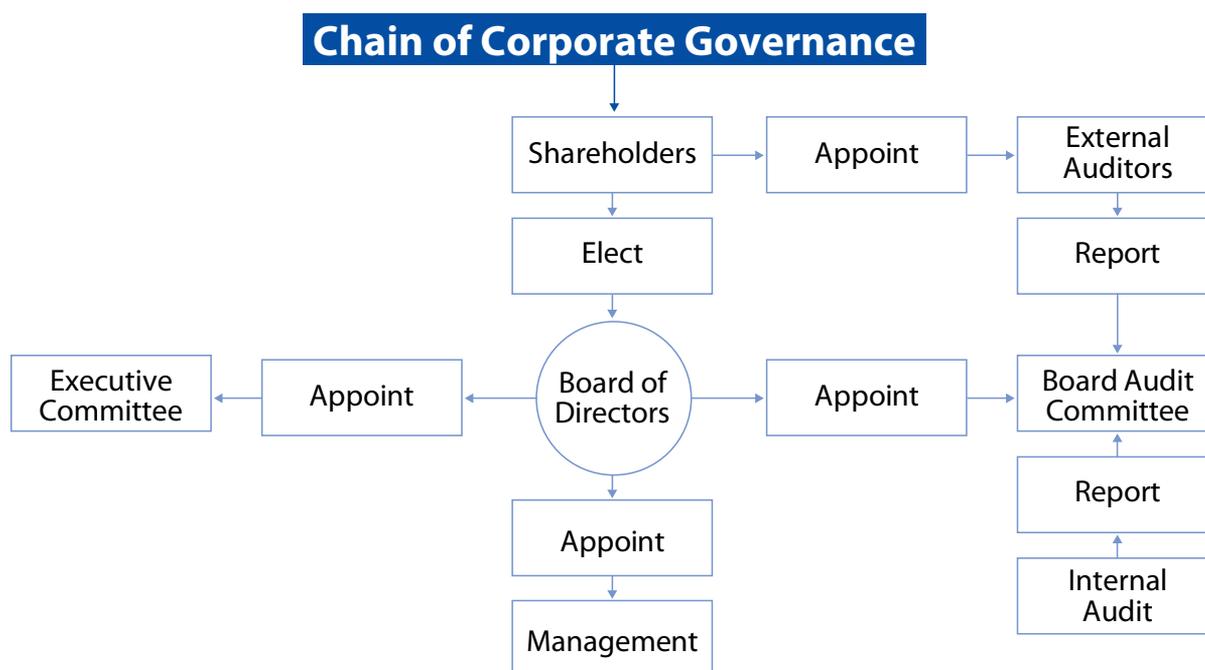
Dhaka Bank Corporate Governance (CG) rules are embedded in its corporate culture evolved over 16 years since the commencement of banking business on July 5, 1995. The guiding principles of our governance practice are basically derived from myriad regulatory requirements of Bangladesh Bank (Central Bank 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. To DBL, 'Corporate Governance' is an exact epithet for 'Great Diligence'. In discharging responsibilities, the Board together with the Management acts as the safeguard for the people we are aligned with - the depositors, the debtors, the shareholders, the employees, the beneficiaries of our services and the community forming the entire gamut of our stakeholders. 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 11%.
- The Bank is being run in line 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.

Corporate Governance Report



Board of Directors Composition

The Bank's Board consisted of 19 Directors as of December 31, 2011. The Chairman and 17 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 followed a particular 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 depicted in Auditors' Report Shareholders Information. 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.

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

Corporate Governance Report

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 (details follow in page no 76). The Directors believe that the Bank has delivered on this objective and expect it to continue to do so.

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.

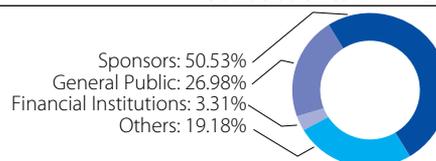
Board Meetings

The Board of Directors meet minimum once every month. The Board held 37 scheduled meetings during the calendar year 2011. 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. Agenda and papers are circulated prior to each meeting to provide the Directors with relevant information to enable them to discharge fully their duties. The Board has the following schedule of matters specifically reserved for its decision:

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

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

Constituents of DBL Shares



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 Audit Committee of the Board 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 Audit Compliance to review their charter, scope of work and the organization structure. The inspection reports from regulators are also presented to the Audit Committee for their review and action.

Executive Committee (EC)

Pursuant to Bangladesh Bank directives, the Board of Directors of DBL has formed Executive Committee that has been reconstituted in

Corporate Governance Report

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 Control & 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.

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 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 23 meetings to settle prevailing issues round the year 2011.

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

Corporate Governance Report

- ❖ 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 2011, ALCO has gone through a hectic schedule of activities in comparison with the preceding year. Dearth of liquidity loomed large in the market-place. Lower inward remittance, increasing domestic borrowings, volatility in the capital market and accelerated prices of commodities and fuel in the international market on the other hand pulled the strings of events towards a liquidity crunch. Rising rate of interest together with low liquidity kept the money market more challenging from the beginning to the end of the year. Under such backdrops, DBL ALCO had to confront hard competition in balancing asset liability portfolio. ALCO exerted rigorous efforts to manage the challenges spending many hot sessions to hammer out a plan that paid off eventually at the year end. ALCO activities have also been highlighted in the Report of the Directors with added dimension.

Risk Management Unit (RMU)

The Bank under stipulated instructions of the Central Bank has set up a separate 'Risk Management Unit' with the Deputy Managing Director in the chair. The core objective of the 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 RMU 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.



In compliance with BB directives, DBL Risk Management Unit holds at least one monthly meeting. Consequent upon urgency, the holding of meetings sometimes exceed usual frequency (more than once in a certain month). The minutes of the meeting are submitted to Department of Offsite Supervision (DOS), Bangladesh Bank on quarterly basis.

Human Resource Committee (HRC)

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

Corporate Governance Report

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 16th Annual General Meeting held on 29 March 2011 as the statutory auditors for the year 2011.

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 2011:

- ❖ 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.

Corporate Governance Report

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.

Relations and Communication with the Shareholders

In our sincere efforts to share information with whom we are concerned, DBL disseminates integrated operational and financial output and initiatives to shareholders to enable them to accurately assess future potentials of the Bank. Communication with stockholders is given high priority. The Bank seeks to provide through its Annual Report a balanced, clear assessment of its performance and prospects. It also uses its internet website www.dhakabankltd.com to provide investors with the full text of the Annual and Interim reports and with copies of presentation to regulatory bodies, analysts and investors as they are made so that information is available to all relevant targets. The Annual Report comprising audited financial statements for the respective year are also despatched to the shareholders 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.

Corporate Governance Report



Glimpses of the 16th AGM

Corporate Governance Report

Employees

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

Supplier

Supply and logistic support are pivotal to smooth running of a company and meeting 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 2011, there was no legal case filed by the Bank or 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 optimise 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 at Annexure-G in Audited Financial Statements 2011.

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

Corporate Governance Report

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.

On behalf of the Board of Directors



Reshadur Rahman
Chairman

Sustainability



Sustainability is a new dimension to modern financial progression. Lessons from global economic drawbacks substantiate that commercially driven profits alone are not good enough to ensure long-term financial strength and benefits. The more the integration of banking objectives with economy, society and environment, the greater the sustained values and dividend of success. Organisations of the new age feel the compelling need to increasingly integrate sustainability into their overall strategy envisioning a level of confidence to operate responsibly and consistently. If sustainable development is a dire necessity, it is time then to embark on sustainability reporting to become a champion of standard practice and society-economic prosperity.

Thousands of financial entities in the world, in pursuance of a growth-path towards value-creating, now report on their economic, social and environmental interests which are rewarding. Value reporting is an important gauge for improvements in business health that sustains. It enables the companies to measure, monitor and manage their impact on society, the economy and an enduring future. This type of reporting requires vital data support to manage risks and identify sustainability opportunities.

DBL comprehends the usefulness of sustainability, although a relatively new concept and work is underway for its development and wider adoption. As a development partner in the economy, DBL continues to ensure efficient management of country resources, physical or financial so that they are available for the next generation. With an aim to capture a full picture of corporate health, the Bank is intending to focus on value building activities and non-financial measures apart from regular compliance on historic financial disclosure. The Bank also supports a level playing field in financial reporting being a true reflection of transparency, innovation, flexibility, better

Sustainability

governance as well as progress on economic, political, social and environmental context.

SME Financing

Dhaka Bank Limited formally stepped in the financing of Small & Medium Enterprise (SME) in the country back in 2003. The Bank has established a separate SME unit with specific allocation of responsibilities. DBL has expanded its SME network across the country as suitably as possible in harmony with growing needs and demands. The Bank is catering SME finance and services through 61 (sixty one) regular Branches in collaboration with 3 (three) SME service centers. Dhaka Bank's current SME portfolio stands at Tk.4,129.30 million as on December 31, 2011. Bank's exposure to SME business is well diversified among a total of 2,240 clients cum entrepreneurs in varied sectors. Bank's disbursement to SME sector during 2011 aggregated Tk.5,704.40 million against the budgetary target of Tk.6,007.20 million. The Bank also extended cluster finance to SME clients amounting Tk. 500 million in pursuance of a total target of Tk.350 million during 2011. Percentage of Non Performing Loans to total SME portfolio has been comparatively low at 3.93% at the close of December 2011. Over the years, the Bank has remained an active participant in various refinance schemes funded by Bangladesh Bank, ADB, WB, EGBMP and so forth.



Salient Features of DBL SME Finance

- ❖ Hassle-free easy access to SME Loan
- ❖ SME loan commitment up to Tk. 1.00 crore
- ❖ Repayment choice within convenient timeframe or expedient installment schedule
- ❖ No hidden fee
- ❖ Competitive rate of interest

- ❖ Relatively low processing fee
- ❖ Quick approval of SME loans

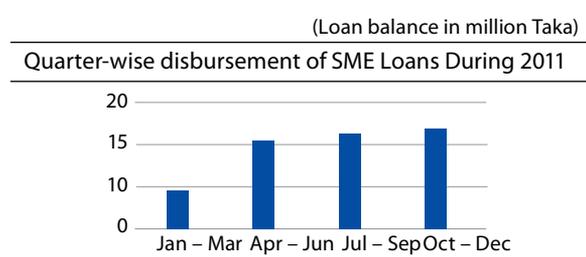
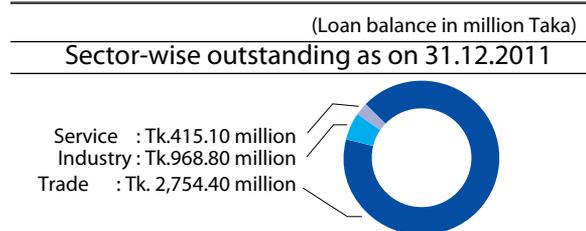
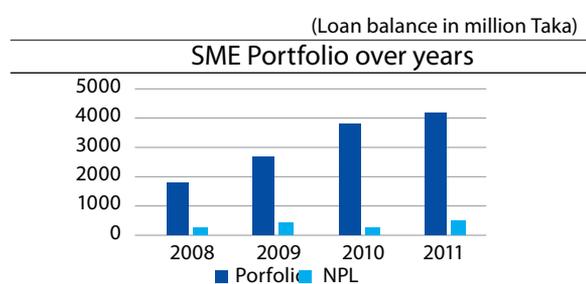
Key Progress in 2011

- DBL ensured installation of Desk Identifier for Women Entrepreneurs Finance & SME Finance as per BB directives. Branches are embellished with X-Stand Banner featuring key attributes of DBL SME business.
- We introduced SME Focal Officers Board at all Branches to communicate SME related information as well as to register complaints from SME entrepreneurs.
- The Bank remained a vibrant participant in Agri-based Light Engineering Fair in Bogra, Agri-based Industry, SME Finance & Entrepreneur Fair in Rangpur, SME Financing Fair in Chittagong, SME Entrepreneurs & Bankers Conference in Sylhet, Bank-NASCIB Shaikat Utsab 2011 at Cox's Bazar and FBCCI SME Fair 2011 in Dhaka around the calendar year.
- DBL arranged a Special Meeting with Export Oriented Small Garments Manufacturer at Saidpur in collaboration with Bangladesh Bank to tap the opportunities under the sector. Fresh finance is going to be made in order to boost the promising industry there.
- We provided resource support to the Branches for enhancing SME understanding and knowledge-base. DBL SME Financing Manual, Bangladesh Bank Circulars, HO SME Circulars/ Memos/ Letters, Brochures/ Booklets/ Leaflets and so forth were delivered to Branches as the source of upgrading knowledge about SME Finance. SME related topics were a top focus in most of the training courses conducted by DBTI.
- DBL has embarked on a high profile SME MARKET SEGMENTATION DATABASE under the patronization and collaboration of Bangladesh Bank, IFC, SEDF and Geopolicy Inc.
- The Bank signed a participatory agreement with Bangladesh Bank for availing refinance against disbursement of loans under agro-

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processing rural industries.

- H. The Bank has taken up the responsibilities for the development of Weaving Industry in Belkuchi, Sirajgonj as advised by Bangladesh Bank as a part of its commitment to cluster finance. A feasibility study is in progress to see the prospects of weaving factories in Belkuchi on different parameters.



Women Entrepreneur Finance

Leading Features

- ❖ Available at all DBL Branches and SME Service Centers
- ❖ Easy terms & conditions
- ❖ Rate of interest only 10.00% under Woman Entrepreneur Refinance Scheme (BB)
- ❖ Quick approval process
- ❖ Unsecured facility for a certain limit



Key Progress

1. Till date, the Bank has disbursed loan of Tk.45.70 million approximately to 31 Women Entrepreneurs under Women Entrepreneur Refinance Scheme by Bangladesh Bank. Total outstanding in WE Finance was around Tk.31.60 million.
2. Products and services offered by Dhaka Bank Women Entrepreneurs include Boutiques, Readymade Garments, Cookery Items, Embroidery and Designing, Fisheries, Agro Products, Training Centre and so forth.
3. Bank's Woman Entrepreneur Mrs. Yeasmin Moshed Chowdhury has been accorded 'BWCCI – EBL Progressive Award 2011' for her outstanding achievement in SME business.

Muhua Naksha: Meeting the Nicety

The long expecting dream came true in the year of 2006 when Ms. Yeasmin Moshed Chowdhury opened the first outlet "Muhua Naksha" at Nasirabad in Chittagong. Being trained on crafting diverse handicraft items, Ms. Yeasmin could not start her own venture in the early nineties due to inadequate finance. Nevertheless, nothing would prove to hold her back.

Shrugging off all the drawbacks, the 40 year old women entrepreneur from Chittagong focused on training aspiring women on handicrafts since 1998. About thousand novices have successfully performed their training from her training centers. By the way Ms. Yeasmin saved some money & looked for bank finance to set up a fashion house. Considering the management skill & future prospect of the business Dhaka Bank Ltd financed the client for the first time in 2006, which got the dice rolling and the concern started to rise.

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Besides her all out effort, Dhaka Bank Ltd has been provided continuous support to fly the business all the way. Now Ms. Yeasmin has four showrooms in Chittagong, employing 15 people directly and several hundred indirectly. She also runs a factory to supply goods to the outlets. Ms. Yeasmin designs saris, salwar kameezes, fatuas, and panjabis and also takes orders to make these items. Yeasmin had participated in a number of training programmes on fashion designing, handicrafts, embroidery and other related areas.

The business is already standing on a sound foundation; even still, she spends plenty of time providing training on stitching, handicrafts and making boutique items to other women entrepreneurs. As a member of BWCCI, Ms. Yeasmin has been playing an active part in encouraging others and creating awareness on different women entrepreneurship issues. She won the 'BWCCI-EBL Progressive Award' for her contribution to entrepreneur development.

Ms. Yeasmin, a BA degree-holder, also eyes to build a training institute and a display center where the other women entrepreneurs, who are unable to set up their own outlet, will be able to display their items. She believes that it may take time but would not be impossible if Banks extend their support in time.

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 March 2009 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 2010 – 11,

Dhaka Bank pursued a disbursement target for Tk. 230.00 million under agriculture and made total disbursement of Tk. 200.00 million approx. up to 30th June 2011, achieving 87 % of the target value.

This year, in compliance with Bangladesh Bank circular, we have taken up an ambitious disbursement target for Tk.1,280.00 million in agriculture which is 456% 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.

Major developments under Agriculture/ Rural Credit:

- a. Introduced Agricultural Products in the GL Account, thus enabling the Bank to simplify process of posting and manage account conduct as well as strengthen Management Information & Reporting System. Formed Agricultural Credit Committee.
- b. Set the Branch-wise target for Agri- loan.
- c. Nominated Bank's representatives in the District Agricultural Credit Committee (DACC) for 19 districts as advised by Bangladesh Bank.
- d. Recruited two Agriculturists for Special Credit Unit to gain an insight into agriculture and explore opportunities in the sector.
- e. All Branches brought under agricultural financing network.
- f. Decided to go for more wholesale credit to Micro Finance Institution (MFI), NGO, etc for onward lending to the target group (marginal farmers).
- g. Introduced a few Agricultural Model Branches across the country.
- h. Streamlined borrower's selection process through client visit, contact verification, justification of financial need, etc.

NGO Linkage

For a broad-base agricultural advancement, new partnership is brought in between the Government and banks, Non-bank Financial Institutions and NGOs. As a result, agro-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

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out as a unique solution. DBL looks forward to optimising this opportunity and has inked a number of deals under NGO linkage credit programme. Our partners under this mission are Padakhep Manobik Unnayan Kendra and ARS-Bangladesh.

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 assigned 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 in 2011 with another tranche of wholesale limit of Tk.200.00 million on account of Padakhep on December 8, 2011. In addition to DBL finance, Padakhep multiplied their fund-base through different other partnerships and disbursed Tk. 548.34 million among 35050 agricultural entrepreneurs during the year 2011. To chase the target, Padakhep developed a huge outreach consisting of 216 centres across 7 Zonal Offices in the country. High hopes are on rise from the partnership of DBL and Padakhep to carry fund to the farmers at their doorsteps. The ultimate goal is a shining Bangladesh built on strong food security and growing employment opportunities in the remote countryside.



Corporate Philanthropy & Social Obligation

We recognize the importance of extending banking services to social welfare and common needs in more ways than just doing banking business. We believe in the public service nature of the financial services industry apart from profitable engagement. No doubt, through our day-to-day business operations, we are adding values to the society and the economy. We must also act as a responsible corporate citizen to help lay the foundation for a better society in the future. In the spirit of good corporate citizenship, Dhaka Bank is set to fulfill its social obligations through a broad range of activities.

Greening of banking business is much talked matter-of-the-day. Our concern for environment and the people is key to our well-being. Our do's and don'ts have a direct bearing upon the sustainability of the eco system. So, our corporate philanthropy together with our social obligation must conform to a lasting bond: The clientele, the climate and the commitment to grow.

As we perceive so do we act. It is quite an effort on our part to deliver shareholder's value in a socially, ethically, and environmentally responsible way. Our endeavors, be it for corporate or small entrepreneurs of the economy, are always attuned to community's interests. Thus, our engagement in any project did never come in conflict with the durable benefits of the communities where we operate. In support of social and national causes, the Bank made contribution of different nature across diverse fields of concentration. Sometimes, our support inspired our culture and heritage; sometimes, we extended a helping hand to the deprived and the destitute; at other times, we came forward for nature and the disabled; even the talented individuals crying for need and support got our sincere attention.

In this CSR report, we give an insight into some of the activities throughout the Bank that demonstrate our commitment to the principles of good corporate citizenship. A significant contribution of Tk. 29.36 million has been made by DBL under CSR along with many other CSR initiatives in the offing.

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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 has been maintaining provision for Dhaka Bank Foundation since 2003. In 2011, the Bank has made a provision of Tk.36.91 million for Dhaka Bank Foundation at 1% on pretax profit (i.e. profit after provision for loans & other provisions) as per decision of the Executive Committee of the Board of Directors.

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.

Playing our part in the community

Dhaka Bank Art Fest 2011

Apart from the tasteless realities and the trials of life, the disable can be found to have a beautiful mind. They too have a dream, power to think and aspiration to shine. Just they need a close sensitivity. If we dare to care for them, they begin to unfold and seek to achieve. Thus, it is wonderful to see an impeded mind go on a paining spree - victory of motherland, boats on the river, houses on the bank, the peaceful deer forest, the caressing nature, boat race and the race to reach the goal, lovely river - lovely homestead, my country-my village-my home and others to the queue.

Dhaka Bank believes that the variously challenged children of our society wield a wealth of talent that deserves careful nurture and incentive to grow. With this vision of social attachment, DBL in collaboration with SEID Trust organised "Dhaka Bank Art Fest 2011" for autistic and physically and intellectually challenged children on 22 October 2011 at

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Bangabandhu International Conference Centre. More than 100 Kids from 15 autism schools of metro Dhaka participated in this festivity. Top 24 paintings were rewarded while all other participants received gifts, certificates and prizes. Highly acclaimed artists like Mr. Samarjit Roy Chowdhury, Mr. Hashem Khan, Mr. Kalidas Karmakar, Mr. Hamiduzzaman Khan, Mr. Nisar Hossain, Mr. Moniruzzaman and Ms. Kanak Chanpa Chakma graced the occasion as honorable judges. What's more fascinating is DBL Calendar 2012 showcasing these creative talents (12 for Wall Calendar & 12 for Desk Calendar). Cherishing the love for culture, heritage and the have-nots, DBL look forward to many more events for these children in future.

Enabling Healthcare

Sound health is very much a basic need. The success of providing healthcare hinges on how better our health sector is equipped with. DBL made sizeable contribution towards development of healthcare infrastructure in the city. Out of our philanthropic interests, we continued our charitable activities in this sector in 2011. We made financial aid of Tk. 24.00 Lac to Transplant Unit of Diabetic Association of Bangladesh at BIRDEM. We made considerable donation to Haemodialysis Unit of Mirpur Kidney Hospital & Research Institute for the dialysis and treatment of financially weak kidney patients.

The Bank already donated Tk. 2.00 Crore to Dialysis Unit of Kidney Foundation and committed to further fund contribution for the purchase of 6 (Six) new Haemodialysis machines at a cost of Tk. 60.00 Lac. To mark its glorious 16 years of excellence in banking, DBL brought forth a good number of social initiatives as a dutiful corporate citizen in addition to making joyous celebration of the occasion. DBL held free blood donation campaign at Head Office in participation of employees of the Bank.

Upgrading nature

DBL has included upgrading of nature in its core CSR part by way of proper adornment or embellishment. The initiatives have made the focused spots more visit-worthy and enjoyable to the dwellers where nature is losing its luster. In 2010, DBL patronized a sculpture that embodied sea life in the gateway of Cox's Bazar at Kaktoli.

High efforts were made for eight months to complete the sculpture. The scintillating beauty of the sculpture continued to captivate the tourist's mind even today. Besides, DBL has already been developed a green square in front of the High Court named "Kadam Fountain" and another small park in front of its Head Office. We 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.

Promoting & developing sports

DBL has remained committed to the promotion and development in sports since the inception of its banking operation. The spirit never ceased to spark and continued in 2011 as well. The Bank sponsored Bijoy Dibosh Hockey Tournament 2010 at Moulana Bhasani National Hockey Stadium and held the closing and prize giving ceremony of the event on January 6, 2011 presided over by Mr. Ahad Ali Sarker, MP & Honorable Minister, Ministry of Youth & Sports, Government of the People's Republic of Bangladesh.

Standing by the victims of national disaster

The catastrophic nature of 2009 Pilkhana Killing at BGB Headquarter (erstwhile BDR Headquarter), Dhaka was a great shock on humanity as well as our national conscience. Dhaka Bank was quite responsive to heal the distress of the families of martyred soldiers and rank officers by making significant contribution. In 2011, the Bank donated Tk. 4.80 Lac to each of two victim families of BDR carnage. Compassion for the bereaved families will continue in the years ahead.

CSR across the economy & the environment

Renewable energies & agricultural finance

Our efforts in renewable energies were visible till the year-end 2011 and the spirit is on for the days ahead. We have financed a biogas plant with a loan limit of Tk.0.20 million and an organic fertilizer plant at Rangpur with a limit of Tk.4.50. We have many more commitments ahead. We are considering renewable energy plants (solar panel, wind mill, etc.), bio-gas plant, organic fertilizer plant, etc as one of our priority sectors. Agriculture is the thrust sector for green

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banking financing. From the very beginning, Dhaka Bank has been financing in agriculture sector. Bangladesh Bank has fixed a target of Tk. 128.00 Crore to finance in this sector for Dhaka Bank in the FY 2011-12. Special Credit Unit of the Bank has taken very intensive program to fulfill the target. Around the year 2011, we actively pursued the expansion of our business with particular focus on greater welfare of the economy.

Contribution to Government Exchequer

DBL contribution to government exchequer is adding incentive to government effort to mobilize revenues. The strength of our socio economic development generates mainly from government revenues. Revenues are widely spent to comfort the lives of common people, carry out development plans, subsidize real economies to spur growth and provide salary and benefits to millions of government employees and their families. As per tax law, the Bank deducts at source income tax, VAT and excise duty from various payments and services for ultimate credit to government exchequer.

Safeguarding environment

DBL has identified strategic areas of action for itself to help limit the impact of environmental hazards. One important area of activity is corporate environmental protection, which includes continual efforts to 'say no' to environmentally sensitive projects. To help achieve this goal, DBL has adopted Credit Risk Management Guidelines that categorically discourage finance in environmentally sensitive schemes and issues.

As per policy guidelines, DBL takes care that any operation of the project under financing consideration will not help carbon emission and if so, what remedies have been taken to reduction of that. The Bank is determined to encourage finance to ETP (effluent treatment plant) project. Environmentally friendly projects are given preference over others. Credit proposals for renewal of facility are reviewed under the measure of its friendly aspect with the environment. Bank, in principle, discourages finance to Brick Field without environment



DBL for the Community

Sustainability

friendly kiln for firing bricks. Under regulatory compliance, strong emphasis was put to convert traditional brick burning process into modern version of technology. In 2011, as many as 7 SME projects out of 38 involved in brick manufacturing business were converted into prescribed modern versions namely Zigzag Kiln, Vertical Shaft Kiln, Hybrid Hoffman Kiln, etc. DBL also continued to extend support for establishment and operation of 01 (one) effluent treatment plant for readymade garment and dyeing project/ company. Bank's finance continued in existing CNG refueling station projects with a number of fresh investments. As part of green banking initiatives of the Bank, the SSF Unit has already arranged syndication financing for "D-water Tech Limited" to set up a centralized water treatment plant 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 M/s. Vosta LMG-Karnafuly Joint Venture Consortium Ltd. for construction of Dredgers for re-excavation of the Gorai River.

Green Banking

Earth, so far human knowledge can grab hold of, is the only home to life in this universe and it took hundreds of millions of years for its environment to get friendly with living beings. But recent history is surprised to see the loving alliance between Earth and environment die away. Empirically proved, environment can be a threat to itself and shockingly, can go Frankenstein to question our lives if we let go of it unwisely. Decades of careless handling of environment lured by unchecked industrial competition have let loose a Pandora's Box, known as 'global warming'. The phenomenon technically termed 'Green House Effect' has captured the global mind space with the immediacy of hurried response. The warming is the impact of certain man-made gas emissions namely carbon dioxide, methane, nitrous oxide and hydro fluoro carbon responsible for rapid climate changes. The rapid change in climate is continuously disintegrating our eco systems having adverse impact on bio diversity,

agriculture, forestry, water resources and human health. Nevertheless, there is general lack of adequate awareness on the above issues and hence there comes an urgent need to promote certain measures for sustainable development and corporate social responsibility. Bangladesh is one of the top-quoted countries vulnerable to climate change. In response to global imperative on environment degradation, financial sector in Bangladesh should look for remedial measures as one of the key stakeholders.

Green Banking as a Safeguard

Green banking is potential to shield against certain risks. It can act as a mitigating tool to guard against key risks like Credit Risk, Legal Risk, Reputation Risk, Security Risk, etc.

DBL Green Strategies

DBL adopts the green banking business model for sustainable banking as well as to steer clear of the above risks by launching the following strategies:

- a) Carbon Credit Business: Clean Development Mechanism (CDM) provides for co-operation between developed and developing countries. The operational mechanism of CDM involves an investment by a legal entity from a developed country to developing country, which results in emission reduction. These emission reductions have to be certified by an appropriate authority and these Certified Emission Reductions (CERs) are commonly known as carbon credits. The banks can involve themselves in carbon credit business wherein banks can provide all the services in the area of CDM and carbon credits and the services of identification and funding of CDM projects, advisory services for registration of CDM projects and commercialization of CER under different structures to meet the requirements of its customers. DBL is on way to make a partnership in carbon credit business.
- b) Green Banking Financial Products: DBL will develop innovative green banking financial products which can directly or indirectly rein in the carbon emissions. Dhaka Bank will introduce "Green Fund" to provide finance to climate conscious customers and environment friendly projects. Besides

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specific green banking products, Bank will incorporate an Environmental Impact Assessment (EIA) in the project appraisal that will aim to measure the nature and magnitude of environmental risks.

- c) Green Mortgages: DBL will offer special discount to the borrowers whose mortgaged property i.e. land and building are more green. This tends to incorporate more energy-efficient materials and building plans. Bank will discourage mortgaged property prone to environmental impacts by virtue of its geographical location and pollution by the operation of business activities. The building plans with energy efficient items such as solar panels and improved insulation will enjoy a preferential treatment under collateral arrangement.
- d) Carbon Footprint Reduction: Carbon footprint is a measure of the impact of our activities on the environment. It relates to the amount of GHG we are producing in day-to-day business while burning fossil fuels for electricity, heating, transportation, etc. DBL insight and initiatives into the reduction of carbon footprint bear the following features:
 - i. Paperless Banking
 - ii. Energy Consciousness
 - iii. Using Mass Transportation System
 - iv. Green Building
- e) Social Responsibility Services.

Compliance Report on SEC Notification

Annexure-I

Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD/2006-158/Admin/02-08 dated February 20, 2006 issued under section 2CC of the Securities and Exchange Commission Ordinance, 1969

Directors' Report to the Shareholders as per SEC notification SEC/CMRRCD/2006/-158/Admin/02-08 dated February 20, 2006 further reports 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, as applicable in Bangladesh, have been followed in preparation of the financial statements.
- 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 5 preceding years have been presented in summarized form (page No 77)
- The number of Board Meetings and Executive Committee Meetings and the attendance of Directors during the year 2010 have been shown in Annexure – 2.
- The pattern of share holding along with name-wise details of:
 - i) Parent/ Subsidiary/ Associated companies

and other parties: The Bank formed a subsidiary company named DBL Securities Limited during the year 2010 to conduct stockbroker & stock dealer activities.

- ii) Directors: Shareholding presented in Related Party Disclosure 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.
- iii) Shareholders holding ten percent (10%) or more voting interest in the company as at 31 December 2011: Nil

Compliance Report on SEC Notification

Annexure-II

Number of Board Meetings and Attendance of Directors as on 31.12.2011

Name of the Directors	Position	Number of Meeting Held	Attended
Mr. Reshadur Rahman	Chairman	14	14
Mr. Abdul Hai Sarker	Director	14	12
Mrs. Rokshana Zaman	Director	14	9
Mr. Altaf Hossain Sarker	Director	14	14
Mr. Aminul Islam	Director	14	2
Mr. Md. Amirullah	Director	14	10
Mr. Abdullah Al Ahsan	Director	14	9
Mr. Khondoker Monir Uddin	Director	14	5
Mr. M.N.H. Bulu	Director	14	10
Mrs. Rakhi Das Gupta	Director	14	14
Mr. Tahidul Hossain Chowdhury	Director	14	12
Mr. Jashim Uddin	Director	14	9
Mr. Abdul Wahed	Director	14	-
Mrs. Kamala Khatun*	Director	14	-
Mr. Mohammed Hanif	Director	14	11
Mr. Khondoker Jamil Uddin	Director	14	13
Mr. Amanullah Sarker	Director	14	4
Mr. Suez Islam	Director	14	12
Mr. G.M. Shameem Hussain	Director	14	11
Mr. Khondker Fazle Rashid	Managing Director	14	14

*Mrs. Kamala Khatun died on 26.10.2011

Number of Executive Committee (EC) Meetings and Attendance of Directors as on 31.12.2011

Name of the Directors	Position	Number of Meeting Held	Attended
Mr. Reshadur Rahman	Chairman	37	33
Mr. Abdul Hai Sarker	Director	37	27
Mrs. Rokshana Zaman	Director	37	30
Mr. Altaf Hossain Sarker	Director	37	35
Mr. Mohammed Hanif	Director	37	30
Mr. Khondker Fazle Rashid	Managing Director	37	37

Compliance Report on SEC Notification

Annexure-III

Status of Compliance with the conditions imposed by the Securities and Exchange Commission's Notification No. SEC/ CMRRCD/ 2006 -158/ Admin/ 02 - 08 dated 20th February, 2006:

Condition No.	Title	Complied status		Explanation for non-compliance with the condition
		Complied	Not Complied	
1.00	Board of Directors			
1.1	Board's size	√		
1.2 (i)	Independent Director		√	New Independent Director not yet appointed after the death of former Independent Director
1.2 (ii)	Appointment of Independent Directors		√	
1.3	Chairman of the Board and Chief Executive Officer	√		
1.4	The Directors' Report to the Shareholders			
1.4(a)	Fairness of state of affairs	√		
1.4(b)	Keeping proper books of accounts	√		
1.4(c)	Consistent application of Accounting Policies in preparation of Financial Statements	√		
1.4(d)	Observance of Bangladesh Accounting Standard (BAS)	√		
1.4(e)	Soundness in design and efficiency of internal control	√		
1.4(f)	Ability to continue as going concern	√		
1.4(g)	Significant deviations from last year in operating result	√		
1.4(h)	Summary of key operating and financial data for the last three years	√		
1.4(i)	Declaration of stock dividend	√		
1.4(j)	Disclosure about number of Board meeting held during the year and attendance by each Director	√		
1.4(k)	Disclosure about shareholding pattern	√		
2.00	Chief Financial Officer, Head of Internal Audit and Company Secretary			
2.1	Appointment of Chief Financial Officer (CFO)		√	The condition is under review
	Head of Internal Audit	√		
	Company Secretary	√		
2.2	Requirements to Attend Board Meetings			
	Chief Financial Officer (CFO)		√	The condition is under review
	Company Secretary	√		
3.00	Audit Committee			
3.1(i)	Number of Members of Audit Committee	√		The condition is under review
3.1(ii)	Inclusion of Independent Director in the Audit Committee		√	
3.1(iii)	Filling of the casual vacancy in the Audit Committee			
3.2(i)	Selection of Chairman of the Audit Committee	√		No such case
3.2(ii)	Qualification of Chairman of the Audit Committee	√		

Compliance Report on SEC Notification

Annexure-III

3.3	Reporting of the Audit Committee			
3.3.1(i)	Reporting its activities to the Board of Directors	√		
3.3.1(ii)(a)	Reporting to the Board of Directors on conflicts of interest	√		
3.3.1(ii)(b)	Reporting to the Board of Directors on suspected or presumed fraud or irregularity or material defect in the internal control system	√		
3.3.1(ii)(c)	Reporting to the Board of Directors on suspected infringement of laws, including securities related laws, rules and regulations	√		
3.3.1(ii)(d)	Reporting to the Board of Directors on any other matter which should be disclosed to the Board of Directors	√		
3.3.2	Reporting of Qualified point to Commission	√		
3.4	Reporting to the Shareholders and General Investors	√		
4.00	External/ Statutory Auditors			
4.00(i)	Appraisal or valuation services of fairness opinions	√		
4.00(ii)	Financial information systems design and implementation	√		
4.00(iii)	Book-Keeping or other services related to accounting records of Financial Statements	√		
4.00(iv)	Broker-dealer services	√		
4.00(v)	Actuarial services	√		
4.00(vi)	Internal Audit services	√		
4.00(vii)	Any other services that the Audit Committee determines	√		

Compliance Report on SEC Notification

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
1.	Responsibilities and authorities of the Board of Directors (a) Work-planning and strategic management: (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.	Complied
	(b) Lending and risk management: (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 Complied
	(c) Internal control management: 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
	(d) Human resources management and development: 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 Complied
	(e) Financial management: (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.	Complied

Compliance Report on SEC Notification

Annexure-IV

(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
(f) Formation of supporting committees: 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
(g) Appointment of CEO: The board shall appoint a competent CEO for the bank with the approval of the Bangladesh Bank.	Complied
(h) Ensuring follow-up and compliance of the responsibilities and vested on the Board of Directors by Bangladesh Bank.	Complied
2. Responsibilities of the Chairman of the Board of Director (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 policy-making or executive authority, he shall not participate in or interfere into the administrative or operational and routine affairs of the bank.	Complied
(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
3. Responsibilities of Adviser 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.	Complied
4. Responsibilities and authorities of CEO 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.	Complied
(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.	Complied
(c) 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.-	Complied
(d) The CEO shall report to Bangladesh Bank regarding violation of the provisions of Bank Company Act 1991 of any other laws.	Complied
(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

Five-year Performance Line

(Tk. in million where applicable)

	2007	2008	2009	2010	2011	Growth %
Income Statement						
Interest Income	5,636	7,171	7,466	7,405	9,945	34
Interest Expense	4,049	5,214	5,556	4,944	7,611	54
Net Interest Income	1,587	1,958	1,910	2,461	2,335	(5)
Non Interest Income	1,582	1,929	2,175	3,095	3,893	26
Non Interest Expense	1,159	1,353	1,275	1,715	1,907	11
Net Non Interest Income	423	576	900	1,380	1,986	44
Profit before Tax & Provision	2,010	2,533	2,810	3,841	4,321	13
Provision for Loans & Assets	479	669	675	924	667	(28)
Provision for Tax (including Deferred Tax)	827	1,025	1,176	1,239	1,489	20
Profit after Tax	704	839	959	1,679	2,165	29
Balance Sheet						
Authorized Capital	6,000	6,000	6,000	10,000	10,000	-
Paid up Capital	1,547	1,934	2,128	2,660	3,590	35
Reserve Funds & Other Reserve	1,578	2,065	2,838	3,920	5,627	44
Shareholders' Equity (Capital & Reserve)	3,125	4,000	4,966	6,580	9,217	40
Deposits (Base & Bank excluding Call)	48,731	56,986	60,918	70,420	85,277	21
Loans & Advances	39,972	49,698	52,910	63,591	75,983	19
Investments	5,972	7,239	8,660	8,443	9,576	13
Fixed Assets	291	387	424	977	1,703	74
Total Assets (excluding off-balance sheet items)	57,443	71,137	77,767	90,139	104,726	16
Foreign Exchange Business						
Import Business	49,496	65,737	46,160	69,606	71,377	3
Export Business	31,081	39,038	33,305	36,924	46,247	25
Guarantee Business	6,523	7,887	6,462	7,416	9,917	34
Inward Foreign Remittance	10,609	11,834	9,786	11,097	13,201	19
Capital Measures						
Core Capital (Tier I)	3126	3964	4634	6123	8478	38
Supplementary Capital (Tier II)	554	844	1000	2839	3551	25
Tier I Capital Ratio (%)	8.80	9.77	9.30	6.89	7.54	9
Tier II Capital Ratio (%)	1.56	2.08	2.01	3.20	3.16	(1)
Total Capital	3,680	4,822	5,800	9,475	12,399	31
Total Capital Ratio (%)	10.36	11.84	11.31	10.09	10.70	6
Credit Quality						
Volume of Non-performing loans	1,258	1,908	2,946	2,909	2,624	(10)
% of NPLs to Total Loans & Advances	3.15	3.84	5.57	4.57	3.45	(25)
Provision for unclassified Loans	465	620	625	742	848	14
Provision for Classified Loans	439	825	1,488	1,481	1,063	(28)

Five-year Performance Line

(Tk. in million where applicable)

Share Information

Number of Shares Outstanding	15.47	19.34	21.28	265.96	359.05	35
Earning per Share (Taka)	46.06	39.42	36.07	4.68	6.03	29
Book Value per share (Taka)	202	207	233	25	26	4
Market Price per share (Taka)	706	361	484	76	45	(41)
Price Earning Ratio (Times)	15.33	9.15	10.72	12.09	7.46	(38)
Price Equity Ratio (Times)	3.49	1.74	2.07	3.08	1.75	(43)

Dividend per Share:

Cash Dividend (%)	-	15	-	-	5	-
Bonus Share	1:4	1:10	1:4	7:20	3:10	-

Operating Performance Ratio

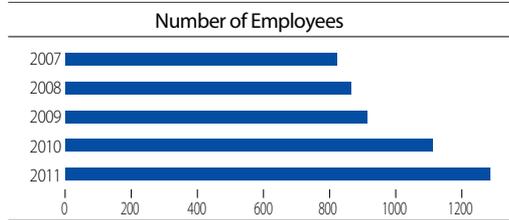
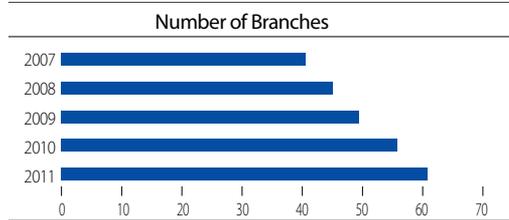
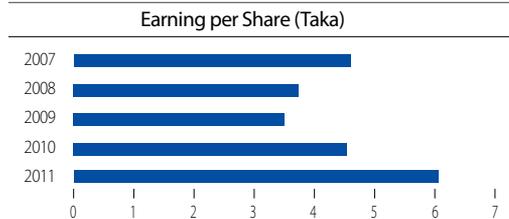
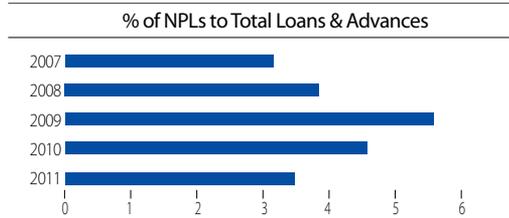
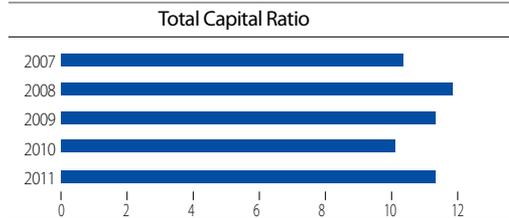
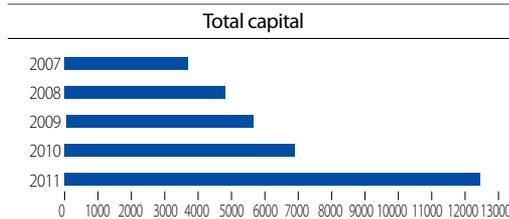
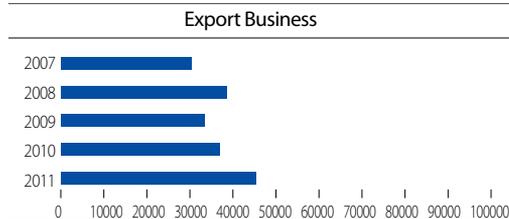
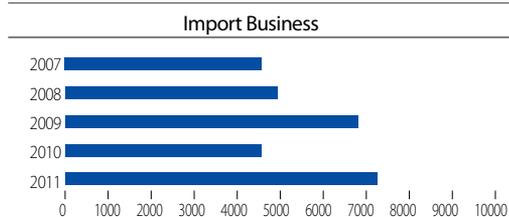
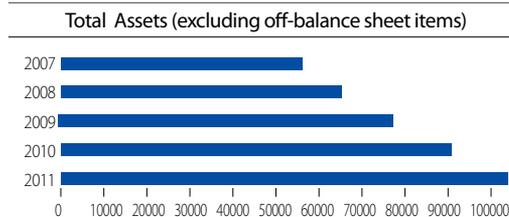
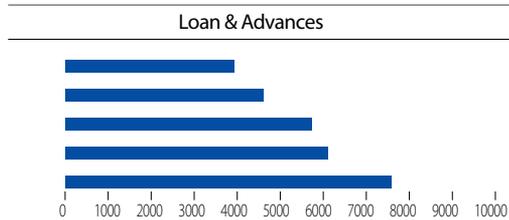
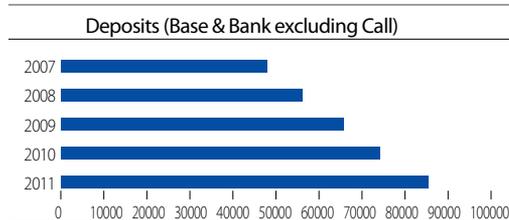
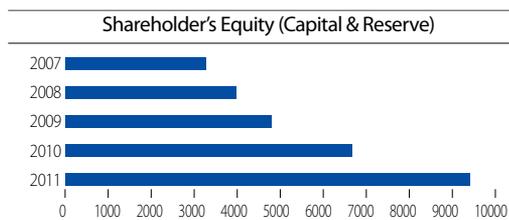
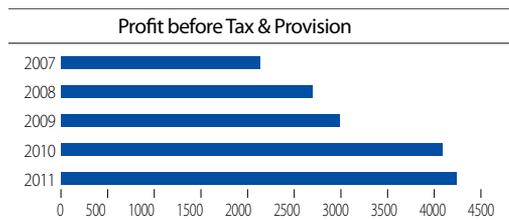
Net Interest Margin	4.54	4.60	4.56	5.24	4.30	(18)
Credit / Deposit Ratio (%)	82.03	87.21	86.85	90.30	89.10	(1)
Current Ratio (Times)	1.38	1.28	2.10	1.97	2.09	6
Return on Equity (ROE) %	22.53	20.97	19.32	25.52	23.49	(8)
Return on Assets (ROA) %	1.23	1.18	1.29	2.00	2.22	11
Cost of Deposit (%)	8.97	9.40	8.68	7.06	9.33	32
Cost to Income ratio (%)	36.57	34.82	33.64	30.87	30.62	(1)
Operating Profit Per Employee (Tk.)	2.39	2.82	3.04	3.46	3.48	1
Operating Profit Per Branch (Tk.)	49.03	56.30	56.21	68.60	70.84	3

Other Information

Number of Branches	41	45	50	56	61	9
Number of Employees	842	898	924	1,109	1,240	12
Number of Shareholders	5,340	8,198	10,530	43,256	45,438	5
Number of Foreign Correspondents / Banks	350	350	350	411	423	3

Five-year Performance Line

Tk. in million where applicable



(*Earnings per Share (EPS) have been leveled off on the basis new denomination of Shares of Tk. 10.00 each)

Economic Impact Report

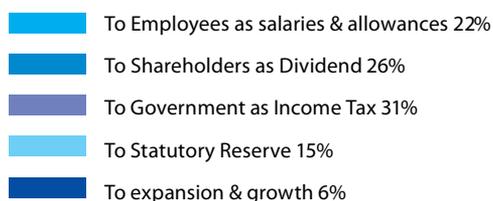
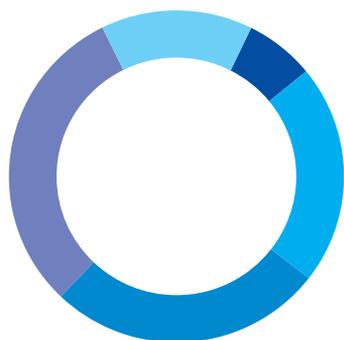
Value Added Statement for the year ended 31 December 2011

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

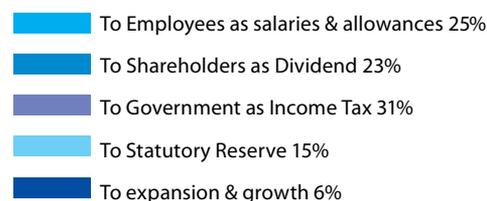
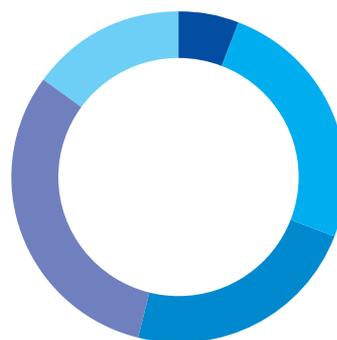
Tk. in million

Particulars	2011 Taka	%	2010 Taka	%
Income from Banking Services	13,838.39		10,500.46	
Less: Cost of services & supplies	8,348.98		5,596.65	
Value added by the Banking services	5,489.41		4,903.81	
Non-banking income	-		-	
Loan & Other Provisions	(667.03)		(924.13)	
	4,822.38		3,979.69	
Distribution of value added				
To Employees as salaries & allowances	1,058.28	22%	977.33	25%
To Shareholders as Dividend	1,256.66	26%	930.86	23%
To Government as Income Tax	1,488.50	31%	1,238.52	31%
To Statutory Reserve	730.82	15%	583.50	15%
To expansion & growth	288.12	6%	249.48	6%
	4,822.38		3,979.69	

Distribution of Value Added-2011



Distribution of Value Added-2010



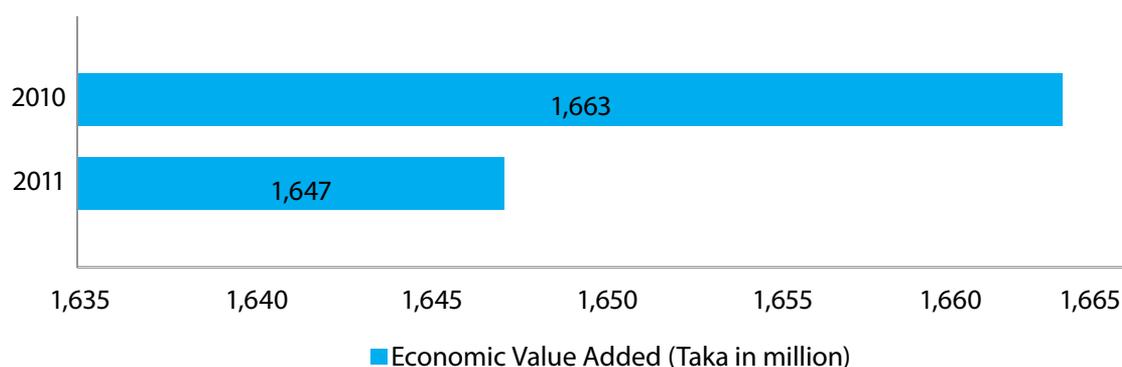
Economic Impact Report

Economic Value Added (EVA) indicates the true economic profit of the company. EVA is an estimate of the amount by which earnings exceed or fall short of required minimum return for shareholders at comparable risks. Shareholders/Equity providers are always conscious about their return on 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 2011 (Amount in Tk.)

Particulars	2011	2010
Shareholders' Equity	9,216,754,808	6,579,729,388
Add: Provision for Loans and Advances	2,249,250,000	2,482,482,000
	11,466,004,808	9,062,211,388
Average Shareholders' Equity	10,264,108,098	8,174,405,179
Earnings		
Profit after Taxation	2,165,606,211	1,678,976,188
Add: Provision made during the year	667,029,740	924,125,020
	2,832,635,951	2,603,101,208
Average cost of Equity (based on weighted average rate of 10 years Treasury Bond issued by Bangladesh Government) plus 2% risk premium	11.55%	11.50%
	1,185,504,485	940,056,596
Economic Value Added	1,647,131,466	1,663,044,612
Economic Value Added (Taka in million)	1,647	1,663

Economic Value Added (Taka in million)

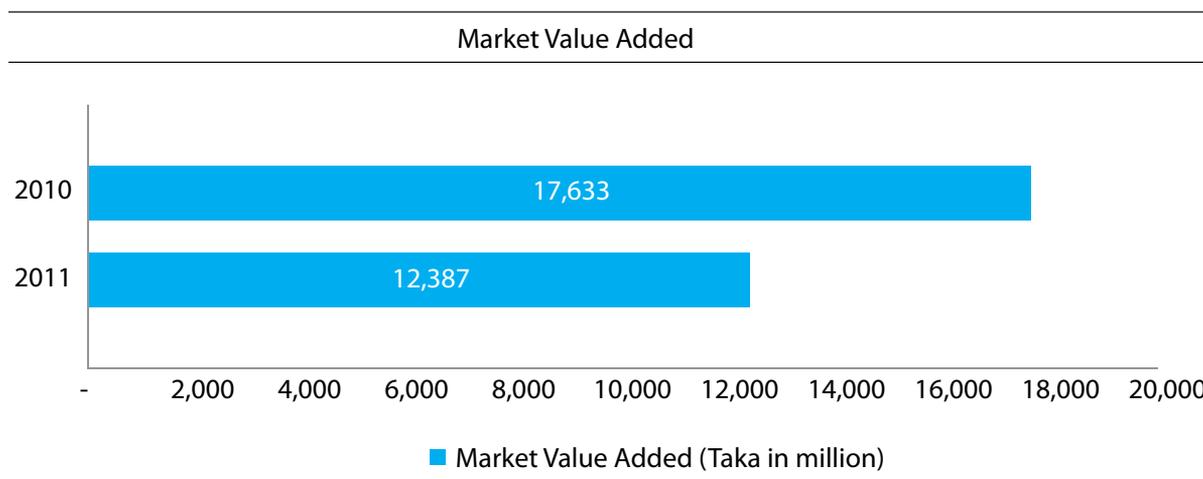


Economic Impact Report

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

Market Value Added (MVA) Statement for the year ended 31 December 2011 (Amount in Tk.)

Particulars	2011	2010
Face Value per share	10.00	10.00
Market Value per share	44.50	76.30
Number of shares outstanding	359,045,703	265,959,780
Total market capitalization	15,977,533,784	20,292,731,214
Book value of paid up capital	3,590,457,030	2,659,597,800
Market Value Added	12,387,076,754	17,633,133,414
Market Value Added (Taka in million)	12,387	17,633



Shareholders' Information

Preceding Annual Meeting: Shareholders were invited to attend the 16th Annual General Meeting of holders of common Shares, held on March 29, 2011 at Radisson Water Garden Hotel, Airport Road, Dhaka Cantonment, Dhaka at 11.00 a.m.

Upcoming Annual Meeting: The upcoming 17th Annual General Meeting for the year 2011 is scheduled for Thursday, March 29, 2012 at Bashundhara Convention Centre 2, Block-C, Umme Kulsum Road, Bashundhara R/A, Baridhara, Dhaka at 11 a.m.

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

Dividends Dates for 2011: Record and payment dates for common shares are subject to approval by the Board of Directors.

Apportionment of Shareholding

Particulars	2011		2010	
	Value of Shares	%	Value of Shares	%
Sponsors and general public	2,783,106,280	78%	2,102,796,470	79%
Financial institutions including banks	660,981,850	18%	434,802,940	16%

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 2011 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. 44.50 and Tk. 44.40 on close of the business of the year 2011. The Bank's market capitalization at 31 December 2011 was Tk. 15.98 billion which is 0.61% of total market capitalization of DSE and 2.41% of total market capitalization of listed banking companies under DSE (Source: DSE Monthly Review of December, 2011).

Financial Calendar 2011

Quarterly Results	Announced on
Unaudited result for 1 st quarter	03 May 2011
Unaudited result for 2 nd quarter	27 July 2011
Unaudited result for 3 rd quarter	27 October 2011
Audited result for the year ended 31 December 2011	29 March 2012 (Date of holding AGM)

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
Market Value as on 31.12.2011	Tk. 44.50	Tk. 44.40

Management Overview

Prevailing scenario in business and economy

At the end of 2011, global economy witnessed shaky outlook with varying growth prospects across three geographical choices namely America, Europe and the emerging world. While the US economy was on way to recovery, although at a slow pace, the Euro Zone was quite unnerved with mounting failure of several economies like Italy, Portugal, Greece, etc and diminishing strength of Euro leading to a question of its survival. Emerging Asia and North America gave a sense of relief with upbeat economic performance. It is evident that world economic prospect is making a shift from the lackluster resilience of the West to the shining upsurge elsewhere in Asia and North America led by China, Brazil, Russia and India. The unprecedented global recession in almost a century has become a matter-of-concern for Bangladesh economy, of late. Sectoral achievement of domestic economy was faced with challenges in the shortage of energy and infrastructure. Rising inflation, lower remittance flow, liquidity stress as well as low investment in real sector were the main bottlenecks to projected GDP growth for the Fiscal'11. Nevertheless, Bangladesh led the way to a satisfactory growth prospects. The economy managed to attain a 6.7% percent growth during fiscal 2010–11 against 5.8 percent growth of preceding fiscal year. The 5.8 percent growth was underpinned by sizeable growth

in agriculture and service sectors coupled with moderate performance of industry sector. Adequate domestic production in crops and growth in services helped the economy stay stable. Inflation made an incessant stride all through the year 2011 touching double digit scale time and again. Under an ambience of continued tightened monetary policy, domestic credit experienced a moderate growth, mainly contributed by credit to private sector, agriculture and SMEs. Exports saw an increase during the last fiscal end reflecting 41.5% percent growth. Exports were vibrant in woven garments, knitwear, jute goods and leather. The trend in import was equally positive outpacing the robust export growth. Import growth was fuelled by the increased demand for consumer goods, food grains and industrial raw materials.

Banks were also under the strains of high liquidity pressure. But ultimately, all commercial banks could inspire the nation with commendable growth prospects in terms of profitability and business turnover. High inflationary pressures remained a central policy concern. Despite various social safety net introduced by the government, impact of high inflation did not relax. However, strong policy support by the government and Bangladesh Bank brought forth economic stability in the country and the return of confidence in overall business.

Sector-wise performance of the economy:

Sector	FY 91-00 (average)	FY 10	FY 11
Agriculture	3.2	5.2	5.0
Industry	7.2	6.5	8.2
Services	4.5	6.5	6.6
GDP	4.8	6.1	6.7

Historical growth of Bangladesh GDP growth:

Fiscal	FY 07	FY 08	FY 09	FY 10	FY 11
Growth	6.1	6.2	5.9	6.1	6.7

Management Overview

Our challenges: 2011

Dhaka Bank Limited is one of the leading private commercial banks in Bangladesh. Since the beginning of banking service in 1995, DBL has continued its excellence in the industry in terms of quality customer service, technological leadership, asset management, profitable undertaking, market diversification, capital strength, low risk profile and strong resilience in tough market conditions. DBL had to reap benefits from the market under many daunting challenges in 2011, some of which topping the list are:

- First two quarters of 2011 remained most challenging in maintaining growth momentum in DBL loan portfolio. Due to huge pressure on foreign currency particularly dollar, foreign trade and documentary credit business was adversely affected. Moreover, power crises constrained the growth of new projects and demand for capital machinery import was declining. In spite of these bottlenecks, the scenario changed for better at the last quarters.
- Asset liability management in the changing market scenario under the regime of growing deposit and lending rates, satisfactory return to liability customers as well as concentration on the maximization of shareholders' value and size of balance sheet to reach 2011 goal;
- Liquidity management in the prevailing scenario, liquidity crisis in the money market and capital market and galloping call money rate resulting from excessive market competition;
- Diversification of credit portfolio with more emphasis on SME, Women Entrepreneurs, agriculture, productive sector and retail business under the policy shift of the government and in absence of adequate corporate growth prospects;
- 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 in competition.
- Maintaining asset quality and growth.
- Turmoil in capital market and strong regulatory control on funding capital market investment.

DBL was able to bend all the adversities to its way and maneuvered well to earn record high operating profit in its 16 years of operation. The Bank did very well in all core areas of banking and business. Details are provided in Directors' Report as well as Auditors' Report.

The way we stand out

- Branch image and excellence in banking
- Country-wide reach of banking network through 61 Branches, 3 SME centers, 1 Offshore Banking Unit, 35 ATMs and 1 business Kiosk at strategic business hub in the country
- Continuous growth in corporate, commercial and trade finance sectors by strategic arrangement of market segmentation, penetration and leadership
- Sound financial standing with growing market share
- Islamic Banking operation as a purified and justified mode of modern business
- Off-shore Banking in DEPZ opening up new avenue for Non Resident Bangladeshi (NRB) and foreign residents
- Stock Dealer and Brokerage Business through own subsidiary **DBL Scurillities Limited**
- State-of-the-art tools and technology in delivery system including robust softwares for core banking solution *Flexcub'* and for stock market solution *Bluechip*
- ATM services
- Credit card
- Internet banking
- Mobile banking
- Remittance from abroad
- Consumer finance
- Small & medium enterprise (SME) finance
- Syndication and structured finance
- Wide customer base
- Diversification of business and product base

Management Overview

Risk factors in DBL business

Some factors external in nature have potential impact in the business of DBL. The factors that matter most are as follows:

General business and political scenario: The success of DBL deeply hinges on the prevailing economic conditions of the country. Negative impact of global economic recession, price spiral, downbeat performance of capital market, scarce resources for bank finance, political upheavals, environmental erosion, etc are big challenges ahead. In the absence of political agreement and stability, success in business is hard to achieve.

Deterioration in borrowers' credit quality: Underneath the normal course of banking business, risk of decline in credit quality persists all the time. Global and domestic economic turmoil and supply side distortion may cause potential loss in credit business. Fluctuation in commodity prices, changes in import prices affects borrowers' business adversely. Banks are under obligation to maintaining provision against potential credit loss.

Policy changes: As a compliant bank, DBL is subject to regulations and compliance thereof. Changes in policies in terms of interest rests, pricing have significant effect on Bank's performance. Contractionary monetary policy has come in with emphasis on spread cut, rationalization of charges as well as more credit flow to productive sectors. Changes in the policy will have definite impact on Bank performance.

Implementation of Basel-II: Basel-II has taken effect from 2010. DBL is required to meet the challenge of credit risk management, supervision and effective control. Credit rating of borrowers and its impact on capital requirement may retard credit growth. Effective control calls for higher investment in technology and increased operating expenses.

Volatility in equity market: Despite repeated supervision and control of SEC and stock exchanges, the country could not prevent outright collapse of capital market. Want of liquidity and lack of market efficiency were the key factors behind the scene. Investors' total return to the still volatile market is yet to take place. The changes are not promising for the progress of banks.

Changing market dynamics: Forces in the market place interact and react in many dimensions and the outcome sometimes falls short of expectation. Changes in interest rates on deposits, volatility in foreign exchange market, etc cast potential risks affecting DBL business. As depositors are most price-sensitive, any unilateral shift in the pricing will pose huge pressure on interest rate structure of the Bank. Declining inflow of remittance resulting from growing joblessness in the international market will adversely affect FX market unless offset by export growth.

Effectiveness of strategies: Strategic plans and company goal of DBL needs to be successfully implemented to produce optimum financial output as committed to the valued shareholders. DBL progress will be determined by how the external and internal factors turn up in 2012.

Operational failure: Business run on modern tools and techniques on the platform of state-of-the-art technology carries inherent risks. DBL has 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 exists in other forms. These failures may affect the performance of the Bank.

Outlook 2012

Given the upshots and effects of 2011, DBL looks forward to 2012 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.

Brand image: DBL employees are properly trained to deliver cutting edge service as well as uphold the Brand image of the Bank. Image of the Bank is further elevated through TV commercials, newspapers and other print and visual media. 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.

Management Overview

Capital adequacy: To maintain adequate capital base to support asset growth and to ensure compliance issue as well, DBL is well set to move further. DBL has already acquired regulatory capital in 2011 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 *Shaopnojata*, *Eduloan*, *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.

Syndication and Structured Finance: We will accelerate the growth of large and medium lending through syndication mechanism. Our SSF division has been restructured and equipped with 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.

Report on Risk Management

Global economy is yet to escape from the financial shocks characterized by high integration of world financial markets, excessive innovative approach to financial products, extensive use of derivatives, market volatility, lack of control and absence of large scale regulatory control. So regardless of the magnitude of exposure to global market, local banks have risks to manage for certainty.

DBL recognizes risks under two broader aspects viz. Pillar-I risk and Pillar-II risk under regulatory framework of Basel-II accord and Bangladesh Bank. This report on risk management has aimed to assess credit risk, market risk and operational risks as Pillar-I risk. All other risks have been covered under Pillar-II risk model.

Risk Management Process



Credit Risk

Credit risk is one of the major risks, DBL has to confront in the course of business everyday. Credit risk corresponds to potential financial loss as a result of customers' inability to honor the terms and condition of credit facility. This type of risk is measured in terms of counterparties for both on-balance sheet assets and off-balance sheet items.

DBL has well written procedures 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. Various attributes of credit risks are portrayed underneath:

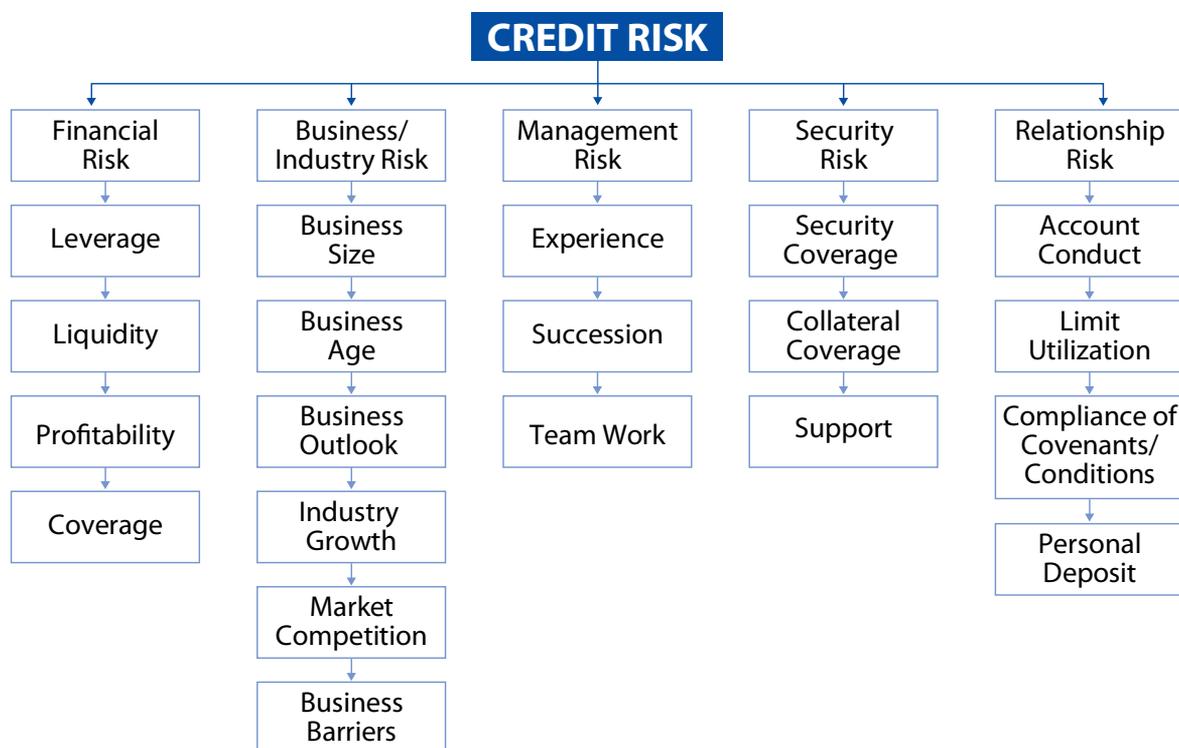
Business risk: Business risk is considered to be potential loss that may result from discrepancies

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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 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

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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.

Major Risks and Mitigation

Risk Type	Credit risk (including counterparty, country and political risks)	Funding and liquidity risk	Market risk
Definition	Customer might not able to repay its' obligations to Bank due to adverse internal (i.e. cash flow problem, operational loss, high leverage etc.) and external factors (political instability, macro economical volatility, unfavorable legal regulation).	The risk of not having enough liquidity position to meet financial commitments when they fall due or if managed only at higher cost.	The risk that the value of an asset or liability may change due to market factors.
Features	<p>Characteristics of erosion of financial/ business asset vary significantly across portfolios of corporate loan, retail and SME finance.</p> <p>Strong correlation between losses and adverse internal factors of the client.</p> <p>Significant correlation between losses and the macroeconomic volatility.</p> <p>Material correlation between losses and political instability.</p>	<p>Material disturbance in the process of building business assets and profitability.</p> <p>Strong potentials to disrupt the business model and stop normal functions of the Bank.</p> <p>Potential to fail to meet the regulatory requirements (SLR and CRR) of Central Bank.</p>	<p>Potential for large material losses of short term asset values.</p> <p>Potentials for losses in high risk and high premium assets.</p>
Key Developments in 2011	<p>Spiraling inflation.</p> <p>High macro economic volatility.</p> <p>Central Bank's policy restraint for retail and consumer finance.</p>	<p>Contractionary monetary stance by central bank for bearing down inflation and credit flow to unproductive sector.</p> <p>Increase of SLR and CRR ratio.</p> <p>Demand pressure on local money and foreign currency market.</p> <p>Material Balance of Payment Deficit triggered import-discouraging stance by the Central Bank.</p>	<p>Stock market collapse.</p> <p>Highly volatile foreign exchange market due to Balance of Payment pressure as result of substantial increase in import and slow export growth.</p>
Risk mitigation	<p>Asset quality has broadly rationalized and stabilized despite sluggish economy, spiraling inflation.</p> <p>Strong focus on financing fundamentally strong company/enterprise as per our policy of responsible and conservative financing.</p> <p>Further enhancements to the Bank's credit risk frameworks as well as the systems and tools that support credit risk management processes.</p>	<p>Active persuasion of accumulating of low cost deposit to support business assets, and profitability of the Bank.</p> <p>Manage to maintain less reliance on call money market and other expensive source of short-term finance.</p> <p>Strengthened the overall structural integrity of the balance sheet through active management of both asset and liability portfolios.</p>	<p>Enhancement of market risk management framework.</p> <p>Rationalization of the reduced trading of financial instruments.</p> <p>Initiation for opening of overseas exchange house to increase foreign exchange reserve through inward remittance.</p>

Management Overview

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.

Loan concentration by sectors and sub-sectors:

Sector	As on December 31, 2011	
	Tk. in million	Percentage
Agricultural	29.96	0.40%
Pharmaceuticals & Chemical	99.35	1.32%
Textiles & Garments	1,477.41	19.62%
Commerce & Trade	1,878.52	24.95%
Food & Allied Industries	431.62	5.73%
Transport & Communication	204.99	2.72%
Electronics & Automobile	35.77	0.47%
Housing & Construction	932.50	12.38%
Engineering, Metal & Ship Breaking	777.08	10.32%
Energy & Power	191.45	2.54%
Service	2.83	0.04%
Other	1,469.16	19.51%
Total	7,530.64	100.00%

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 evaluates market risk for three-core component, namely interest rate risk, foreign exchange risk and equity price risk as follows:

Interest rate risk: Interest rate risk is defined by the extent to which changes in the market interest rates impact margins, net interest income and the economic value of the Bank's equity. Interest rate risk is managed by the Bank's asset liability management process through the structuring of on-balance sheet and off-balance sheet portfolios. DBL exercises modern tools and techniques like stress testing to assess and manage the interest rate risk and

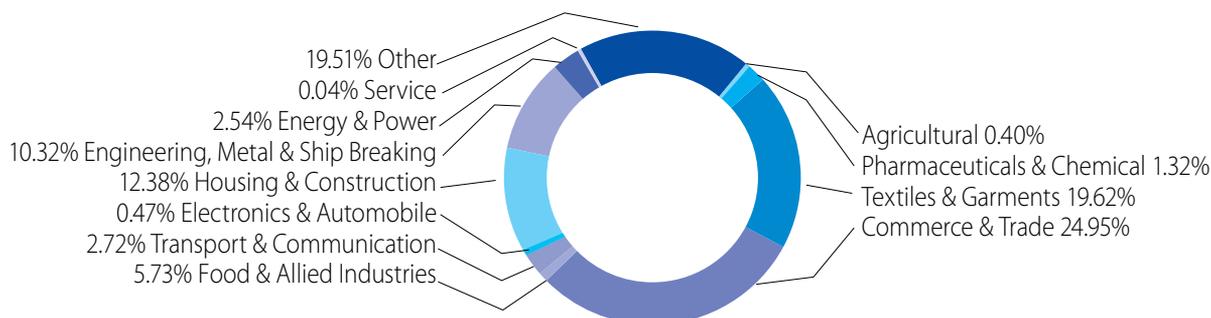
its adverse impact on balance sheet as well as on profitability.

Foreign exchange risk: This is a potential risk to earnings and capital due to adverse movements in currency. FE risk refers to the impact of adverse movement in currency exchange rates on the value of open foreign currency position. To mitigate the risk, DBL has 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 Nil, 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

Management Overview

Sector wise Loan Position as of 31.12.2011



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.

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.

Pillar II and 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 faces 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.

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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

DBL manages personal risk in four categories:

- **Adaptability risk:** DBL offers in-house and external training and continuous learning programmes to upgrade the level of employee competence and qualification to the current state of developments to fulfill contemporary needs of the customers.
- **Motivation risk:** We empower our people to get rid of depression to emerge from the competitive market place. We impart a deep insight into the changing mindset and attitude our employees go through and respond as quickly as possible to potential changes in their way forward to corporate attachment. We always take care of our employees in terms of reward and benefit and inspire a long-grown loyalty and vibrant relationship where we all grow and shine.
- **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.

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.

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, 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 distance 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.

Problem Credit Management

Dhaka Bank Limited has a legal recovery unit dedicated for management of problem credits i.e. classified loans. Major responsibility of this department is to formulate strategy and action plans for minimization of risk, prevention of loss, maximization of recoveries, and restoring profits through restructuring direct recovery, and/or legal action.

Management Overview

In DBL, 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. 05 dated June 05, 2006 are as below:

Type of Facility	Loan Classification							
	SMA		Sub Standard		Doubtful		Bad & Loss	
	Overdue Period	Provision (%)	Overdue Period	Provision (%)	Overdue Period	Provision (%)	Overdue Period	Provision (%)
Continuous Loan	90 days or more	5%	6 months or more but less than 9 months	20%	9 months or more but less than 12 months	50%	12 months or more	100%
Demand Loan	90 days or more	5%	6 months or more but less than 9 months	20%	9 months or more but less than 12 months	50%	12 months or more	100%
Term Loan up to 5 years	90 days or more	5%	6 months or more but less than 12 months	20%	12 months or more but less than 18 months	50%	18 months or more	100%
Term Loan over 5 years	90 days or more	5%	12 months or more but less than 18 months	20%	18 months or more but less than 24 months	50%	24 months or more	100%
Short Term Agricultural & Micro Credit	90 days or more	5%	12 months or more but less than 36 months	5%	36 months or more but less than 60 months	5%	60 months or more	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.

Management Overview

Status of Non Performing Loans (NPL): Dhaka Bank finished 2011 with only 3.45% in NPL which was 4.57% at the year end 2010. That means our risk management practice and prudent credit policy works better even in bad days, that is where the strength of a policy or strategy lies. Following is the comparative classified loan status of Dhaka Bank Limited.

Particulars	(Tk. in million)		
	Year 2011	Year 2010	% Change
Unclassified Loan	73,359.23	60,682.80	20.89%
Standard (Including Staff Loan)	72,378.98	60,075.99	20.48%
Special Mention Accounts (SMA)	980.25	606.81	61.54%
Classified Loans	2,624.03	2,908.58	-9.78%
Sub-standard (SS)	754.04	776.40	-2.88%
Doubtful (DF)	383.79	339.76	12.96%
Bad/Loss (BL)	1,486.21	1,792.42	-17.08%
Time Loans	1,694.96	63,591.38	-97.33%
NPL%	3.45%	4.57%	-1.12%

Movement of NPL (Three Years)	(Amount in Tk.)		
	2011	2010	2009
SS	754,040,000	776,402,000	431,585,000
DF	383,787,000	339,764,000	591,158,000
BL	1,486,206,000	1,792,420,000	1,923,395,000
Total	2,624,033,000	2,908,586,000	2,946,138,000

Basel-II

Implementation of Basel II

Basel II Capital Accord is the revised framework of 'International Convergence of Capital Measurement and Capital Standards' the comprehensive version of which 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

Management Overview

- 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.

Rationale for Basel II

To cope with the international best practices and to make the bank's capital more risk sensitive as well as more shock resilient Bangladesh Bank has made it mandatory to comply with risk based capital adequacy (RBCA) under Basel-II. Accordingly, capital requirement for banks those hold risky assets in their investment portfolio shall be higher compared to banks those hold safer portfolio.

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.

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

Management Overview

MCR Report, quarterly Stress Testing Report, Position Paper, monthly Meeting Minutes of RMU etc.

Basel - II Implementation Committee

Dhaka Bank has a 12 member Basel-II Implementation Committee, having Cross-functional representations, to ensure effective implementation of Risk Based capital Adequacy requirements under the new capital accord Basel-II. To supervise the implementation more closely and sincerely a Core Team for Basel-II headed by Mr. Tanweer Rahim, Ex Deputy Managing Director, Business Banking, was formed on September 10, 2009; comprising members from the existing Basel-II Implementation committee. 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).

Supervisory Review Process (SRP) Team

In order to ensure sincere compliance with 2nd Pillar of Basel-II accord, The Board of Directors of Dhaka Bank in their 173rd Meeting dated April 30, 2011 duly approves the existing SRP

Team replacing the previous one formed. The SRP Team, responsible for assessing overall capital adequacy in relation to their risk profile and capital planning, consisting of following members representing Senior Management and different cross-functional divisions.

Rating of Clients/Obligors of Dhaka Bank

Dhaka Bank has already recognized the fact that minimum capital requirements under Basel-II accord increases significantly if it holds risky assets and decreases significantly with a safer portfolio. Dhaka Bank is consistently pursuing its clients for credit rating and arranged a seminar on 'Importance of Credit Rating for Better Access to Finance' on January 16, 2010.

As per Bangladesh Bank BRPD Circular No. 05 dated April 29, 2009 and BRPD Circular No. 31 dated October 25, 2010 Dhaka Bank has nominated 5 (five) 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 & ARGUS Credit Rating Services Ltd.



Basel - II Implementation Committee

Management Overview

Reporting under Basel - II by Dhaka Bank

Sl.	Deliverables	Format/Method	Compliance Status	Remarks
1.	Quantitative Impact Analysis (QIS)	Prescribed Questionnaire	Complied	-
2.	Nomination of recognized External Credit Assessment Institutes (ECAIs)	BRPD Circular No. 09/2008 & BRPD Circular No. 05/2009	Complied	-
3.	Pillar – 1: Minimum Capital Requirement (MCR) Reporting	Reporting Format per BRPD Circular No. 09/2008	Complied	MCR Report is submitted on a quarterly basis starting from 1 st quarter of 2009, the regime of parallel run of Basel-I & Basel-II.
5.	Pillar – 2: Statement of Capital Adequacy under Supervisory Review Process (a detailed Plan for maintaining adequate capital to compensate all risks, risk management techniques, setting capital target & pricing that are commensurate with Bank's risk profile and control environment etc.)	Bangladesh Bank Guideline	Complied	Submitted position of 31 December, 2010
6.	Stress Testing Report	Bangladesh Bank Guideline	Complied	Stress Testing Report is submitted on a quarterly basis starting from June 2010.
7.	Pillar – 3: Market Discipline A Disclosure Framework (Qualitative & Quantitative)		Complied	Market disclosure is given on a yearly basis started from the year 2009.

Capital adequacy position of DBL as at 31 December 2011

Tk. in million

Particulars	2011	2010	Change
Total eligible capital	12,029.79	8,962.49	3,067.30
Risk weighted assets (RWA)			
a. Credit risk			
i. On-balance sheet	80,818.70	66,151.10	14,667.60
ii. Off-balance sheet	19,923.20	10,281.70	9,641.50
b. Market risk	3,172.20	4,193.80	(1,021.60)
c. Operational risk	8,555.60	8,192.80	362.80
Total RWA	112,469.70	88,819.40	23,650.30
Required capital on RWA @ 10% as per Basel-II in 2011 while 9% in 2010	11,246.97	7,993.75	3,253.22
Capital surplus	782.82	968.75	(185.93)
Capital Adequacy ratio	10.70%	10.09%	0.61%

Management Overview

Human Resources

Dhaka Bank believes that its human resources are its greatest asset and recognize them as building blocks on which the Bank's performance and development are based upon. Dhaka Bank continues to develop and implement appropriate human resources Management (HRM) policies to build up its employees and ensure their optimum contribution toward the achievement of our corporate goal. As our human resources give the organization a significant competitive edge, we continue our policy of recruiting the best professionals and implement programs to develop and retain high quality performance. Dhaka Bank Limited strives to create a workplace for their human resources where each and every employee can take pride in and be highly motivated about his or her work.

Human Resource Strategy

- As an employer, Dhaka Bank aims to attract the most talented personnel
- Dhaka Bank motivates its staff by recognizing
- The opportunity we give individuals are based on a shared commitment to devote their talents to benefiting the business and to develop the own

Strategy for the Deployment of HR is built on

- Constant focus on serving our customers in every market
- Awareness of our competitive advantage, working with teams from very different cultural backgrounds.
- Creating a sense of accountability
- Supporting the best talents as a mean of expanding our business

Code of Ethics

At the time of appointment, all employees are required to read a sign the Dhaka Bank Code of Ethics document. All Dhaka Bank employees and those acting on behalf of the Bank are responsible to comply with these guidelines. Those who contravene Dhaka Bank rules and guidelines will face consequences that are in

line with the type and scope of violation. It is our policy to comply with all applicable laws and governmental rules and regulations. To adhere to the standards and restrictions imposed by those laws, compliance with rules and regulations set forth in our Operation Guidelines is the responsibility of each employee. Any violation of professional and personal ethics is dealt with seriously by the management.

Work Environment & Culture

Dhaka Bank is committed to maintain a congenial working environment, free from discrimination based on race, religion, creed, sex, age or any other category. We do not tolerate any behavior that can be perceived as degrading or threatening. We believe in working on a positive, friendly and respectful environment permits employees to work to maximum effectiveness and to their full potential.

Dhaka Bank is a performance driven organization and career development opportunities are based on merit, performance and productivity. Dhaka Bank encourages internal communications and free flows of ideas, fairness, commitment, teamwork and the highest standards of professional excellence and integrity. Here in Dhaka Bank employees are strongly encouraged to keep confidentiality of all corporate and other matters that would allow third parties unauthorized access to confidential information, and exercise caution when discussing internal affairs.

Caring Employer

Caring for our employees is fundamental part our Bank's culture and one we strive to espouse because it is our people who harness our strength to give us the impetus to embark on the journey of success. One of our guiding principles is to develop the best professionals in the industry, a process that involves seeking, developing and retaining the best talent in an intensely competitive platform and the dimensions these infuse into meeting our goals. A wide range of learning, development and leadership programs that holistically encompasses the fundamental tenets of a non-discriminatory environment that promotes dignity, respect, self worth and equality, gives

Management Overview

Dhaka Bank Team an edge over competitors and a definite advantage in creating a winning combination.

We are working to attract and train the best people in every professional category and each of our operating locations. Regardless of origin and length of service, we give all our employees the opportunity to develop their skills throughout the career.

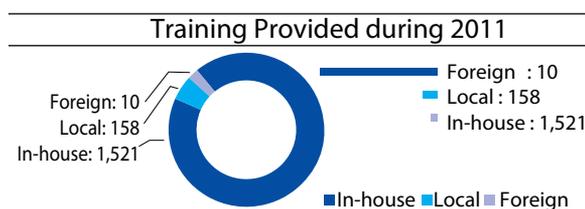
Selection Criteria

- Verbal Skills
- Analytical Skills
- Applicant's Work Experience
- Work Skill & Motivation
- Academic Qualification
- Medical Test

Training: Our Benchmark

The Training and Development is an ongoing process in DBL with personal and professional development of our talent pool seen as top priority. Apart from in-house training DBL Human Resources Division offer on the job and off the job both theoretical & practical levels training and development opportunities provided through a range of local, regional and international training programs that include training and development programs at functional, operational and managerial capacity.

The objective is to create an excellent team of young banker who will work hard to reach the bank achieve its goal and fill up the vacant leadership position. By getting in touch with the industry best practice in the region the officers should spark like anything getting exposure of international environment. Very often, a trainee's assignments are rotated among the various departments in order to develop familiarity with the whole organization and its functions.



Developing Staff Needed for Global Scale

The banks and financial institutions in Bangladesh have been going through major changes in recent times locally and globally.

Dhaka Bank Limited always tries to bring radical changes in the ways banks and financial institutions operate. Dhaka Bank is taking steps to develop human resources on a global scale by providing education in the history of the bank and its management philosophy to newly-hired staff during their training courses. DBTI is doing their utmost to create systems that ensure a good work-life balance, as well as workplaces where employees can fully demonstrate their abilities. We plan to pursue such measures still further in the future.

Heightening Awareness of Individual Rights:

At Dhaka Bank, we have included in our principles of action the concepts that "we will respect the individual human dignity of our customers and employees" and "we will not permit discrimination of any kind." We are implementing the following initiatives to heighten the awareness of all employees regarding individual rights.

- Conducting training meetings for manager-level staff (once a year), and personnel newly appointed to management positions and staff who have recently joined the bank
- Holding study meetings to discuss individual rights issues, with manager-level personnel leading these sessions (twice a year)
- Soliciting slogans promoting individual rights from management and staff (once a year)

Career at Dhaka Bank

Dhaka Bank provides one of the best work environments in the country. In its journey of more than 15 years DBL has established itself as the destination of the finest graduates of the country from finest business school.

It is the bank's policy to ensure that each is developed as fully as his ability, performance and opportunity within each the Bank may permit. Promotion cannot be claimed as right and all promotions are made on merit and no employee claim to be promoted to a higher grade by virtue of his seniority alone. All promotions are made on the basis of performance. Periodic reviews are made to determine the performance and potential of employees and, if necessary, the

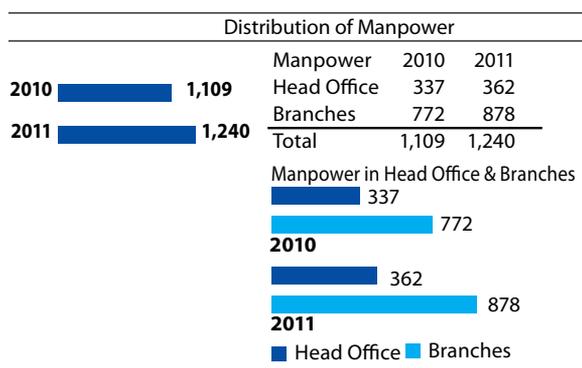
Management Overview

training required to enable them to progress to more senior positions.

Recruitment, Selection & Hiring

Dhaka Bank's recruitment policy is to attract employees of the highest caliber appropriate to job requirements under employment terms and conditions that are responsive both to the organization's need and the employee's need. The highest quality of human resources is the standard in hiring DBL employees. Dhaka Bank

Employee Status	No. of Employees
Permanent	1240
Employee under Direct HR Contract	213
Support Staff	
Casual	64
3 rd Party	225



Dhaka Bank has a good corporate culture. As a responsibility to help new graduates for getting good corporate orientation Dhaka Bank provides Internship to the graduating students of reputed business school as part of their academic curriculum.

Compensation & Benefit

Dhaka Bank established itself as one of the highest compensation and benefit provider in the financial industry as well as to all corporate houses in the country. Competitive remuneration is offered to attract and retain qualified and capable human resources. As a center of excellence it has a unique compensation policy that supports the performance based thrust of the human resource system.

Dhaka Bank always has an eagle's eye view on

Limited is an equal opportunity organization allowing no discrimination on grounds of gender, religion, caste or creed.

Dhaka Bank recruit's both permanent and contractual employees. We have policy to convert contractual employees as permanent upon satisfactory performance. All support staffs are outsourced. The manpower distribution is like below as of December 31, 2011.

the pay structure of the competitors. Salary survey is done to get the updated compensation & benefit provided in the local and regional market. We provide Leave Fare Assistance (LFA), Maternity Allowance, Hospitalization Allowance as short-term benefit. As long-term benefit Dhaka Bank provides Provident Fund, Gratuity, Super Annuation Fund, House Building Loan, Provident Fund Loan etc. For executives we have Car Purchase Finance Scheme (CPFS), Furniture Loan and other reimbursable benefits.

Dhaka Bank signed agreement with different Hospitals and Diagnostic Centres for betterness of the employees. Employees get discount in Executive Health Check Up and other diagnostic and hospitalization services in discounted rate.

Leadership

Dhaka Bank established itself as a house of good governance and creator of leaders. Its previous employees are working with reputation in local and multinational banks & other organizations at multicultural atmosphere. This is because of the extensive way of grooming environment prevailing in Dhaka Bank Limited. In every industry there is a need for managerial staff. From first-line supervisors to top executives, managers plan and direct the work of the organization, set policy, establish channels of communication, and evaluate the work that is done. These functions require knowledge, skills, and judgment that are most effectively developed on the job.

Employees Health & Safety

Protecting the health, safety and security of our employees is a major concern at Dhaka Bank environment, and one of the companies' founding values. It is our responsibility to ensure

Management Overview

that everyone works under the best possible health and safety conditions, anticipating possible threats to health and guaranteeing secure working conditions for our employees. Lighting ventilation, drinking water, and fifteen days mandatory leave are all welfare measures available throughout the year.

Some activities of DBL HR

- Recruited 178 permanent staffs (officer & executive) in the year 2011 as per the manpower planning.
- From its thrive to recruit excellent people, Dhaka Bank took a recruitment test for 5,200 fresh graduates short listing from around 22,000 applicants for the post "Management Trainee Officer". The next course of action to filter the best continues further.
- Provided internship to 206 students as part of their academic curriculum and giving them good corporate orientation.
- Attended job fair at American International University of Bangladesh (AIUB)

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.

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. 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

Management Overview

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.

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 globalised world. In 2009, DBTI conducted 47 courses involving 1,192 participants; In 2010, 43 courses involving 1,325 participants and in 2011, 58 courses involving 1,521 participants.

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:

General Information

Name of the Institute	: Dhaka Bank Training Institute
Abbreviation	: DBTI
Senior Executive Vice President & Principal	: Shamshad Begum
First Assistant Vice President & Faculty	: Md. Abdul Motaleb Miah
Year of establishment of DBTI	: 2000
Year of establishment of Dhaka Bank Limited	: 1995
Mailing Address	: Dhaka Bank Training Institute (DBTI) Sara Tower (3rd Floor) 11/A Toyenbee Circular Road, Motijheel C/A, Dhaka-1000
Telephone Numbers	: 956 7814 (Direct) 7160913, 7160915 /Ext: 401, 403 (PABX)
Fax Number	: 956 5060
Email address	: dbti@dhakabank.com.bd

Management Overview

Executive Development Program/ Training Course /Workshop up to December 2011

Sl. No.	Title of Courses	Number of Courses	Number of Participants
1	Training Workshop on Flexcube software in Banking Operation	2	77
2	Training Workshop on " Online Credit Information Reporting"	1	71
3	Executive Development Program on "Basel II & III"	1	37
4	Training Workshop on "Branch Management, Anti-Money Laundering & Combating Terrorist Financing & Professional Skill Development	10	164
5	Training Workshop on "SRP & SREP Dialogue, Internal Capital Adequacy Assessment Process (ICAAP)"	1	32
6	Foundation Training for Bankers Course- 23 rd , 24 th , 25 th , 26 th , 27 th , 28 th and 29 th	7	227
7	Training Workshop on "Central Processing Center- Credit Operation, Anti-Money Laundering & Combating Terrorist Financing & Professional Skill Development"	1	62
8	Training Workshop on Our New Product "Dhaka Bank EduSavings Plan"	1	52
9	Training Workshop on "Internal Control & Compliance System"	3	67
10	Training Workshop on "Establishment of Asian Clearing Union, Present Status & Role"	1	29
11	Training Workshop on "Internal Control & Compliance, Anti- Money Laundering & Combating Terrorism Financing" for the executives and officers of Chittagong Region	2	100
12	Training Workshop on Anti Money Laundering & Combating Terrorist Financing & Handling on MICR Instrument Under BACH & Legal Protection about Negotiable Instrument	8	120
13	Training Workshop on "Asset Liability Management and Risk Management"	1	16
14	Training Workshop on Handling of MICR instrument Under BACH, Account Opening Procedure & Legal Protection	2	109
15	The Training Workshop on EXP online	1	23
16	Training Workshop on Role of Manager, Handling of Negotiable Instrument & Antimony Laundering Issues	6	56
17	Training Workshop on "Activities of Information Technology present status & Up gradation and Professional Skill Development	1	10
18	Training Workshop on "Function of Internal Control & Compliance, Anti-Money Laundering & Combating Terrorist Financing	1	11
19	Training Workshop on "Function of Global Trade Services, Anti-Money Laundering & Combating Terrorist Financing	1	11
20	Training Workshop on "Function of Retail Monitoring Collection Unit, Anti-Money Laundering and Combating Terrorist Financing	2	41
21	Training Workshop on "Function of Card Business, Anti-Money Laundering and Combating Terrorist Financing	1	23
22	Training Workshop on "Function of DBL Securities & Legal Aspects, Anti-Money Laundering and Combating Terrorist Financing at DBL Securities Ltd	1	30
23	Training Workshop on "Basic of Banking & Marketing of Bank Services"	1	51
24	Training Workshop on "Online Credit Information Bureau (CIB)"	2	103
	Grand Total	58	1,521

Management Overview

Research & Development Unit

Responding to the immediacy of new age, DBL Research & Development Unit (RDU) came into being on 28th December 2011 just before the yearly closing of bank books. In general, DBL R&D will delve into following core areas and dig out the best possible benefits from its engagement:

- A. Exploration of Markets
 - Seize untapped opportunities from the market as well as government stimulus basket and safety net
 - Penetrate new markets & target groups
 - Ensure service quality & brand excellence
 - Track product performance & innovate new products
 - Take on survey, study, Focus Group Discussion (FGD), etc for banking development
- B. Streamlining of Operations
 - Conduct feasibility on network expansion (Branch/SME Service Centre/ATM/Kiosk locations)
 - Review valued added services
 - Systemize banking operations to optimize productivity & customer values
 - Help build flawless & superior ICT platform
- C. Research on Business Policy
 - Review national budget, monetary & fiscal policy to keep the track of policy shift
 - Watch out commodity market and impact of prevailing market scenario thereon
 - Reflect market insight into DBL business based on macro economy, global financial development & local banking perspectives
 - Evaluate performance of Branches & grade their achievements
 - Assess the position of DBL in the race of banking leadership in contrast to peer banks performance
- D. Strengthening communication system
 - Draft, design & publish Bank periodicals (Newsletter INSIGHT & others), Annual Reports
 - Consolidate management information system
 - Liaise with global & local research & development partners
 - Hold discussion with market analysts, banking expert & research personnel to share

views & ideas

- Ensure & inspire standard communicative skills at all levels of Bank operations

2012 Priorities

- I. Product development & product reengineering
- II. Pricing of products & services
- III. Feasibility study before setting up new Branch/SME-Agriculture Service Centre/ATM/ Business Center
- IV. Building DBL as a power Branch
- V. Growing HR to meet the challenges of tomorrow
- VI. Remodelling CSR
- VII. How to go about marketing & wooing business
- VIII. Upgrading customer service
- IX. Streamlining management decision making process
- X. Strengthening inward foreign remittance
- XI. Concentrate on a strong sense of commitment, winning customer's confidence, common good for the society & inner strength to do the right

Statement of Directors' Responsibilities to Shareholders

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

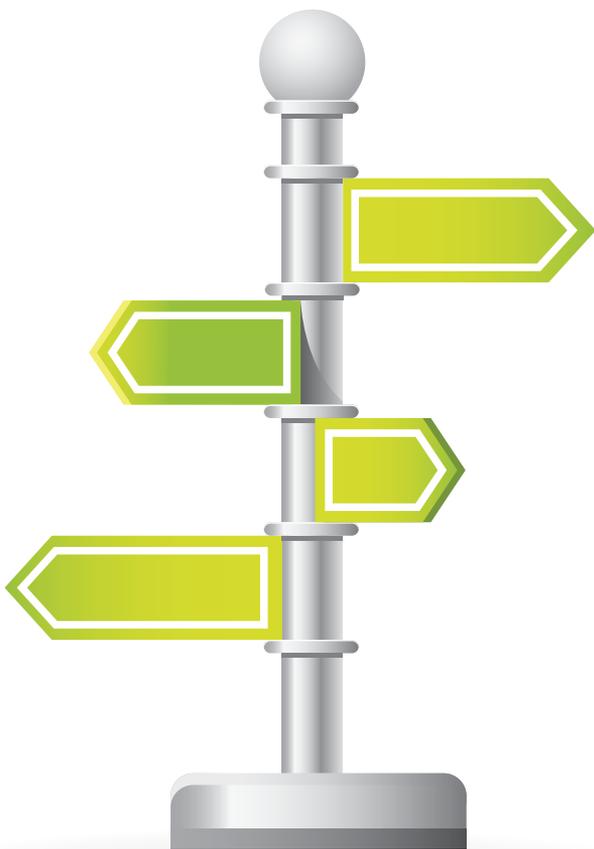
Directors are responsible for the maintenance and integrity of the corporate and financial information inserted on the Bank's website.

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

The Report of the Directors



On behalf of the Board of Directors of Dhaka Bank Limited, I joyfully invite you to the majestic event of our 17th 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 17th Annual Report to our valued shareholders and the people of interests. The report comprises Auditors' Report, Directors' Report, Audited Financial Statements, and vibrant presentation of many banking initiatives and ideas. An overview of global economic prospects, market trend as well as outlook for Bangladesh economy and banking industry has also been provided.

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 Report of the Directors

Outlook of Global Economy

Nearly three years after the downturn observed in 2009, the developed countries in the North America, Europe and Asia still continue to grapple with an uncertain future and markets are agitated by trepidations of new setbacks, defaults and the possibility of a “double-dip” recession. A number of factors are behind the current situation, including the high unemployment rate in the USA, the sovereign debt crisis in Europe and decision by credit rating agencies to downgrade the ratings of some of the developed countries. Also, the tsunami and earthquake in Japan had transmitted shocks to

the global economy. The fact that the EU debt rescue package is in a vulnerable position due to the Greek referendum announcement, has further heightened the likelihood of a recession.

Uneven recovery of output

The growth of the world economy is expected to increase by 3.3 per cent in 2011, and 2012 the rate may reach 3.6 per cent⁷- marginally higher than that was predicted earlier. For the European Union the growth rate may remain stagnant in 2011 and 2012 at level lower than the pre-crisis benchmark. According to the latest forecast, USA is expected to grow in 2012 at a rate lower than that of 2011 (see for details Table 3.1).

Table 3.1: Growth of World Output Trend, 2005-2012

Region	2005-2008 (average)	2009	2010	2011	(annual percentage change)		
					2012 (Projected)	2011	2012 (Projected)
World	3.3	-2.1	3.9	3.3	3.6	3.5	3.7
USA	1.9	-2.6	2.9	1.6	2.5	3.0	2.8
European Union	2.2	-4.2	1.8	1.7	1.9	1.8	1.8
South Asia	7.5	5.7	7.1	6.9	7.0	6.8	6.8
China	11.3	9.1	10.3	9.1	8.9	8.9	9.0
LDCs	7.7	4.1	4.7	5.6	5.8	5.5	5.7
World Trade in Goods and Services	7.1	-11.1	11.9	7.1	6.8	7.6	7.1

Source: UN/DESA, WESP 2011

The Federal Reserve has cut the GDP growth forecast for the US to 1.6 percent in 2011, down from an earlier forecast of 2.9 percent. The Federal Reserve also predicted that the US economy would grow at 2.5 per cent in 2012 and by 3.5 per cent in 2013. Thus, the world economy continues to experience a faltering recovery.

Slowdown in global trade

Recent global trade expansion was mostly led by the Asian economies. World trade in goods and services expanded by about 12.0 per cent in 2010, more than what was previously estimated, after the steep decline of 11.0 per cent in 2009. Yet growth of global trade is expected to fall, as per latest estimates, to 7.6 per cent in 2011 and further down to 7.1 per cent in 2012.

Inflationary trend

It needs to be further noted that the covariate shocks in Japan have undermined the world

financial market, whereas unrest in Western Asia and North Africa have contributed to further increase in oil prices. Sustained high prices of food grains along with other commodities also poses a threat to the process of economic recovery. Soaring headline inflation is corroding real income of the common people across the world. This has compelled governments to safeguard consumers interests through subsidies and cash transfer programmes which, in turn, is putting further pressure on the fiscal situation.

However, a weak dollar is expected to help take some of the heat off the mounting oil and food prices in the world market. In addition, better harvests are expected to moderate food prices in the near term. Nevertheless all projections indicate that there is hardly any possibilities of food prices going back to their pre-2007 levels, although they may come down somewhat.

The Report of the Directors

Capital flow

Net private capital flows to developing countries have increased as investors are shifting parts of their portfolios to emerging markets, mostly in developing economics, in the form of short term equity investments and FDI. This trend has put upward pressure on the foreign exchange rate of the currencies of developing countries putting pressure to undertake sterilisation measures to offset the risks allied with the influx of capital inflows.

Scope for another stimulus

Many of the developed countries had to prematurely discontinue their stimulus packages as a consequence of deteriorating fiscal situation. Thus, the scope for a second round of stimulus package appears to be bleak. High inflationary trend has also made pursuance of counter-cyclical policy difficult.

In sum, as the world economy braces for a possible second cycle of economic recession, opportunities to deploy counter-acting policy measures have reduced significantly. The developed economics have much less economic flexibility at present; to make a bad thing worse, new risk have appeared in the mean time. Indeed, the evolving adverse trend in the global economy are going to have cross-border spill over effects, affecting particularly the developing countries to various extent and degrees.

Aid prospect

In the backdrop of fiscal consolidation taking place in developed economics and given the ongoing Euro zone debt crisis, the outlook for generous aid appears to be rather bleak; prospects of adequate financial support for implementation of the MDG-related investment in the low income countries also appear to be uninspiring.

State of Domestic Economy 2011

A notable turnaround of the manufacturing sector (backed up by the export-oriented enterprises), strong performance of the crop sector, and anticipated momentum in public investment contributed to a high projection of 6.7 per cent of GDP growth by the Bangladesh Bureau of Statistics (BBS) for FY2010-11. A recovering global economy with attendant prospects of robust performance by the country's export and linked sectors was also a reason that informed this optimistic scenario. Indeed, if this turns out to be actually the case, the estimated GDP growth rate for FY2010-11 would be the highest ever achieved in post-independence Bangladesh. What is also remarkable is that, this high growth rate would have been achieved over the relatively high benchmark of 6.1 per cent in FY2009-10 (Table 2.1).

TABLE 2.1: GDP GROWTH AND SECTORAL SHARE

Sectors	Share		Growth		Incremental Share	
	FY10	FY11	FY10	FY11*	FY10	FY11
Agricultural Sector	19.6	19.3	5.2	5.0	17.1	14.6
of which- Crops	11.0	10.9	6.1	5.0	11.1	8.3
Industry	28.9	29.3	6.5	8.2	30.8	35.4
of which- Manufacturing	17.3	17.8	6.5	9.5	18.5	24.8
Service Sector	48.1	48.1	6.5	6.6	51.1	47.9
Import Duty	3.4	3.3	1.8	4.2	1.0	2.1
Total	100.0	100.0	6.1	6.7	100.0	100.0

Three major achievements

Export was robust. Exports showed remarkable turnaround in FY2010-11 having experienced the adverse consequences of the global economic slowdown in FY2009-10. Bangladesh's global export in FY2010-11 posted a high growth of

41.5 per cent against only 4.1 per cent growth in FY2009-10, with both RMG and non-RMG products registering significant growth rates of 43.4 per cent and 35.1 per cent respectively. Robust export performance maintain a foreign exchange reserve of USD 10,911.60 million

The Report of the Directors

at the end of FY2010-11, which matched the corresponding reserve levels at the close of FY2009-10 (USD 10,749.70 million). However, the attained growth was achieved over a low benchmark growth of FY 2009-10, and could, prove difficult to sustain in FY2011-12.

Collection of tax revenue strengthened

In continuation of its commendable efforts in the recent past, the National Board of Revenue (NBR) has achieved a significant 27.2 per cent revenue growth in FY2010-11, far outpacing (by Tk. 6,502 crore) the targeted growth rate of 16.8 per cent. Impressive growth rates were achieved for most of the components, particularly in case of income tax component (32.4 per cent). In the non-NBR tax component as well, an impressive 17.7 per cent growth was recorded in FY2010-11. Although this was low growth of 3.4 per cent achieved in FY2009-10.

Turnaround in Manpower Export

Significant slowdown in the outward migration had emerged as a major concern for Bangladesh in FY2009-10. The adverse impact of this was quite obvious, particularly from the perspective of foreign exchange earnings, domestic employment situation, poverty alleviation efforts and forex reserve situation. As may be recalled, the number of people going abroad for jobs declined from about 6.5 lakh in FY2008-09 to 4.3 lakh in FY2009-10. It was somewhat of a relief that the decline appears to have been arrested in FY2010-11; as a matter of fact, the number of migrant workers leaving the country marginally increased to reach 4.4 lakh in this year. However, growth in remittance earnings further slowed to single digit (6.0 per cent) in FY2010-11 from the robust 13.4

per cent recorded in the previous year.

Pressure points of macroeconomic situation

Despite the high GDP growth in FY2010-11 and the success in terms of high export earnings, remittance flow and revenue collection, a number of pressure points developed in the overall macroeconomic scenario of the country. These worrying developments transmitted a cautionary signal with regard to the country's macroeconomic management in the near-term. A number of these developments were new, whilst some of the others were carried from the past only to have had aggravated in the process with the passage of time.

Prices continued to soar

Contrary to what one would have expected from the impressive growth in the crop sector, noted earlier, food prices continued to soar and drove up the overall inflation rate in FY2010-11. Moving average inflation rate for the fiscal year stood at 8.8 per cent, higher than the set target of 7.0 per cent. Point-to-point inflation in June 2011 was 10.2 per cent compared to 8.7 per cent in June 2010. Food inflation rate was higher than the general inflation rate. It appears that trends in food prices have become somewhat delinked from the food production and availability situation. With no major production shocks in recent times, food price hike appears to reflect a transmission of the high global prices to the domestic market. As Table 2 would evince, in FY2010-11 production was better, import had increased, public food-stock was higher and off takes under VGD, VGF, Food for Work and Open Market Sales (OMS) were more than the previous year. Yet, prices continued to rise, in tandem with the rising world prices.

Table 2.2: Food Situation

(Lakh, MT)

Year	Actual Production (Gross)	Net Production	Foodgrain Imports			Public Procurement	Public Distribution	Foodgrain Stock (End June)
			Govt. & food aid	Private	Total			
FY2009-10	332.3	292.4	5.6	29.0	34.6	8.1	19.6	5.3
FY2010-11	345.1	321.5	22.0	31.1	53.1	4.6	22.9	8.9

*After 12 per cent deduction for FY08, FY09 & FY10 and 10 per cent for other years for seed, feed, waste etc.

Source: Bangladesh Bank.

The Report of the Directors

Subsidy pressure intensified

As a strategy to combat food price hike, the government decided to focus more on food import rather than domestic procurement, through increased public as well as private imports. Higher imports and more extensive distribution of food grains led to significant rise in food subsidy requirement. Initial subsidy allocation of about Tk. 1,200 crore was later revised upwards to about Tk 1,650 crore. However, it was the fuel subsidy requirement that emerged as the critical issue. This was underwritten not as much by the rise in international prices than the fact of the growing demand for petroleum products in the backdrop of rising fuel needs to service the newly installed fuel-fired quick rental and rental power plants.

Turbulent capital market

As was mentioned, excess liquidity of the scheduled banks declined quite dramatically and reached its nadir during December-January period of FY2010-11. This was accompanied by a significantly rising trend in market capitalisation in the share market. While excess liquidity declined by over 28 per cent between June 2010 and December 2010, market capitalisation increased by over 24 per cent during the same period. Evidenced suggests that a large part of industrial, consumer and other credit money were diverted to the capital market. This contributed to drying up of liquidity in the banking system, contrary to the liquidity requirement ratios set by the Bangladesh Bank. When cash reserve ration (CRR) was raised by Bangladesh Bank in December 2010, this led to forced selling of shares by the over-exposed banks to comply with the new requirement. This had a knock-on effect on the capital market which experienced a sharp downturn.

Balance of Payments under pressure

Balance of Payments situation came under increasing pressure in FY2010-11. Current account balance experienced significant deterioration mainly because of the negative trade balance component with a deficit of USD 2.2 billion, and imports outpaced the robust export. Trade balance stood at negative (-) USD 7,328 million as against a negative balance of (-) USD 1,584 million against a deficit of (-) USD 5,155 million in FY2009-10.

DBL Business 2011

DBL at the roaring 16th on the 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 after 16 glorious years of sails across the frontlines of business, 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 formation of a subsidiary 'DBL Securities Limited' in 2010. 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 61 Branches including 2 Islamic Banking Branches, 35 ATMs, 3 SME service centres, 6 Brokerage & Stock Dealing Branches brightened with cutting edge delivery system, internet banking and mobile banking solutions.

Dreams are getting wider for a change faster, higher and further. We want to be perched in the pinnacle. We have had our performance graph at all time high as our profits picked at Tk. 4,321 million in 2011. DBL now controls an array of assets worth Tk. 104.73 billion. We have left behind a track with an illustration of prosperity for 16 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 development with a melody that we want to be heard even from the distant borders.

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Core areas of business and banking

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:

- a. Care for customers' deposit as a trusted custodian
- b. Honor cash withdrawal by depositors on demand
- c. Extend credit to large corporate business
- d. Finance small and medium enterprise (SME)
- e. Organize syndicated deals and structured finance
- f. Conduct retail business
- g. Finance import and export business (trade finance)
- h. Take on project financing
- i. Carry out lease and hire purchase financing
- j. Issue local and international credit cards
- k. Channel remittance from abroad
- l. Provide off-shore banking service

Commitment to the millions

Today's people look to the bounties of tomorrow. They employ wealth, money and mind for profitable gains. However, hefty returns alone cannot amount to sustainable end. People turn to banks as a safe haven for their investment and a great resort for financial need. They also look for fastest delivery, commitment to obligation, cutting-edge process, good understanding, competitive pricing, lawful relationship and a

strong brand that satisfies their mind and motive. Dhaka Bank, after its 16 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 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, businesssean, large companies, small enterprisse, public servants, entrepreneurs, homemakers, marginal farmer, 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' interests at whims just for windfall gains. So, DBL activities have turned out to be a promising engagement, free of risk and full of returns. Our corporate responsibilities always look forward to sustainable means.

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Operating & Financial Review

The Bank passed another spell of banking excellence across 2011, although the prevailing scenarios were hard to harmonise. The country economy went through teeming challenges in the wake of inflationary pressure, price spiral, lower remittance flow, widening trade deficit, huge pressure on balance of payment, upheavals in the capital market and so on. Despite growing export orders, there was little comfort in the country's current account balance. Moreover, banking industry was under the strains of liquidity almost all the year round. Sailing against the odds, Dhaka Bank maneuvered its way to the top of operating performance in its history of glorious 16 years. At the end of balance sheet date of 2011, Bank's profit after taxation significantly rose to Tk. 2,165.61 million compared to Tk. 1,678.98 million in 2010. The performance shows our consistent progress with a tested maturity. DBL continued to broaden its funding horizons, improved asset quality and strengthened internal control and compliance during the year.

At the year-end 2011, Balance Sheet Size of DBL

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

(Tk. in million)

	2007	2008	2009	2010	2011
Operating Income	7,218	9,100	9,641	10,500	13,838
Operating Expense	5,208	6,567	6,831	6,659	9,517
Profit	2,010	2,533	2,810	3,841	4,321

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 2011 was recorded at Tk. 2,050.66 million compared to Tk. 1,242.61 million of 2010. This enabled the Bank to post a growth of Tk. 808.05 million i.e. 65% over the previous year in the backdrop of higher investing activities and capital gains earned by way of prudent treasury initiatives. Investment Income was another major contributor to total income accounting for 15% of the total.

touched a new milestone grossing Tk. 104.73 billion in total assets with a rise of 16% from the preceding year. Deposit also showed a healthy growth of 21% percent mainly contributed by higher mobilization retail and corporate deposits. Credit portfolio of the Bank increased by Tk. 12.39 billion to reach a total of Tk. 75.98 billion against 63.59 billion of 2010.

Income Statement

Interest Income

During 2011, DBL earned Tk.9,945.53 million as interest income recording a growth of 34 % 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. Net interest income (NII) was the highest contributor to total income which was 72% to total income. Net interest margin (NIM) derived from dividing net interest income by average assets was 4.30% in 2011 as compared to 5.24% in 2010. The 5% decrease in net interest income (NII) resulted from the increase in rate of deposits during the year 2011.

Commission, Exchange & Brokerage

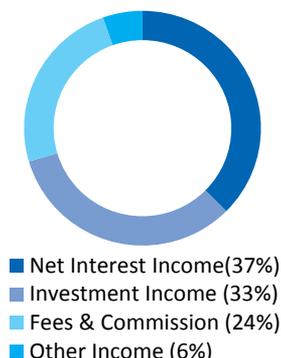
Income from commission, exchange and brokerage during 2011 increased by Tk. 121.42 million compared to 2010 mainly from increase of fee based income by heightened quality services. Regulatory pressure continued to rationalize the rate of commission and charges in an effort to broaden wider access of 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.

Other Operating Income

In 2011, DBL posted other operating income of

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Revenue Diversification



Tk. 337.36 million generated mainly from other charges, recoveries in normal course of business and sale of portfolio shares during the year.

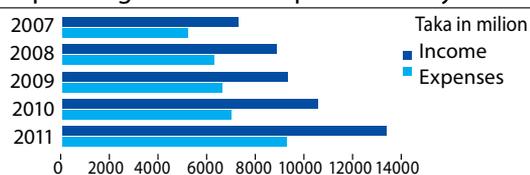
Total Operating Income

Total operating income recorded a strong growth of Tk. 672.65 million or 12% from Tk. 5,555.18 million in 2010 to Tk. 6,227.83 million in 2011.

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 2011. 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.

Operating Income VS Expenses for 5 years



For smooth running of business under a restructuring and compliant environment, the bank's operating expenses increased by Tk. 191.95 million from Tk. 1,714.74 million in 2010 to Tk. 1,906.69 million in 2011. The increased costs were contributed primarily by increase in head count and payroll expenses (Tk. 82.00 million

increase in salary and allowances, increment & bonus), in rents and utilities (Tk.26.00 million increase in rent, tax, insurance, electricity, etc) and increase in depreciation and repair expenses by Tk.37.00 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. 29.36 million at different spheres of the society. Considering the factors, the ratio indicates satisfactory operating efficiency of the Bank.

Employee productivity continued to grow as per following details (Tk. in million)

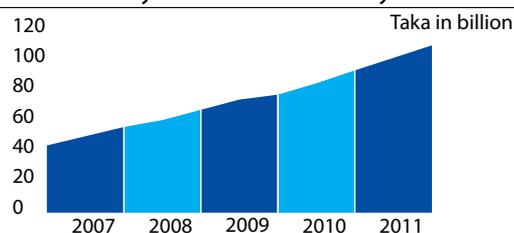
Particulars	2011	2010
Income per employee	11.16	9.46
Profit before tax per employee	3.48	3.46
Asset per employee	84.46	81.28

Balance Sheet

Total Assets

DBL's total assets at December 31, 2011 were Tk. 104.73 billion up by Tk. 14.59 billion demonstrating a 16% percent rise over 2010. 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 assets for 5 years



Growth of Balance Sheet Items (in billion Tk.)

Particulars	Balance in 2011	Balance in 2010	DBL Growth (%)
Assets	104.73	90.14	16%
Deposits	85.28	70.42	21%
Loans & Advances	75.98	63.59	19%

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Cash and Balance with Bangladesh Bank & its Agent

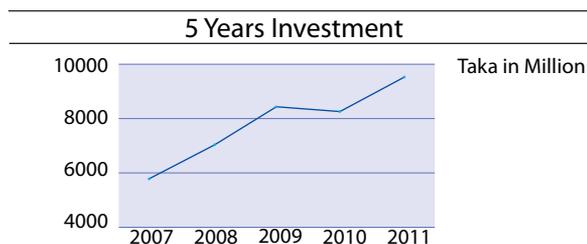
The position of Cash and Balances with Bangladesh Bank and its Agents is Tk. 9,510.42 million as at December 31, 2011 recording a growth of 8% from Tk. 8,769.48 million in 2010. Balance with Bangladesh Bank swelled up under regulatory compliance of maintaining Cash Reserve Requirement at higher margin 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 growth of balance with other banks and FIs in 2010 was not reflected in 2011. Rather, the position turned negative in 2011 and shrank by 36% percent from Tk. 4,839.36 million in 2010 to Tk. 3,100.23 million in 2011. The main reason behind the contraction was the rise in credit-deposit ratio, which in turn led to lower placement of surplus fund on term basis with banks and FIs. DBL also maintained adequate fund with correspondent banks for payment against LC commitments.

Investment

DBL made significant investment in long term government securities during the year 2011 adding up to Tk. 9,576.14 million in total as against Tk. 8,441.81 million in 2010. The 13% growth achieved in investment was contributed by government treasury bills purchased to cover the increased SLR in line with increased deposit liabilities.



Loans and Advances /Investments

Loans and Advances of the Bank as on December 31, 2011 stood at Tk. 75.98 billion compared to Tk. 63.59 billion of 2010 reflecting an excellent growth of 19%. Investment of Islamic Banking Branches increased by Tk. 1,128.27 million to Tk. 4,313.47 million during 2011. 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. 1,501.99 million. Yield on loans and advances increased by 14.92%. Concentration of loans and advances was well diversified details of which are explained in note 7.6 of the financial statements. DBL ratio of NPL improved to 3.45% from 4.57% of 2010. Based on contractual maturity terms, 77% of the current loan portfolio matures within one year and 23% is due to mature within 5 years of the balance sheet date.

Liabilities

Total liabilities of DBL excluding shareholders' equity stood at Tk. 9.22 billion as of December 31, 2011 recording a growth of 40% over preceding year. The increase in liability was mainly due to growth in customer deposits and settlement of import payments against deferred and cash LCs.

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 stood at Tk. 2,548.24 million at the year-end 2011 to meet regular liability obligation of customers and lending commitments to sustain ongoing business growth and goal for 2011.

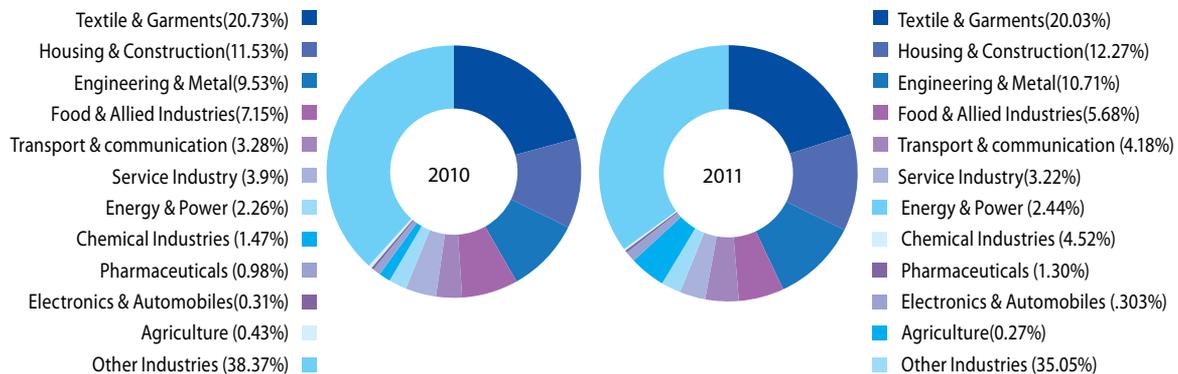
Deposits

Customers' deposit grew by Tk. 15.44 billion or 22% to Tk. 84.15 billion at the year-end 2011 from Tk. 68.71 billion of 2010 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.

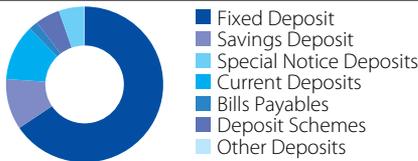
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Taka in billion

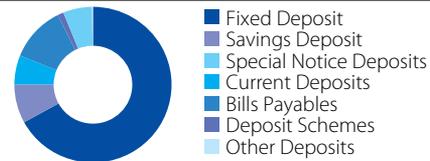
Sectorwise Loans and Advances



Deposit Blend 2010



Deposit Blend 2011



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. Still, fixed deposits maintained dominance in the deposit line occupying highest 67% of the deposit mix. Average cost of deposits was 9.33% in 2011 as against 7.06% in 2010. At the year-end 2011, the ratio of customers' deposit to total liabilities stood at 80% compared to 76% at the end of 2010. A great range of liability products are now available at DBL to meet variant needs of deposit clients.

Allowance for classified loans

The provision against classified loans declined during the year. Provision against classified loans totaled Tk. 1,066.98 million compared to Tk. 1,481.39 million of 2010. Tk. 848.02 million was allocated for provision against unclassified loans while 2010 provision against unclassified

loans amounted to 741.99 million. General provision for off-balance sheet exposure stood at Tk. 334.25 million as against Tk. 259.10 million of previous year. DBL adequate provision for diminution in value of investments. 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.

Recovery against classified and written-off loans

Recovery against classified loans amounted to Tk. 142.83 million during the year 2011 while written-off amount of loans stood at Tk. 999.64 million around the year.

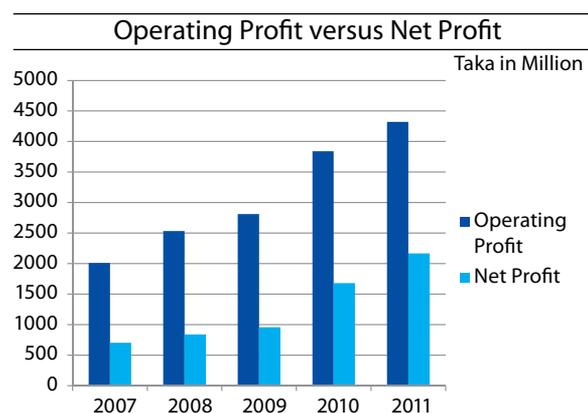
Net Profit before Tax

DBL's net profit before tax aggregated a sum of Tk. 3,654.00 million after making above provisions registering 25% growth. This indicates higher operating efficiencies against increased operating expenses.

Provision for income tax

Provision against current year income tax was Tk. 1,489.00 million compared to Tk. 1,239.00 million of year 2010. The Bank had no deferred tax liability/ asset during the reporting period.

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Net profit after tax

DBL earned net profit after tax of Tk. 2,166.00 million recording a growth of Tk. 29.00 million during 2011. Earning per share (EPS) increased to Tk. 6.03 as at December 31, 2011 from Tk. 4.68 of the previous year.

Appropriations

The Profit and Loss Account for the year 2011 shows profit after tax of Tk. 2,166.00 million. However, profit available for distribution among shareholders is Tk. 1,435.00 million after a mandatory transfer of Tk. 731.00 million (@ 20 percent on profit before tax) to statutory reserve. Directors have recommended cash dividend @ 5% accompanied by stock dividend @ 30% (3 shares for 10 shares each held on the record date) for the year 2011.

(Taka in million)

Particulars	Year 2011	Year 2010
Profit after tax	2,166	1,679
Retained earnings carried forward	-	-
To be appropriated		
Transfer to statutory reserve	731	583
Retained earnings to be carried forward	1,435	1,096
Dividend for the year (recommended)		
Stock dividend	30%	35%
Cash Dividend	5%	-

Key financial indicators

Our profit after tax (PAT) has increased by a significant margin of 29% percent during 2011. This implies that corresponding financial ratios would grow upward where PAT is a common numerator. A brief summary of major financial

ratios is drawn below:

	Year 2011	Year 2010
Return on equity (ROE)	23.49	25.52
Return on assets (ROA)	2.22	2.00
Cost to income ratio	68.78	63.42
Capital adequacy ratio	10.70	10.09
NPL ratio	3.45	4.57
EPS (Taka)	6.03	4.68
Credit to deposit ratio	89.10	90.30
Price Earning Ratio (Times)	7.46	12.09

Notes:

ROE : [Profit after tax] / [Year-end equity]

ROA : [Profit after tax] / [Average assets]

Cost to Income ratio : [Total operating expense] / [Total operating income]

NPL ratio : [Total classified loans at year-end] / [Total loans]

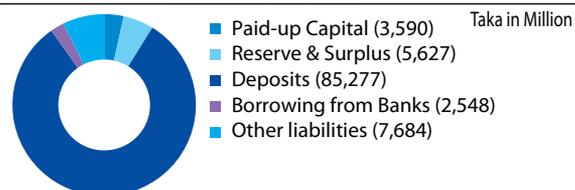
Credit to deposit ratio: [Gross loan outstanding] / [Total deposit at year-end]

Price Earning Ratio (Times): [Market Value per Share] / [EPS]

Capital Strength

The journey of DBL began as a private commercial bank in the country on July 5, 1995 with a start-up authorized capital of Tk. 1,000 million and paid-up capital of Tk. 100 million approximately. The Bank strengthened its capital base in 2005 by raising authorized capital from Tk. 1,000 million to Tk. 2,650 million in 2005 and Tk. 6,000 million in 2007.

Sources of Fund



Uses of Fund



As at December 31, 2011, equity of the Bank including retained earnings, reflected a balance

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of Tk. 9,216.75 million. Equity as a percentage of total assets was 9%. Bank's paid-up capital increased by Tk. 930.86 million aggregating Tk. 3,590.46 million at the year-end as a result of stock dividend appropriated for the year 2010. The statutory reserve also increased by Tk. 730.82 million during the year due to transfer of 20% of pre-tax profit under regulatory compliance.

Bank's capital adequacy ratio (CAR) at the balance sheet date was 10.70% with Tier-I ratio at 7.54%. The ratios have been worked out in accordance with Basel-II recommendation and Bangladesh Bank guidelines. CAR encompassing credit, operational and market risks is well above the Basel requisite for 10%. Note 15.8 to the Financial Statements provide further details on DBL capital adequacy. Major contributors to strong capital adequacy ratio are high capital base, streamlining of non-performing assets that are fully provided for and low risk profile of our on-balance sheet and off-balance sheet exposures.

Credit Portfolio

DBL credit portfolio consists of loans and advances under conventional practice and investments based on *Islamic shariah*. Credit activities of the Bank is governed by Head Office Credit Committee with segregation of responsibilities under three essential parts namely assessment of risks, credit administration and monitoring function.

At the end of 2011, credit portfolio of the Bank increased by TK. 637.77 Crore to reach the total of TK.7,598.33 Crore against TK. 6,960.56 Crore of 2010. The growth reflected an impressive 20 percent over the preceding year. Bank's loans to customers accounted for 71 percent of total assets as against 68 percent of the preceding year. Our hard drive for recovery of delinquent loan accounts was successful in bringing down Non performing to 3.45 percent from 4.57 percent of 2010. Bank's credit to deposit ratio was maintained at 89.10 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 represent 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, and house building loan, staff loan, retail and credit card to the deserving clients.

A summary performance of Bank's corporate banking units is drawn below:

Corporate Banking

Corporate credit widely known as corporate banking build up the core landing operations of DBL. Bank's total asset portfolio has most in it corporate credit and thus, several strategic business unit (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.

At the close of balance sheet date, total corporate lending stood at TK 67,531.29 million reflecting about 88.88 percent of total credit portfolio with a growth of around 27 percent over the preceding year. A review of sectoral allocation in corporate lending reveals that term finance accounted for 28.90% while overdraft facilities recording 21.77%. Textile and garments topped the list of industry exposure with 20.96% 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, a 1.55% of its corporate folder.

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.

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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 46 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 2011 with a surge in export volume to 41.50 percent underpinned by increasing export orders throughout the year 2011. A lot of exporters now bank with us and the volume of direct export is worth noting 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

DBL financing window to pioneering but non-conventional undertakings was wide open during the year 2011. 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. Important projects financed by the Bank included building of 2 sets of 650 mm discharge pipe diameter cutter suction dredgers with ancillary equipments for the purpose of Gorai River Restoration. Vosta LMG – Karnafuly JVC Limited has been assigned to carry out the foregoing project. Bank's participation under this syndication project amounted Tk.1,290.00 million. These initiatives have 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.

Syndications & Structured Finance

The Bank's Syndications & Structured Finance (SSF) Unit has started its journey in 2004 to cater to the needs of Corporate Banking of the Bank. 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 Tk. 16.00 billion as Lead Arranger for 16 different projects;
- Provided Agency and Security Trustee functions to a good number of projects;
- Participated in over 35 projects, arranged by other Banks/Financial Institutions;

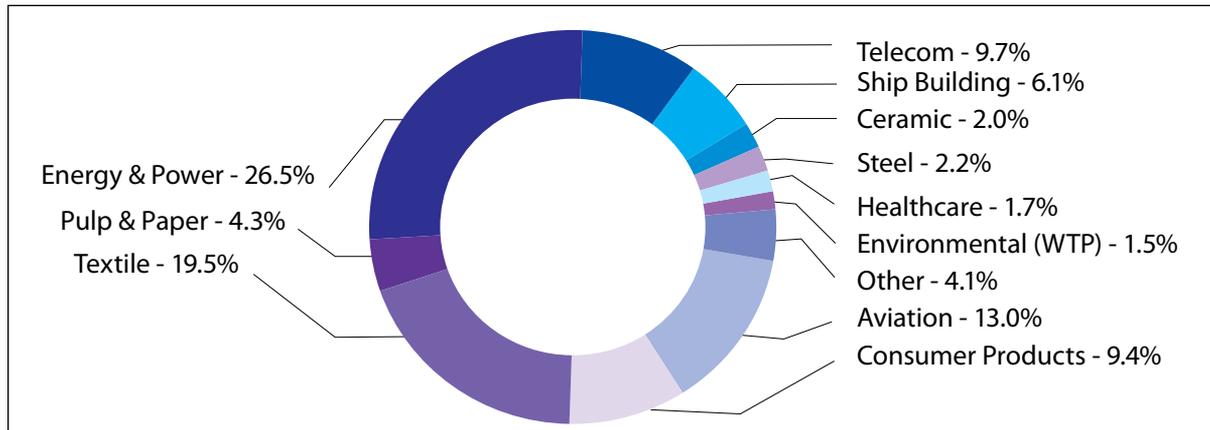
Presently, the SSF Unit covers almost every sector including energy & power, telecom, textiles, aviation, shipbuilding, steel, ceramic, pulp & paper, consumer products, etc. of the economy. The chart below gives an overview of the sectoral exposure of the unit as of September 30, 2011:

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 for "D-water Tech Limited" to set up a centralized water treatment plant 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 M/s. Vosta LMG-Karnafuly Joint Venture Consortium Ltd. for construction of Dredgers for re-excavation of the Gorai River.

In 2011, 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 closed a Club-deal named "Partex Denim Mills Limited".

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Sector-wise Syndication Exposure



Bangladesh has been facing many development challenges since independence in 1971. To overcome some of these challenges, the country requires significant investment in energy, transport, water supply infrastructure and several other sectors. In mid-2009, the Government of Bangladesh has shown keen interest to promote the concept of Public Private Partnership (PPP) in Bangladesh. Dhaka Bank has responded to



01. D-Water Tech Limited



Vosta LMG Karnafuly JV Consortium Ltd.

the government's initiative by arranging fund for two (2) power projects 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.

Retail Banking

DBL is one the pioneering banks in retail banking sector amongst local and multinational financial institutions. In 2011, 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.

The major products and services of retail banking are as follows:

Liability Products

- Deposit Pension Scheme
- Deposit Double Scheme
- Special Deposit Scheme
- Bundled Savings Accounts
- EduSavings Plan
- Gift Cheque

Asset Products

- Car Loan
- Personal Loan
- Home Loan
- Credit Card
- Shopno Jatra
- Smart Plant

Services

- Internet Banking

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ATM Card
M-banking
Locker Facility
Utility Bill/Fee Collection of Government /
Autonomous Body

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 4 ATMs in 2011 giving a total of 35 ATMs across the country. 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 2011. Thus, DBL

customers will be privileged to choose from many diversified card offerings. In 2012, 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.

Anti Money Laundering

Anti Money Laundering initiatives are not only for meeting compliance requirements but also acting 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 using of banking channel, DBL has strengthened its efforts as per Bangladesh Bank directives and various circular and guidance note, complying with the Money Laundering Prevention 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 issues under supervision of CCU. BAMLCO's 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 time to time. To further enhance the effectiveness of the BAMLCO function on AML issues, CAMLCO Office and DBTI continuously arranged Training and Workshop on Anti Money Laundering issues. We furnish below the details on training information in 2011.

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

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Business Operations Division

Business Operations Division's firm commitment to excellent customer service delivery has resulted to remarkable progress in its areas of operation during 2011. A number of service delivery Wing are working under Business Operations Division. The Division's task include Settlement of Foreign Remittance, settlement of Treasury function, FI Operations, assessment and managing of Treasury Risk, Local funding Operation, Bond market Operations, etc. With

a view to facilitate its customers, Business Operations Division adopted various payments and transaction products for smooth payments and transactions for the customers backed by modern technology. Under Central processing environment, Business Operations Division always aware regarding settlement various payments and transactions as well as compliance related issues. We furnished fellow the details of executed/processed data through Business Operations Division in 2011:

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

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 2011. Details as follows:

Particulars	No. of Instructions	Amount in Tk.
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 OPERATIONS

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) is the most important component in the development of a modern payments system infrastructure.

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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, veterans 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, company cash concentration, government tax payments, government licenses and fees. Under EFT Operations, Dhaka Bank Ltd successfully completed following transactions in 2011:

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

BACH Operations

Bangladesh Bank Introduced Automated Cheque Clearing System in 2010 backed by modern Technology with a view to encash all Instruments under BACH Operations. Most of the branches of Dhaka Bank Ltd are process their Clearing Instruments under BACH Operations.

With a view to facilitate the customers, Dhaka Bank Ltd centrally setup a Separate Unit in Head Office level to process all Cheques and other Instruments on regular basis. In line with this, Central BACH Operations successfully processed following transactions in 2011:

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

CPC Trade Operations

The trade operations of Dhaka Bank Limited had been centralized since December 2009. It had been a big challenge for the bank. But Dhaka bank ltd has always accepted the challenges; it has accepted its trade operations to be centralized. Now on the edge of its two years operations it is proved to be a successful milestone of achievement for DBL and in this context as well we are one step ahead of the peer group and competitors. As they are thinking about centralization, some of those consider the centralization of DBL as their role model. It was also very usual for the efficient and energetic employees of DBL to come up to the challenge and today DBL Trade Operations is running smoothly, efficiently, and effectively towards its goal and management objectives. At the moment the employees are associated with CPC- Trade Operations in 8 separate divisions. All these human resources are very

knowledgeable, energetic, responsible and efficient and all of them are very much focused towards the goal of DBL. The divisions are LC opening, Cash Bills, Back-to-Back bills, Back-to-Back Payment, Foreign Export, Local Export, Bangladesh Bank Reporting and a Brand New Document Scrutiny division.

All the members of these divisions are performing their duties with utmost sincerity and all the teams are very much concerned to serve the customers of the Bank. The CPC- Trade Operations doesn't have the direct relationship with most of the customers but it's serving the customers indirectly in any need of them with great effort. These operations require a huge volume of communication with all the branches with all the banks inside and outside the country, with the regulatory authorities and sometimes even with the customers. And all these communications are performed perfectly

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keeping the interest of the customer and Bank in mind.

Among with these operational activities the CPC- Trade Operations also have achieved some overall objective of DBL e.g. cost saving, standardization of work, area of specialization and quality control.

How CPC add values

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. Banks must ensure that all of their processes

and operations are correctly and appropriately equipped to manage the scrutiny associated with generally stricter compliance and regulatory requirements. Centralization is the best means to do this and adds value to Bank in the following ways

Transaction Profile

The following table gives a snap shot of transactions that have been executed by CPC- Trade Operations from its inception. This figure clearly shows upward trend in the current year compared to the last year even in this sloth economy. Number of contracts has increased drastically compared to the human resources.

Transaction Profile			2009-10	2010-11
Number of Import L/C			13477	12,804
Number of Export Bills	Foreign Export		7106	4,533
	Local Export		5482	4,322
Total Contract Executed			-	67,188

Possessions of CPC Trade Operations

CPC- Trade Operations at a Glance	
Operation Started with new location	December 19, 2009
Number of Officers	39
Operation Assistant	15
Number of Computers	55
Technology	Flexcube (i-Flex), SWIFT Alliance Messenger, SMS Portal, Webmail
Current Location	Dhaka CPC BGMEA Complex, 23/1 Panthapath Link Road, Karwan Bazar, Dhaka-1215
	Chittagong CPC Shadharan Bima Shadon, 102, Agrabad C/A, Chittagong-4100

Centralization of Credit & Trade Operations

Dhaka Bank Limited is always one step ahead in providing best possible and world-class service experience to its customers. In line with that all branches of Dhaka Bank have been brought under credit centralization in a phase-wise manner.

It is a milestone for Dhaka Bank Limited

and the whole Credit Operations and Trade related operations are being processed from a Central Processing Center (CPC) located at BGMEA Bhaban, Karwan Bazar, Dhaka with full satisfaction of its different stake-holders.

Online CIB Project

Bangladesh Bank has started working on CIB

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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 2000 clients' credit history. Dhaka Bank Ltd. established a CIB online cell with all hardware and software facilities.

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 FIs to check not only the borrower's present credit exposure, but also the credit requests. This hinders the way of credit shopping. Online CIB is a great jump 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.

Global Trade Services

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:

1. Financial Institutions
2. Remittance

Financial Institutions

Financial Institution Unit mainly provides customized supports to the following areas of Dhaka Bank Trade Finances:

- I. Import Letter of Credits
- II. Export letter of Credits
- III. Negotiation and Documentary Collection.
- IV. Confirmation

FI Achievements in 2011

In the year 2011, Financial Institutions has reached further in achievements. FID has been capable of supporting local and international trade transactions like the preceding years. Here are some of the inspiring achievements reached by Financial Institutions:

Rebate Income

Among Dhaka Bank Ltd's fee based income, Rebate Income has been occupying a significant portion. Like previous years, Financial Institutions has helped grabbing a good amount in terms of Rebate Income. As on September 2011, the growth in Rebate Income amounted to a healthy 96% compared to that of previous year. Such outcome has been possible by FID's matchless effort towards maintaining a sound relationship with Dhaka Bank Ltd.'s wide correspondent networks.

Arrangements made with Correspondents for incoming L/Cs and guarantees

In the year, Financial Institutions has been engaged with a number of prominent international banks for routing their guarantees and L/Cs in Bangladesh and vice-versa. Arranging supports for confirmed L/Cs has been a challenge for FID as the the number of confirmed L/Cs have increased sharply in 2011. During Jan-June, 2011, the number of confirmed L/C issued was 311 compared to 177 L/Cs for the same period in 2010. In terms of amount, the volume has increased about 99.79%.

Effective utilization of ADB's trade finance facility

Asian Development Bank (ADB) has been offering its Trade Finance & Facilitation Program (TFFP) to a number of Bangladeshi banks to support their trade finance needs for a couple of years. In this array of relationship, Dhaka Bank Limited signed up with ADB's fast-paced TFFP program in December 2009.

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Dhaka Bank Ltd has been using ADB support for confirmation of its Letter of Credit since early 2010. Dhaka Bank Ltd has been enjoying the leisure of accommodating large transactions in terms of confirmations of documentary credits around the year. With continuous usage of this arrangement, enhancement of available limit of credit lines sanctioned for Dhaka Bank Limited is expected at the end of 2011.

Meticulous monitoring for timely import payment and export receipts

Payment of import Letter of Credit in due date is extremely important for any bank, to maintain its domestic as well as international acceptability as a leading Letter of Credit issuing bank. For our effective monitoring payments are now being made within in due time.

We are also vigilant against our local/foreign export proceeds remaining overdue beyond maturity and are pursuing hard with the banks for realizing export proceeds.

Remittance

There are two types of remittance

1. Foreign Outward Remittance: The sender uses a bank or foreign exchange company to send money to foreign country. Many of the receiving banks have established remittance relationships with currency houses and banks in other countries to better facilitate the flow of outward remittances.

2. Foreign Inward Remittance: The receiving country, where the beneficiary resides. The bank receives the money that has been sent from the sending person in the country in which the money has been earned.

With the pace of growth in the volume of in-ward foreign remittances, Dhaka Bank Limited stands among the top 10 private sector commercial banks in the Bangladesh remittance market within a very short span of time.

Extensive use of technology along with wide delivery network has significantly fostered the growth of DBL remittance service. As part of our strategic initiative, we have opened branches in important locations of the country tied-up with reputed local NGO's and have also established remittance arrangement with leading exchange houses around the globe. These initiatives have

bolstered the image of DBL in the world market greatly, and have significantly increased the inflow of foreign remittance through the bank from NRB's. At present DBL have remittance arrangements with 19 exchange houses around the world having a market share of 3% in remittance business in Bangladesh. Shortly DBL remittance services will be offered directly from foreign markets such as: Malaysia, Australia, Italy and the UK with DBL's own branches.

DBL was the pioneer bank in Bangladesh to introduce Mobile Banking facility to its customers and once again DBL will be the pioneer to introduce mobile banking facility to its customer partnering with Western Union & Banglalink which will revolutionize the instant payment system greatly through Banglalink's 2222 locations.

Offshore Banking unit

Offshore banking refers to international banking involving non-residents' foreign currency-denominated assets and liabilities with freedom of functioning but not conflicting with the domestic fiscal and monetary policies and independent of the local commercial banking system.

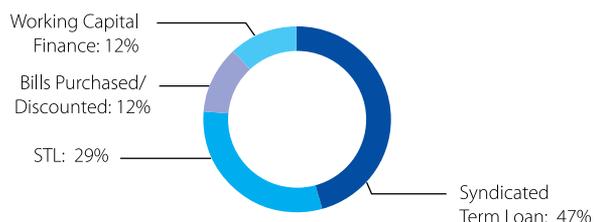
Dhaka Bank Limited is one of the pioneers among local banks in Bangladesh to set up an Off-shore Banking Unit, which went into operation in the year of 2006 in Dhaka Export Processing Zone. Currently the bank has been providing offshore banking services to several Type-A industrial units of the EPZs through its two OBUs in Dhaka and Chittagong Export Processing Zone. Setting up of another two OBUs in Karnafuli & Adamjee EPZ is under process.

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 in line with excellent customer services backed by quality human and technological supports.

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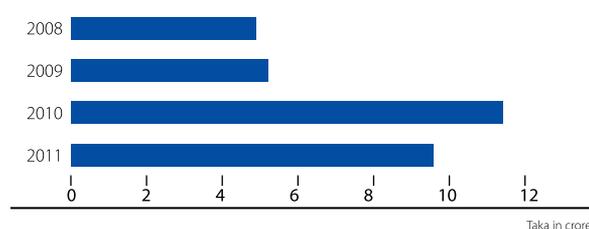
Earlier, services of the Offshore Banking Unit were limited for Type-A industries of the EPZs. Relaxation of relevant rules by the central bank has paved the way for local enterprises to borrow foreign currency at lower rates from Offshore Banking Units (OBUs) of local commercial banks. In the year 2011, OBU invested around USD18.18 million in offshore market to support Type-A industries. Portfolio of the unit during December, 2011 is shown in the following chart:

OBU Portfolio during 2011



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 Profitability over the years



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.

Export earnings of the enterprises in Bangladesh's export processing zones (EPZs) during the first half of the current 2011-12 fiscal year ending in June surged 31 percent to over 2 billion U.S. dollars. The statistics of the Bangladesh Export Processing Zones Authority (BEPZA), which has been placed directly under the country's Prime Minister's Office, showed that the enterprises fetched 2,022 million U.S. dollars from exports in the July- December period of the current fiscal year (July 2011-June 2012). Bangladesh's EPZs, the most preferred destinations for both domestic and foreign investment, are mainly dominated by labor-intensive textiles, ready-made garments and footwear plants. The BEPZA data showed that export earnings of the enterprises in the South Asian country's all the eight EPZs during the last 2010-11 fiscal year stood at 3.697 billion U.S. dollars.

Information Communication Technology (ICT)

With information technology being the backbone of the industry, Dhaka Bank Ltd. intends to strategically exploit the use of technology to drive process efficiency, product innovation and service delivery. Dhaka Bank Ltd. completed and/or working on the deployment of the following new applications in the year:

New DBL Email System

In Dhaka Bank Ltd., email is one of the most important systems used for communication regarding official matters & issues. Also we have been trying to engage the DBL employees more into this system with a vision to reduce paper based official communication and speed up solutions regarding difficult issues & necessities. Recently we have been moving forward with a new mail system as a replacement to the existing mail server which will feature many lucrative & new facilities which we believe will drastically improve the quality of corporate communication & lifestyle within our organization and help us

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provide efficient & effective office collaboration .

Western Union Upgraded Software Installation:

Western Union is one of the most renowned global organization providing services related to online money transfer. As a partner of Western Union, Dhaka Bank Limited has been using their services for inward remittances. Currently we use a desktop based application for this purpose provided by Western Union. Recently there has been software upgradation at their end and with a view to provide smooth services, IT Division has been working on upgraded software installation for Western Union named as WUPOS.

Inventory Management System

IT Division of Dhaka Bank Ltd. introduces an automated online system for its Inventory Management. The new software is designed for our GSD that desires a complete control over stock levels and inventory tracking. This software is a complete web based system, through which one will be able to track receiving & shipping of the goods. The software has strict security function. It works with Oracle Database and Oracle Application which is very powerful as well as secured database system. You can also define role-wise access rights to employees. Now, the system can calculate item stock, generate daily basis report, maintain budget, manage vendor, and trace purchase & shipping of each item.

Inter Bank Electronic Fund Transfer Network (EFTN)

Dhaka Bank Ltd. is one of the members of Bangladesh Bank's BEFTN network. We were among the pioneering group of banks that successfully joined the network in the very early phase of the project implemented by Bangladesh Bank.

Automation of DBL Securities Limited

Information Technology Division of Dhaka Bank Ltd. has successfully implemented BlueChip, a Back Office Software for DBL Securities Limited. BlueChip is a robust software capable of handling the ever extending workload for business expansion in the Stock Market. The software has already been implemented and currently being used by all Branches of DBL Securities Limited.

IT Division is also implementing the Internet version of BlueChip, termed as "iBlueChip", in collaboration with Leads Corporation. After

implementation of the system, customers of DBL Securities Limited will be able to post trading orders online. So, service of DBL Securities Limited will go beyond the border. Currently UAT is running on and hopefully it will go live soon.

Mobile Banking

Mobile-banking will help our clients to access to banking service anytime and anywhere in the country. Dhaka Bank Ltd. launched mobile banking solution on August 1, 2011. IT division has worked as the integrator of this solution to the core banking system. This is an actual online banking service through which a client can access to banking services such as balance inquiry, statement inquiry, cheque book request etc. In future services like utility bill payment, mobile recharge, online shopping etc are going to be launched.



ATM Expansion

Dhaka Bank Ltd. has invested a great deal on expansion of its ATM infrastructure. Apart from providing facilities through our own channels, we also have come into terms with other major ATM service providers (Dutch Bangla Bank and BRAC Bank) only to bring in more area of coverage to provide ATM and POS service to DBL clients. As a result DBL Customers can enjoy the facilities of

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over 1400 ATM and POS throughout the country.

CDM (Cash Deposit Machine)

CDM deposits money, cheque, utility bill, tuition fees or even IPO 24/7. Dhaka Bank IT division is to set up cash deposit machine for the benefit of both the customers and employees. As it will reduce the queue in front of the cash counter and makes life easy. Dhaka bank Ltd will accept IPO submission through its CDMs. It will also accept tuition fees and utility bills and introduce 24 hour banking facility at one's doorsteps.

IP Telephone

IP (Internet Protocol) is the latest phone system technology. IP phone systems convert regular telephone calls into digital data delivering the voice communications over the Internet, or a packet-switched network. Essentially, when using an IP system, the user is using the Internet to make telephone calls as opposed to a traditional phone line. IP phone services continue to advance and are becoming highly reliable and popular.

Internal Control System

The main objectives of Internal Control System are as follows:

- Safeguard the Depositors and Share Holders interest
- Provide reasonable assurance that transactions are recorded as necessary to permit preparations of financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS) and applicable laws.
- Provide reasonable assurance regarding prevention and timely detection of unauthorized operational and financial activities that could have material effect on the financial statements.
- Facilitates fraud and reputation-risk assessments at the Divisions, branch level and links & documents antifraud control activities to identified fraud risk.
- Ensures efficiency and effectiveness of the activities of the bank, reliability, completeness and timelines of financial and management information & compliance with applicable laws and regulations.
- Providing reasonable assurance that, all IS/IT assets (i.e. People, Process & Technology) are adequately safeguarded against fraud and malicious attempts from internal and external threats.

Internal Control & Compliance (ICC)

In order to establish the efficient, effective and compliant internal control system in the Bank, Internal Control & Compliance Division segregated its operations into three separate units:

1. Audit & Inspection;
2. Monitoring &
3. Compliance;

Audit and 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 and other regulatory authorities from time to time. Audit also verifies the implementation status of various instructions given by the Board of Directors, Executive Committee and Audit Committee.

The Audit & Inspection Unit of ICCD undertakes following types of audit & inspections

- Comprehensive Audit
- Information System (IS)/Information Technology (IT) Audit;
- Special Audit/Inspection/Investigation.

Comprehensive Audit/Inspection

Comprehensive Audit/Inspection is the main part of audit unit. Audit teams of the ICCD conduct comprehensive inspections in all Branches and Divisions/Departments/Units of the Bank as per guidelines of Bangladesh Bank and Audit Plan. Comprehensive audit/inspection in the branch level includes General Banking & Cash Management, Money Laundering Risk, Credit Risk Management, Foreign Exchange Risk Management, Operational Risk, Internal Control & Compliance, Accounts, Security Management and Human Resource Management. The relevant operations of the Divisions/Departments/Units in Head Office level are also under comprehensive inspections of ICCD.

Information System/Information Technology Audit/Inspection

The primary functions of an IS/IT audit are to evaluate the system's efficacy and security protocols, in particular, to evaluate the Bank's

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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. IS/IT audit includes audit of (i) Systems and Applications (ii) Information Processing Facilities (iii) Systems Development (iv) Management of IS/IT and Enterprise Architecture (v) Telecommunications and Intranets etc.

Special Audit/Inspection/Investigation

Audit & Inspection Team of ICCD of the Bank carry out Special Audit/Inspection/ Investigation as and when required against any issues/non-compliances/forgery happened in the Bank and or incase Board of Directors/top management instruct about any specific issue(s). Moreover, such audit/inspection/investigation may be taken place in case of Information Technology failures, misappropriations of Bank's assets by the people internal or external.

Internal Audit Statistics

Sl.	Nature of Audit	Frequency	Number of Inspection(s)	
			2011	2010
i)	Comprehensive Inspection	Yearly (Branch)	51	44
		Half Yearly (Branch)	10	6
		Yearly (Division/Unit)	5	3
ii)	Special Audit/ Inspections/ Investigations	Case-to-case basis	12	12
iv)	IS Audit	Yearly (Branch)	56	15
iii)	Nostro Accounts Review	Quarterly	4	4
Total Reporting			134	86

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.

Monitoring Statistics

Particulars	Number of Follow-up Reports	
	2011	2010
Internal Audit Compliance Reports	392	320

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. Some major tools of this unit are as follows:

- Ensure compliance of inspection report of Bangladesh Bank;
- Ensure compliance of Internal Audit Report;
- Ensure compliance of regulatory bodies like the central bank, tax authority, Ministry of Finance, Law enforcing agencies and others regulators;

The Report of the Directors

- Checking whether the appropriate policies include i) top-level review, ii) appropriate activity controls for different departments and divisions, iii) system of approval & authorization, iv) appropriate segregation of duties and personnel are not assigned conflicting responsibilities.
- Review the Quarterly Operations Report.

Bangladesh Bank Report Compliance

Compliance unit received 144 reports/letters from Bangladesh Bank during 2011 and successfully submitted compliance of all reports/

letters within prescribed deadlines.

Bangladesh Bank Inspection

Bangladesh Bank inspection teams conducted a total number of 25 inspections on 9 Divisions/ Units of Head Office & 16 Branches during the year 2011 which included Comprehensive Inspection, Foreign Exchange Transactions Inspection & Core Risk Inspection on Anti-Money Laundering activities, Credit Risk Management, Foreign Exchange Risk Management, Internal Control & Compliance and Information System Security.

Bangladesh Bank Inspection Statistics of 2011

Sl.	Nature of Inspection	2011		2010	
		HO Division	Branch	HO Division	Branch
i)	Comprehensive	2	9	1	23
ii)	Anti Money Laundering	-	2	1	9
iii)	Credit Risk Management	1	-	1	1
iv)	Internal Control and Compliance	1	1	1	1
v)	Information Systems Security	1	-	1	1
vi)	Foreign Exchange Transactions	1	2	1	16
vii)	Foreign Exchange Risk Management	1	-	1	-
viii)	Small Enterprise Financing	1	1	1	
ix)	Consumer Financing	1	1	1	1
x)	Special Inspection			3	3
Total Inspection		9	16	12	55

Total reports/letters received from Bangladesh Bank for compliance in 2011	114
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The Report of the Directors

Treasury Operations

Asset Liability Management

The Asset Liability Management procedure has been designed to earn an adequate 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.

■ ALM primarily manages two types of risks

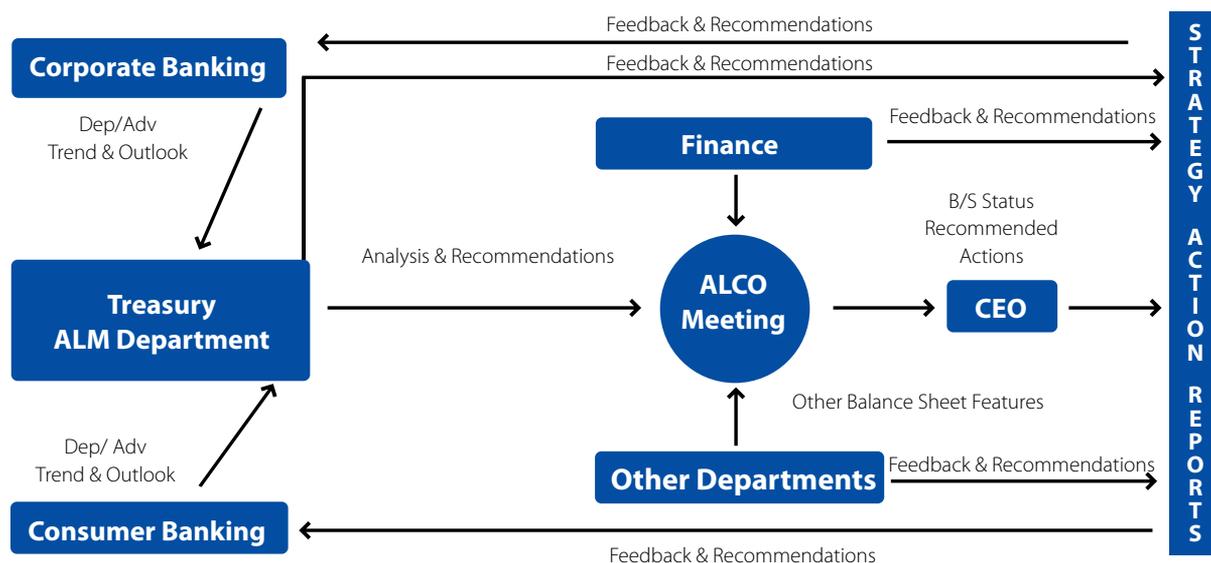
■ Liquidity Risk

■ Interest Rate Risk

Both Risks Trigger from Mismatches in Assets and Liabilities

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 and Duration Analysis. These have facilitated techniques of GAP management and Duration matching of Asset and Liability.



The Report of the Directors

The Asset Liability Committee (ALCO) of the Dhaka Bank monitors Market Risks 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.

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.

Liquidity Risk Management

The main objective of Dhaka Bank 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 established a robust liquidity risk management framework that ensures that it maintains sufficient liquidity, including a cushion of unencumbered, high quality liquid assets, to withstand a range of stress events, including those involving the loss or impairment of both unsecured and secured funding sources. Liquidity management is the constant ability to accommodate liability maturities and deposit withdrawals, funded asset growth and business operations, and meeting contractual obligations. Liquidity management involves forecasting

funding requirements and maintaining sufficient capacity to meet the financial needs and accommodating fluctuations in asset and liability levels due to changes in our business operations or unanticipated events.

Efficient Liquidity Management

- Avoidance of concentration of maturity
- Diversifying the funding sources

Can be done through

- Measuring
- Monitoring
- Managing the mismatches



Money Market Scenario

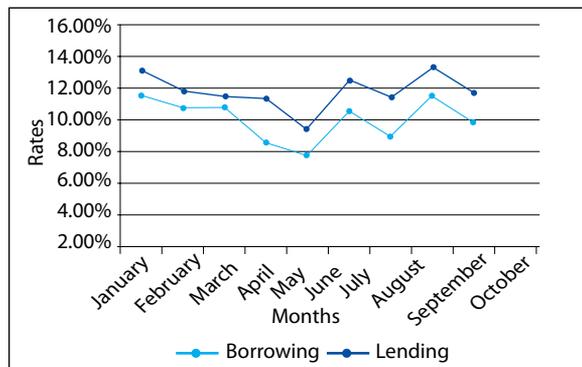
The overall money market scenario was unstable and volatile through out the year 2011. The weighted average interest rates in the call money market in the first quarter, second quarter & third quarter of 2011 moved within the range of 9.50% to 20.00% but in the last quarter of 2011 the weighted average call interest rates moved within the range of 7.50% to 12.00%. As such there was enormous liquidity crunch and tightened situation occurred during the first three quarters of 2011 due to increase of Government borrowing for payments like imported Petroleum products, Chemical & food grains, Capital machinery for electric power station, rawhide payment etc. through NCBs and some private banks, the lower growth of demand for credit in the private sector comparing to the previous year and abundant inflow from workers' remittance in the first to third quarter of 2011. Since contraction measures taken by the Bangladesh Bank in the last monetary policy revealed in June 2011 and also huge inflationary pressure in the market, the fund utilization was decreased as investment in the private sector as well as public sector due to the Government decision to increase the lending rate.

While pursuing a contraction measure attaining sustained high broad-based economic growth and containing inflation within tolerable moderate level in the period of 2011, taken by the Bangladesh Bank in the Monetary policy, Bangladesh Bank kept the Repo and Reverse repo window open time to time whenever required. Repo injects money in the market while

The Report of the Directors

Reverse Repo takes it away from the market. The interest rate on Repo in the first two quarters of 2011 was within the range of 5.50% to 6.75% and the subsequent quarters, Repo interest rate was 7.25% while the interest on Reverse repo in the first two quarters of 2011 was within the range of 3.50% to 4.75% and the subsequent quarters, the Reverse Repo rate was 5.25%.

DBL Average Call Money Rate 2011

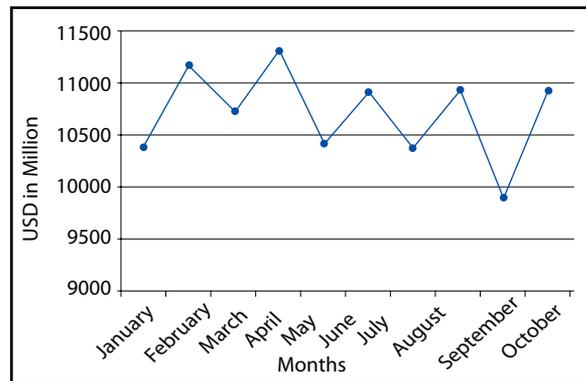


Foreign Exchange Reserve:

Foreign Exchange Reserve, a country holds to buffer out imbalances between foreign receipts and payments. Main objectives of the Bangladesh bank for holding foreign exchange reserves include maintenance and safety of adequate level of reserve to meet foreign obligations, liquidity of reserve for the purpose of monetary and exchange rate management and finally, optimal return from the reserves assuming controlled risks in a prudent manner that will preserve the nominal value of the reserve.

Foreign Exchange Reserves of the Bangladesh bank continued to grow in the backdrop of steadily increasing workers' remittances as well as export earnings, and stood at USD 10931.90 million as at the end of August 2011 and initially it was USD 10381.70 million as at end of January 2011. This was, however, higher than the USD 550.20 million reserves as of end August 2010.

Foreign Exchange Reserves



Source : Bangladesh Bank.

Islamic Banking

Islamic Banking has become popular to the mass 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 on trust. 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 only for 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. 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.

A salient feature of Islamic Banking Operations of Dhaka Bank Limited is appended below:

The Report of the Directors

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 financial ailing.
5. To help the distressed people to improve their financial standings with more confidence on profit sharing.
6. To provide interest free financial services to the 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.

Setting up of 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 established in Head Office headed by an Executive Vice President having experience in Islamic Banking. The duty & responsibility of the Division is

exclusively as follows:

- 1) 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.

Preparation of Guideline for Fund Management / Treasury Function of Islamic Banking Operations

In order to comply the instruction of Guideline on Islamic Banking, the Division has prepared a Guideline for Fund Management / Treasury Function of Islamic Banking Operations which is under review of Dhaka Bank Limited management. Within short period of time the guideline shall be placed before the Shariah Supervisory Committee meeting for necessary vetting, subsequently it will be submitted to the EC meeting for approval. Afterward a separate Treasury Function in Head Office for Islamic Banking Operations shall be introduced, Insha-Allah.

Activities of DBL Islamic Banking Operations – Year 2011

- Shariah Supervisory Committee meeting was held for several times and various Shariah related issues were discussed, reviewed & resolved.
- Conducted Shariah Inspection in two Islamic Banking Branches by Muraquib of Shariah Supervisory Committee & submitted reports thereon.

The Report of the Directors

Shariah Audit

Dhaka Bank Limited has been providing Islamic Banking services to its customers through two branches in Dhaka and Chittagong. The Muraqib under Shariah Supervisory Committee conducts Shariah audit in these two branches at least once in the year as per instruction given by Shariah Supervisory Committee of the Bank and Central Shariah Board for Islamic Banks of Bangladesh. Shariah Audit is being conducted to confirm compliance of Shariah principle in all kinds of Mudaraba Amanat (Deposit) and Investment Accounts. In principle, Shariah Audit mainly covers to confirm sale & purchase in Murabaha and Bai-Muazzal Investment, to ascertain doubtful income of the branch during the period if any, checking all kinds of agreement/contracts related two various transaction of Deposit & Investment, whether those are in accordance with the principle of Islamic Shariah.

AGM

The 17th Annual General Meeting of the Bank will be held on Thursday, March 29, 2012 at Bashundhara Convention Centre 2, Block-C, Umme Kulsum Road, Bashundhara R/A, Baridhara, Dhaka at 11 a.m.

Dividend

This is a great pleasure for the Board of Directors of DBL to recommend 30% Stock Dividend and 5% Cash Dividend for the year that ended on December 31, 2011 subject to approval in the 17th Annual General Meeting.

Election of Directors

The Chairman informed that the under-noted directors of the Bank who retired by rotation in terms of Article 98 having given their consent for re-election in terms of Article 100 are hereby re-elected as Directors in the 17th Annual General Meeting:

1. Mr. Khondoker Monir Uddin, Director
2. Mr. Khondoker Jamil Uddin, Director
3. Mr. Altaf Hossain Sarker, Director
4. Mr. Mohammed Hanif, Director
5. Mr. M. N. H. Bulu, Director
6. Mr. Reshadur Rahman, 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 have completed second year as Auditors of the Bank to hold office until the conclusion of the 17th Annual General Meeting. As per BCD Circular Letter No. 33 dated December 23, 1992 and recommendation of the Board, M/S. Hoda Vasi Chowdhury & Co, Chartered Accountants are eligible to work as the Auditors of the Bank until conclusion of the 17th AGM.

Acknowledgement

I would like to thank my Board colleagues for their continued support and on their behalf, express my thanks to the Great Team of Dhaka Bank Limited. It would be remiss if we do not acknowledge the exceptional efforts of our employees who worked in partnership to meet many challenges of a difficult year. They were called upon to embrace some major challenges while at the same time maintaining the highest standards of service to our clients. They met the challenges and we thank each of them for their extraordinary performance.

Finally, on behalf of the Board, I would like to thank our loyal clients and shareholders for their continued support to Dhaka Bank Limited. Taking this opportunity, the members of the Board also like to thank Bangladesh Bank, Securities and Exchange Commission, Dhaka Stock Exchange & Chittagong Stock Exchange, Central Depository Bangladesh Limited, obligors and depositors who were the partners in the growth of your company. We also look forward to continued support from them.

On behalf of the Board,



Reshadur Rahman
Chairman

DBL Securities Limited

DBL Securities Limited (DBLSL) incorporated as a Private Limited Company with the Registrar of Joint Stock Companies and Firms, (RJSC) Bangladesh on July 19, 2010 with Authorized and Paid up Capital of Tk. 100.00 Crore and Tk. 15.00 Crore respectively. Subsequently, the Authorized Capital and Paid up Capital of the company has been increased to Tk. 500.00 Crore and Tk. 150.00 Crore of Tk. 10.00 each share respectively in the second half of the month of October 2011. We have also taken over the Membership of DSE and CSE from Dhaka Bank for a consideration value of Tk. 95.00 Crore.

Prior to the formation of DBLSL, Dhaka Bank Limited carried out stockbroker and stock dealer operations through its Capital Market Services (CMS) division since the year 1998. The subsidiary company DBLSL has been conducting the business in its own name from February 13, 2011. DBLSL has extended its services to different areas in and outside Dhaka using its designated branches.

CORPORATE PROFILE:

Name of the Company	: DBL Securities Limited
Address of Registered Office	: Adamjee Court(1 st Floor), 115-120, Motijheel C/A, Dhaka-1000.
Company Registration Number	: C-85857/10
Date of Incorporation	: July 19, 2010
DSE Membership Number	: 193
CSE Membership Number	: 081
Type of Business	: Stock Dealer and Stock Brokerage under the Membership of Dhaka Stock Exchange Ltd. & Chittagong Stock Exchange Ltd.
Number of Branches	: 06 (Six) Adamjee Court, Motijheel (Head Office) DSE Building Dhanmondi Uttara Agrabad, Chittagong Uposohor, Sylhet
Number of Clients	: 6000 (Six Thousand)

Capital Structures

DBLSL is a Private Limited Company. It is a wholly owned subsidiary company of Dhaka Bank Limited, one of the leading private banks of the country. The Authorized and Paid up Capital of the company is Tk. 500.00 Crore and Tk. 150.00 Crore respectively. The Face value of share is Tk. 10.00 each. Details of the shareholders of the company is as follows:

SL#	Name of Shareholders	No. of Shares held	% of Share holding
01.	Dhaka Bank Limited	14,99,99,999	99.999999%
02.	Ms. Shahnaz Naznin	1	0.00001%
Total		15,00,00,000	100.00%

Ownership And Management:

Directors of the Company:

Sl. No.	Name of Directors	Designation	Position in Parent Company
1.	Mr. Abdul Hai Sarker	Chairman	Director
2.	Mr. Reshadur Rahman	Director	Chairman
3.	Ms. Rokshana Zaman	Director	Director
4.	Mr. Khondker Fazle Rashid	Director	Managing Director
5.	Mr. Tanweer Rahim	Managing Director	DMD

DBL Securities Limited

Business Activities And Operations

DBLSL has taken over the existing asset and liabilities of Capital Market Services Division, Dhaka Bank Limited. It has also transferred DSE & CSE membership from the parent company at the consideration value of Tk. 95.00 Crore. DBLSL has following strengths:

- Corporate Member of both DSE & CSE.
- Workforce comprising of 50 Executives and Officers.
- Total asset size of more than BDT.3,361 Million

Infrastructure And Facilities

DBLSL possesses a remarkable level of Infrastructures including state of the art Technology, efficient Human Resources, Quality Service and many other facilities. It has a strong back office support to ensure smooth operations & compliances. At present, we have the following infrastructure and facilities:

Particulars	Unit
Broker License	2
Dealership License	2
Number of Workstations	38
No. of Authorized Representatives	40
No. of Branches	6

- Brokerage services available in both Dhaka & Chittagong Stock exchanges
- Margin loan facilities are also available.
- CDBL Services are available as full services DP.
- Custodial Service (arrangement on request to Dhaka Bank Ltd)
- NITA A/C opening (arrangement on request to Dhaka Bank Ltd)

Automation of Operation

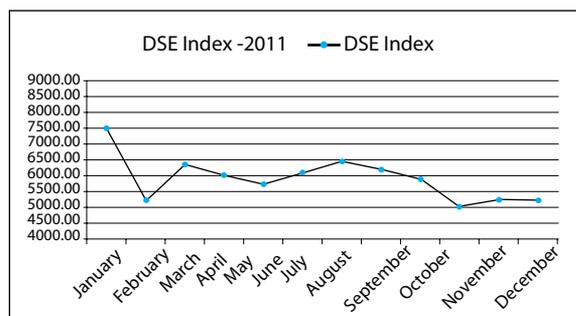
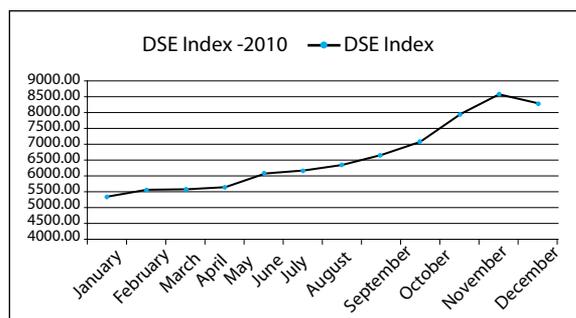
DBLSL has been very much dedicated to serve it's customer in every aspects. For that reason it has introduced the robust back-office software 'Bluechip' which facilitates the customer service of high quality level. DBLSL is also ready to introduce the online trading platform upon the commencement of MSA plus through 'i-Bluechip'. DBLSL has developed innovative technological infrastructure with the help of

highly qualified and skilled IT team from the parent company, the company is very much able to provide state of the art services to its clients. DBLSL has been continuously working to ensure IT structure is update and provide quality services to its clients.

Current Scenario of Capital Market

The year 2011 has shown enormous fluctuations in the Bangladesh stock market. The market index had reached 8300 level with a total market capitalization of BDT 3,513,227 million. This subsequently came down to 4700 level with daily trade volume of less than BDT 3000 Million.

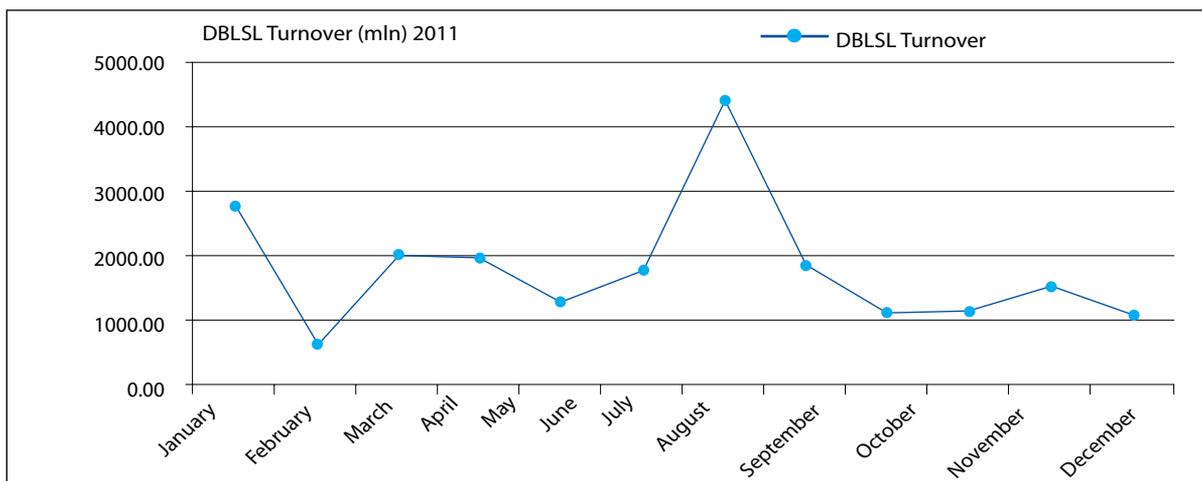
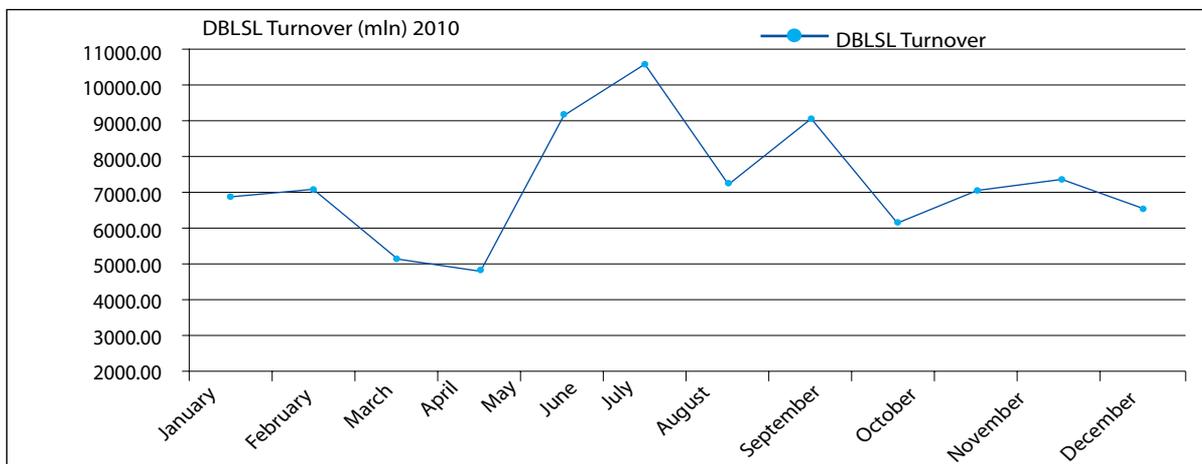
DSE Index Movement 2010-2011



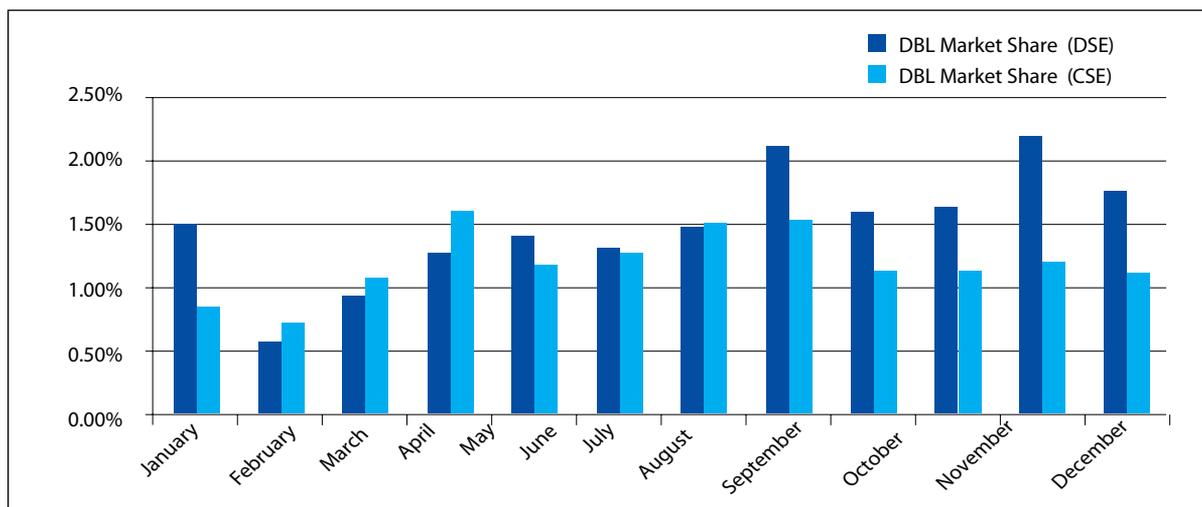
However, since the beginning of this year, the market faced corrections and the fall continued until July 2011 where the index has come to 5000 mark. The market experienced a moderate month during July-August 2011 but the downward slide in share prices has again begun and it continues. The regulators have recently taken several market supportive steps aimed towards Institutional Investors (Domestic & International) for the betterment of the market and it is anticipated that positive impact on the market will be reflected from 1st quarter of 2012 onwards.

DBL Securities Limited

DBLSL Turnover Movements 2010-2011



DBLSL Market Share Movements 2010-2011



DBL Securities Limited

Major highlights of DBL Securities Limited in 2011

In 2011, DBLSL has conducted reasonable business despite the challenging context of growth and volatile market conditions. DBLSL performances in brief during 2011 are as follows:

- *Total Trade Volume (DSE+CSE) BDT. 23,881 Million.*
- *Total Operating Income BDT. 123.55 Million*
- *Total Brokerage commission earned BDT. 98.57 Million.*
- *Net Interest Income BDT. 67.29 Million*
- *Net Profit after Tax BDT. 77.04 Million*

DBLSL has plan to expand by opening new branches subject to regulatory approvals. We are also in process of renovating our Uttara branch premises to provide quality service to our clients.

Cultivating Economic Prosperity



Power



Sweater



Denim



Plastic



Cement



Apparels



Infrastructure



RMG

DBL Products

Now everything in life is within reach

Deposit Pension Scheme

Get double within 72 months

Deposit Double

I want him to have the best education

Income Unlimited

EduSavings Plan
Let's grow together

Make your dream HOUSE real

Home Loan

উন্নয়নের নতুন ধারায় উদ্ভাসিত হোক স্বনির্ভর বাংলাদেশের প্রতিচ্ছবি

SME Banking

Fulfil your every dream

Personal Loan

Make your dream CAR real

Car Loan

It's time for a trip to New York

Dual Currency Credit Card

M Banking Solution

Mobile Banking

ATM CARD

24 hours service throughout the country

Remittance

Smart Choice for Smart People

Gift Cheque

ঢাকা ব্যাংক স্বপ্নযাত্রা

Student Service Centre

Choose the Right key

Dhaka Bank **Platinum Gold Silver** Savings Accounts

Auditors' Report



Auditors' Report *to The Share Holders of Dhaka Bank Limited*

We have audited the accompanying consolidated financial statements of Dhaka Bank Limited and its subsidiary (together referred to as the "Bank") which comprise the balance sheet as at 31 December 2011, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies, other explanatory notes and annexure.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), the Bank Companies Act 1991, the rules and regulations issued by the Bangladesh Bank, the Companies Act 1994 and other applicable laws and regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 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 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 financial statements have been prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the Bank's affairs as at 31 December 2011 and of the results of its operations and its 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 and other applicable laws and regulations.

Auditors' Report *to The Share Holders of Dhaka Bank Limited*

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 49 (a) 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 operations;
- e) the financial position of the Bank as at 31 December 2011 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 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;
- g) adequate provisions have been made for advances and other assets which are in our opinion, doubtful of recovery;
- 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;
- i) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- j) the information and explanations required by us have been received and found satisfactory;
- k) 80% of the risk weighted assets have been reviewed by us spending 3,450 man hours.

Dhaka, February 15, 2012

Hoda Vasi Chowdhury
Hoda Vasi Chowdhury & Co
Chartered Accountants

Consolidated Balance Sheet

Dhaka Bank Limited and its Subsidiary Consolidated Balance Sheet

as at 31 December 2011

		2011 Taka	2010 Taka
PROPERTY AND ASSETS			
Cash	Notes		
	3(a)	9,510,508,375	8,769,479,993
Cash in Hand (including foreign currencies)		911,764,110	758,850,790
Balance with Bangladesh Bank & Sonali Bank (including foreign currencies)		8,598,744,265	8,010,629,203
Balance With Other Banks & Financial Institutions	4(a)	3,341,322,299	4,839,359,461
In Bangladesh		2,360,125,265	4,114,120,565
Outside Bangladesh		981,197,034	725,238,896
Money at Call and Short Notice	05	19,400,000	109,600,000
Investments	6(a)	10,544,416,526	8,441,807,611
Government		7,820,173,863	7,099,576,677
Others		2,724,242,663	1,342,230,934
Loans & Advances	07	75,983,291,662	63,591,387,406
Loans, Cash Credit & Over Draft etc.		73,746,335,015	61,153,529,522
Bills Discounted and Purchased		2,236,956,647	2,437,857,884
Premises and Fixed Assets	8(a)	1,721,436,551	977,385,392
Other Assets	9(a)	3,893,672,379	3,387,294,364
Non-Banking Assets	10	23,166,033	23,166,033
Total Assets		105,037,213,825	90,139,480,260
LIABILITIES & CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	2,548,239,587	4,365,638,395
Deposits and Other Accounts	12	85,276,888,686	70,420,380,740
Current Accounts & Other Accounts		9,774,271,252	8,184,280,878
Bills Payable		1,099,134,168	1,316,883,068
Savings Bank Deposits		6,856,277,795	7,407,572,666
Term Deposits		67,547,205,471	53,511,644,128
Non Convertible Subordinated Bond	13	2,000,000,000	2,000,000,000
Other Liabilities	14(a)	5,918,288,673	6,773,731,737
Total Liabilities		95,743,416,946	83,559,750,872
Capital / Shareholders' Equity			
Paid-up Capital	15	3,590,457,030	2,659,597,800
Minority Interest	15(a)	7,714	-
Statutory Reserve	16	3,284,607,425	2,553,786,183
General Reserve	17	168,421,146	3,803,255
Asset Revaluation Reserve	18	648,455,000	-
Revaluation Reserve on Investment	19	90,029,238	267,065,029
Surplus in Profit and Loss Account	20(a)	1,511,819,326	1,095,477,121
Total Shareholders' Equity		9,293,796,879	6,579,729,388
Total Liabilities & Shareholders' Equity		105,037,213,825	90,139,480,260

Consolidated off Balance Sheet

Dhaka Bank Limited and its Subsidiary Consolidated Off Balance Sheet

as at 31 December 2011

	2011 Taka	2010 Taka
CONTINGENT LIABILITIES:		
Acceptances and Endorsements	14,607,538,417	7,915,651,592
Letter of Credit	9,585,175,755	10,903,162,793
Letter of Guarantee	9,229,647,797	7,081,712,290
Bills for Collection	7,337,304,064	6,675,179,845
Other Contingent Liabilities	1,235,697,136	875,003,986
TOTAL:	41,995,363,169	33,450,710,506
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	41,995,363,169	33,450,710,506

Notes
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These financial statements should be read in conjunction with the annexed notes 1 to 49(a)


Khondker Fazle Rashid
Managing Director


Mohammed Hanif
Director


Abdul Hai Sarker
Director


Reshadur Rahman
Chairman

Auditors' report to the shareholders
See annexed report of date

Dhaka, February 15, 2012


Hoda Vasi Chowdhury & Co.
Chartered Accountants

Consolidated Profit & Loss Account

Dhaka Bank Limited and its Subsidiary Consolidated Profit & Loss Account for the year ended 31 December 2011

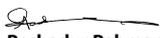
	Notes	2011 Taka	2010 Taka
Operating Income			
Interest Income / Profit Received	23(a)	10,012,821,834	7,404,568,227
Interest / Profit paid on Deposits & Borrowings	24(a)	7,610,560,989	4,944,107,729
Net Interest Income		2,402,260,845	2,460,460,498
Income from Investment	25(a)	2,050,656,730	1,242,612,630
Commission / Fees, Exchange Earnings & Brokerage	26(a)	1,611,262,208	1,383,416,670
Other Operating Income	27(a)	343,559,644	468,688,307
TOTAL OPERATING INCOME (A)		6,407,739,427	5,555,178,105
Operating Expenses			
Salary & Allowances:	28(a)	1,078,790,326	967,479,981
Rent, Taxes, Insurance, Lighting etc.	29(a)	259,080,452	227,074,795
Legal & Professional Expenses	30(a)	13,514,474	7,311,351
Postage, Stamp, Telecommunication etc.	31(a)	53,143,133	42,362,792
Stationery, Printing, Advertisement etc.	32(a)	107,704,398	101,947,573
Chief Executive's salary & allowances	33	9,407,143	9,847,143
Directors' Fee & Meeting Expenses	34(a)	2,610,902	2,749,804
Audit Fees	35	804,750	632,500
Charges on loan losses	36	60,568	782,226
Depreciation of Bank's Assets	37(a)	113,523,006	84,865,809
Repair & Maintenance of Bank's Assets	38(a)	53,541,006	38,189,014
Other Expenses	39(a)	270,873,207	231,493,569
TOTAL OPERATING EXPENSES (B)		1,963,053,365	1,714,736,557
Profit / (Loss) Before Provision (C) = (A - B)		4,444,686,062	3,840,441,548
Non-Operating Income	40	-	1,178,808
		4,444,686,062	3,841,620,356
Provision for loan	41	440,911,548	841,229,787
Provision for Off Balance Sheet Exposure	42	75,150,000	51,014,000
Provision for diminution in value of investments	43	113,992,108	-
Provision for Dhaka Bank Foundation	44	36,910,164	29,469,650
Other Provisions	14.5(a)	10,332,209	2,411,583
Total Provision (D)		677,296,029	924,125,020
Total Profit / (Loss) before Tax (C - D)		3,767,390,033	2,917,495,336
Provision for Current Tax	14.6(a)	1,524,741,761	1,238,519,148
Provision for Deferred Tax		-	-
Net Profit / (Loss) after Tax :		2,242,648,272	1,678,976,188
Distribution :			
Statutory Reserve	16	730,821,242	583,499,067
General Reserve		-	-
Minority Interest	15(a)	7,704	-
Dividend etc.		-	-
Retained surplus		1,511,819,326	1,095,477,121
Earning per Share (EPS):	45(a)	6.25	4.68

These financial statements should be read in conjunction with the annexed notes 1 to 49(a)


Khondker Fazle Rashid
Managing Director


Mohammed Hanif
Director


Abdul Hai Sarker
Director


Reshadur Rahman
Chairman

Auditors' report to the shareholders
See annexed report of date

Dhaka, February 15, 2012


Hoda Vasi Chowdhury & Co.
Chartered Accountants

Consolidated Cash Flow Statement

Dhaka Bank Limited and its Subsidiary Consolidated Cash Flow Statement for the year ended 31 December 2011

Notes	2011 Taka	2010 Taka
Cash Flow From Operating Activities		
	10,149,382,334	7,453,506,641
	(7,638,883,519)	(4,559,280,852)
	17,585,601	16,410,521
	846,229,018	703,372,526
	-	-
	(1,078,790,326)	(967,479,981)
	(170,955,829)	(152,254,216)
	(1,333,104,561)	(1,254,041,351)
46(a)	379,913,755	867,695,950
47(a)	(635,567,487)	(510,136,551)
	535,808,986	1,597,792,687
Increase / Decrease in operating assets and liabilities:		
	-	-
	(896,481,177)	1,275,343,559
	-	-
	(12,391,904,255)	(10,681,573,389)
48(a)	(1,578,749,260)	(744,419,477)
	(585,349,493)	(1,191,651,371)
	15,441,857,439	8,015,795,484
	45,440,764	63,451,063
	-	-
49(a)	(1,218,635,489)	(620,408,181)
	(648,012,486)	(2,285,669,625)
Net cash flow from operating activities (A)		
Cash Flow From Investing Activities		
	1,070,899,503	1,225,950,442
	(446,131,729)	(1,123,146,792)
	(195,009,010)	(637,788,493)
	5,199,160	6,670,100
	-	(149,999,990)
	-	-
	434,957,924	(678,314,733)
Net cash used in investing activities (B)		
Cash Flow From Financing Activities		
	(1,817,398,808)	875,879,069
	-	2,000,000,000
	-	-
	(1,817,398,808)	2,875,879,069
Net increase / (Decrease) in cash (A+B+C)		
	(2,030,453,370)	(88,105,289)
	717,284,762	275,545,209
	14,187,570,082	13,533,018,534
Closing cash & cash equivalent as at 31 December		
	12,874,401,474	13,720,458,454
Closing cash & cash equivalents		
	911,764,110	758,850,790
	8,598,744,265	8,010,629,203
	3,341,322,299	4,839,359,461
	19,400,000	109,600,000
	3,170,800	2,019,000
6.1	12,874,401,474	13,720,458,454

These financial statements should be read in conjunction with the annexed notes 1 to 49(a)


Khondker Fazle Rashid
Managing Director


Mohammed Hanif
Director


Abdul Hai Sarker
Director


Reshadur Rahman
Chairman

Consolidated Statement of Changes in Equity

Dhaka Bank Limited and its Subsidiary Consolidated Statement of Changes in Equity for the year ended 31 December 2011

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 2011	2,659,597,800	-	2,553,786,183	3,803,255	-	267,065,029	1,095,477,121	6,579,729,388
Changes in accounting policy	-	-	-	-	-	-	-	-
Restated balance	2,659,597,800	-	2,553,786,183	3,803,255	-	267,065,029	1,095,477,121	6,579,729,388
Surplus/deficit on account of revaluation of properties	-	-	-	648,455,000	-	-	-	648,455,000
Surplus/deficit on account of revaluation of investments	-	-	-	-	-	(177,035,791)	-	(177,035,791)
Currency transaction differences	-	-	-	-	-	-	-	-
Net gains and losses not recognized in the income statement	-	-	-	648,455,000	90,029,238	-	-	-
Share Capital of subsidiary company	-	10	-	-	-	-	-	10
Net Profit for the year	-	-	-	-	-	-	2,242,648,272	2,242,648,272
Dividend paid during the year	-	-	-	-	-	-	-	-
Changes in reserve	-	-	730,821,242	-	-	-	(730,821,242)	-
Issuance of Bonus Shares	930,859,230	-	-	-	-	-	(930,859,230)	-
Minority Interest	-	7,704	-	-	-	-	(7,704)	-
Transferred from Profit and Loss account	-	-	-	164,617,891	-	-	(164,617,891)	-
Balance as at 31 December 2011	3,590,457,030	7,714	3,284,607,424	168,421,146	648,455,000	90,029,238	1,511,819,326	9,293,796,879


Khondker Fazole Rashid
Managing Director


Mohammed Hanif
Director


Abdul Hai Sarker
Director


Reshadur Rahman
Chairman

DBL Balance Sheet

Dhaka Bank Limited Balance Sheet

as at 31 December 2011

		2011 Taka	2010 Taka
PROPERTY AND ASSETS			
Cash	Notes	9,510,422,797	8,769,479,993
Cash in Hand (including foreign currencies)	03	911,678,532	758,850,790
Balance with Bangladesh Bank & Sonali Bank (including foreign currencies)		8,598,744,265	8,010,629,203
Balance With Other Banks & Financial Institutions	04	3,100,232,133	4,839,359,461
In Bangladesh		2,119,035,099	4,114,120,565
Outside Bangladesh		981,197,034	725,238,896
Money at Call and Short Notice	05	19,400,000	109,600,000
Investments	06	9,576,138,756	8,441,807,611
Government		7,820,173,863	7,099,576,677
Others		1,755,964,893	1,342,230,934
Loans & Advances	07	75,983,291,662	63,591,387,406
Loans, Cash Credit & Over Draft etc.		73,746,335,015	61,153,529,522
Bills Discounted and Purchased		2,236,956,647	2,437,857,884
Premises and Fixed Assets	08	1,702,927,035	977,385,392
Other Assets	09	4,810,071,640	3,387,294,364
Non-Banking Assets	10	23,166,033	23,166,033
Total Assets		104,725,650,056	90,139,480,260
LIABILITIES & CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	2,548,239,587	4,365,638,395
Deposits and Other Accounts	12	85,276,888,686	70,420,380,740
Current Accounts & Other Accounts		9,774,271,252	8,184,280,878
Bills Payable		1,099,134,168	1,316,883,068
Savings Bank Deposits		6,856,277,795	7,407,572,666
Term Deposits		67,547,205,471	53,511,644,128
Non Convertible Subordinated Bond	13	2,000,000,000	2,000,000,000
Other Liabilities	14	5,683,766,975	6,773,731,737
Total Liabilities		95,508,895,248	83,559,750,872
Capital / Shareholders' Equity			
Paid-up Capital	15	3,590,457,030	2,659,597,800
Statutory Reserve	16	3,284,607,425	2,553,786,183
General Reserve	17	168,421,146	3,803,255
Assets Revaluation Reserve	18	648,455,000	-
Revaluation Reserve on Investment	19	90,029,238	267,065,029
Surplus in Profit and Loss Account	20	1,434,784,969	1,095,477,121
Total Shareholders' Equity		9,216,754,808	6,579,729,388
Total Liabilities & Shareholders' Equity		104,725,650,056	90,139,480,260

DBL Off Balance Sheet

Dhaka Bank Limited Off Balance Sheet as at 31 December 2011

	Notes	2011 Taka	2010 Taka
CONTINGENT LIABILITIES:			
Acceptances and Endorsements	21	14,607,538,417	7,915,651,592
Letter of Credit		9,585,175,755	10,903,162,793
Letter of Guarantee		9,229,647,797	7,081,712,290
Bills for Collection		7,337,304,064	6,675,179,845
Other Contingent Liabilities		1,235,697,136	875,003,986
TOTAL:		41,995,363,169	33,450,710,506
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		41,995,363,169	33,450,710,506

These financial statements should be read in conjunction with the annexed notes 1 to 49(a)


Khondker Fazle Rashid
Managing Director


Mohammed Hanif


Abdul Hai Sarker
Director


Reshadur Rahman
Chairman

Auditors' report to the shareholders
See annexed report of date

Dhaka, February 15, 2012


Hoda Vasi Chowdhury & Co.
Chartered Accountants

DBL Profit & Loss Account

Dhaka Bank Limited Profit & Loss Account for the year ended 31 December 2011

		2011 Taka	2010 Taka
Operating Income	Notes		
Interest Income / Profit Received	23	9,945,529,826	7,404,568,227
Interest / Profit paid on Deposits & Borrowings	24	7,610,560,989	4,944,107,729
Net Interest Income		2,334,968,837	2,460,460,498
Income from Investment	25	2,050,656,730	1,242,612,630
Commission / Fees, Exchange Earnings & Brokerage	26	1,504,839,280	1,383,416,670
Other Operating Income	27	337,364,490	468,688,307
TOTAL OPERATING INCOME (A)		6,227,829,337	5,555,178,105
Operating Expenses			
Salary & Allowances:	28	1,048,875,658	967,479,981
Rent, Taxes, Insurance, Lighting etc.	29	253,204,058	227,074,795
Legal & Professional Expenses	30	11,222,666	7,311,351
Postage, Stamp, Telecommunication etc.	31	52,859,362	42,362,792
Stationery, Printing, Advertisement etc.	32	106,299,051	101,947,573
Chief Executive's salary & allowances	33	9,407,143	9,847,143
Directors' Fee & Meeting Expenses	34	2,317,749	2,749,804
Audit Fees		574,750	632,500
Charges on loan losses	36	60,568	782,226
Depreciation of Bank's Assets	37	109,992,377	84,865,809
Repair & Maintenance of Bank's Assets	38	49,912,018	38,189,014
Other Expenses	39	261,967,986	231,493,569
TOTAL OPERATING EXPENSES (B)		1,906,693,386	1,714,736,557
Profit / (Loss) Before Provision (C) = (A - B)		4,321,135,951	3,840,441,548
Non-Operating Income	40	-	1,178,808
		4,321,135,951	3,841,620,356
Provision for loan	41	440,911,548	841,229,787
Provision for Off Balance Sheet Exposure	42	75,150,000	51,014,000
Provision for diminution in value of investments	43	113,992,108	-
Provision for Dhaka Bank Foundation	44	36,910,164	29,469,650
Other Provisions	14.5	65,920	2,411,583
Total Provision (D)		667,029,740	924,125,020
Total Profit / (Loss) before Tax (C - D)		3,654,106,211	2,917,495,336
Provision for Current Tax	14.6	1,488,500,000	1,238,519,148
Provision for Deferred Tax		-	-
Net Profit / (Loss) after Tax :		2,165,606,211	1,678,976,188
Distribution :			
Statutory Reserve	16	730,821,242	583,499,067
General Reserve		-	-
Dividend etc.		-	-
Retained surplus		1,434,784,969	1,095,477,121
Earning per Share (EPS):	45	6.03	4.68

These financial statements should be read in conjunction with the annexed notes 1 to 49(a)


Khondker Fazle Rashid
Managing Director


Mohammed Hanif
Director


Abdul Hai Sarker
Director


Reshadur Rahman
Chairman

Auditors' report to the shareholders
See annexed report of date

Dhaka, February 15, 2012


Hoda Vasi Chowdhury & Co.
Chartered Accountants

DBL Cash Flow Statement

Dhaka Bank Limited Cash Flow Statement for the year ended 31 December 2011

	Notes	2011 Taka	2010 Taka
Cash Flow From Operating Activities			
Interest / Profit receipts		10,075,895,172	7,453,506,641
Interest / Profit payments		(7,638,883,519)	(4,559,280,852)
Dividend receipts		17,585,601	16,410,521
Fee and commission receipts		753,343,290	703,372,526
Recoveries on loans previously written off		-	-
Payments to employees		(1,048,875,658)	(967,479,981)
Payments to suppliers		(170,955,829)	(152,254,216)
Income taxes paid		(1,316,114,201)	(1,254,041,351)
Receipts from other operating activities	46	366,376,555	867,695,950
Payments for other operating activities	47	(576,869,522)	(510,136,551)
Operating profit before changes in current assets & liabilities		461,501,889	1,597,792,687
Increase / Decrease in operating assets and liabilities:			
Statutory deposits		-	-
Purchase / Sale of trading securities		(896,481,177)	1,275,343,559
Loans and advances to other banks		-	-
Loans and advances to customers		(12,391,904,255)	(10,681,573,389)
Other assets	48	(1,036,251,640)	(744,419,477)
Deposits from other banks		(585,349,493)	(1,191,651,371)
Deposits from customers		15,441,857,439	8,015,795,484
Other liabilities account of customers		45,440,764	63,451,063
Trading liabilities		-	-
Other liabilities	49	(1,087,097,888)	(620,408,181)
Net cash flow from operating activities (A)		(48,284,362)	(2,285,669,625)
Cash Flow From Investing Activities			
Proceeds from sale of securities		1,070,899,503	1,225,950,442
Purchase of securities		(413,733,959)	(1,123,146,792)
Purchase of property, plant & equipment		(187,079,020)	(637,788,493)
Sale of property, plant & equipment		5,199,160	6,670,100
Purchase / sale of subsidiary		(1,350,000,000)	(149,999,990)
Purchase / sale of shares of DSE and CSE		935,880,000	-
Net cash used in investing activities (B)		61,165,684	(678,314,733)
Cash Flow From Financing Activities			
Borrowing from other banks		(1,817,398,808)	875,879,069
Receipts from issue of Non convertible Subordinated Bond		-	2,000,000,000
Dividends paid		-	-
Net cash flow from financing activities (C)		(1,817,398,808)	2,875,879,069
Net increase / (Decrease) in cash (A+B+C)		(1,804,517,486)	(88,105,289)
Effects of exchange rate changes on cash & cash equivalent		717,284,762	275,545,209
Opening cash & cash equivalent as at 1 January		13,720,458,454	13,533,018,534
Closing cash & cash equivalent as at 31 December		12,633,225,730	13,720,458,454
Closing cash & cash equivalents			
Cash in Hand		911,678,532	758,850,790
Balance with Bangladesh Bank & Sonali Bank		8,598,744,265	8,010,629,203
Balance with other banks & Financial Institutions		3,100,232,133	4,839,359,461
Money at call & Short Notice		19,400,000	109,600,000
Prize Bond	6.1	3,170,800	2,019,000
Total		12,633,225,730	13,720,458,454

These financial statements should be read in conjunction with the annexed notes 1 to 49(a)


Khondker Fazole Rashid
Managing Director


Mohammed Hanif
Director


Abdul Hai Sarker
Director


Reshadur Rahman
Chairman

DBL Statement of Changes in Equity

Dhaka Bank Limited Statement of Changes in Equity for the year ended 31 December 2011

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 2011	2,659,597,800	2,553,786,183	3,803,255	-	267,065,029	1,095,477,121	6,579,729,388
Changes in accounting policy	-	-	-	-	-	-	-
Restated balance	2,659,597,800	2,553,786,183	3,803,255	-	267,065,029	1,095,477,121	6,579,729,388
Surplus/deficit on account of revaluation of properties	-	-	-	648,455,000	-	-	648,455,000
Surplus/deficit on account of revaluation of investments	-	-	-	-	(177,035,791)	-	(177,035,791)
Currency transaction differences	-	-	-	-	-	-	-
Net gains and losses not recognized in the income statement	-	-	-	648,455,000	90,029,238	-	-
Net Profit for the year	-	-	-	-	-	2,165,606,211	2,165,606,211
Dividend paid during the year	-	-	-	-	-	-	-
Changes in reserve	-	730,821,242	-	-	-	(730,821,242)	-
Issuance of Bonus Shares	930,859,230	-	-	-	-	(930,859,230)	-
Transferred from Profit and Loss account	-	-	164,617,891	-	-	(164,617,891)	-
Balance as at 31 December 2011	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


Khondker Fazole Rashid
Managing Director


Mohammed Hanif
Director


Abdul Hai Sarker
Director


Reshadur Rahman
Chairman

DBL Liquidity Statement

Dhaka Bank Limited Liquidity Statement (Asset and Liability Maturity Analysis) as at 31 December 2011

Particulars	Upto 01 month	1 - 3 months	3 - 12 months	1 - 5 years	More than 5 years	Total
Assets:						
Cash in hand	9,510,422,797	-	-	-	-	9,510,422,797
Balance with other banks and financial institutions	1,329,578,133	-	1,722,000,000	48,654,000	-	3,100,232,133
Money at call on short notice	19,400,000	-	-	-	-	19,400,000
Investment	1,734,039,430	125,830,173	1,603,075,454	2,594,636,513	3,518,557,186	9,576,138,756
Loans and Advances	12,440,576,285	16,367,441,947	29,916,058,157	15,541,597,611	1,717,617,662	75,983,291,662
Fixed assets including premises, furniture and fixtures	-	-	-	355,106,356	1,347,820,679	1,702,927,035
Other assets	731,183,649	-	2,009,021,634	558,826,221	1,511,040,136	4,810,071,640
Non-banking assets	-	-	-	23,166,033	-	23,166,033
Total Assets	25,765,200,294	16,493,272,120	35,250,155,245	19,121,986,734	8,095,035,663	104,725,650,056
Liabilities:						
Borrowing from Bangladesh Bank, Other banks, financial institutions and agents	(810,000,000)	-	(627,101,393)	(1,111,138,194)	-	(2,548,239,587)
Deposits & Other Accounts	(10,883,392,232)	(12,037,179,095)	(50,053,658,983)	(5,891,783,218)	(6,410,875,158)	(85,276,888,686)
Other liabilities	(620,149,807)	-	(5,061,639,093)	(1,978,075)	(2,000,000,000)	(7,683,766,975)
Capital & Reserve	-	-	-	(9,216,754,808)	-	(9,216,754,808)
Total Liabilities	(12,313,542,039)	(12,037,179,095)	(55,742,399,469)	(16,221,654,295)	(8,410,875,158)	(104,725,650,056)
Net Liquidity Gap	13,451,658,255	4,456,093,025	(20,492,244,224)	2,900,332,439	(315,839,495)	-
Cumulative Liquidity Gap	13,451,658,255	17,907,751,280	(2,584,492,944)	315,839,495	-	-

DBL Highlights

Dhaka Bank Limited

Highlights on the overall activities of the Bank

SL No.	Particulars	2011	2010	Change in (%)
1	Paid up Capital	3,590,457,030	2,659,597,800	35
2	Total Capital	12,399,028,808	9,474,618,696	31
3	Capital surplus / (deficit) (Note - 15.8)	782,816,689	968,748,509	(19)
4	Total Assets	104,725,650,056	90,139,480,260	16
5	Total Deposits	85,276,888,686	70,420,380,740	21
6	Total Loans and Advances	75,983,291,662	63,591,387,406	19
7	Total Contingent Liabilities and Commitments	41,995,363,169	33,450,710,506	26
8	Credit Deposit Ratio (%)	89.10	90.30	(1)
9	Percentage of classified loans against total loans and advances (%)	3.45	4.57	(24)
10	Profit after tax and provision	2,165,606,211	1,678,976,188	29
11	Amount of classified loans during the year	2,624,031,892	2,908,586,000	(10)
12	Provisions kept against classified loans	1,066,976,000	1,481,392,000	(28)
13	Provision surplus / (deficit)	3,531,500	-	-
14	Cost of fund [deposit cost & overhead cost] (%)	11.34	9.25	23
15	Interest earning Assets	85,887,603,118	74,434,842,044	15
16	Non-interest earning Assets	18,838,046,938	15,704,638,216	20
17	Return on Investment (ROI) [%]	22.76	14.53	57
18	Return on Assets (ROA) [%]	2.22	2.00	11
19	Incomes from Investments	2,050,656,730	1,242,612,630	65
20	Earning per Share (Taka)	6.03	4.68	29
21	Net Income per Share (Taka)	6.03	4.68	29
22	Price Earning Ratio (Times)	7.46	12.09	(38)

Notes to the Financial Statements

Dhaka Bank Limited and its Subsidiary Notes to the Financial Statements For the year ended 31 December 2011

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 61 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 Bhaban, Dhaka-1000, Bangladesh. The principal activities carried out by the Bank include all kinds of commercial banking activities / services to its customers through its branches, SME service centers and electronic delivery channels in Bangladesh. The Bank has been holding 99.99% shares of DBL Securities Limited, a 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.

e) 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.

Notes to the Financial Statements

f) 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.

g) 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 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 value as per the guideline of the Bangladesh Bank. The financial statements are prepared in accordance with the first schedule of Bank Companies Act, 1991, BRPD Circular No.14 dated 25 June 2003, other Bangladesh Bank circulars, International Accounting Standards and International Financial Reporting Standards adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), 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.

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, which prepared as per BAS-27.

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 Loans and Advances

Interest is calculated on daily product basis but charged and accounted for quarterly on accrual basis.

Notes to the Financial Statements

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 instructions of Bangladesh Bank.

Provision for loans and advances is made on the basis of year-end review by the management and of instructions contained in Bangladesh Bank BCD Circular No.34 dated 16/11/1989, BCD Circular No.20 dated 27/12/1994, BCD Circular No.12 dated 04/09/1995, BRPD Circular No.16 dated 06/12/1998 and BRPD Circular No.09 dated 14/05/2001. A provision of **Tk 516,061,548** has been made during the year 2011 which has been found to be adequate. The total volume of non-performing loan is Tk 2,624.03 million as of 31 December 2011. The classification rates are given below:

Business Unit		UC	SMA	SS	DF	BL
		Prov (%)				
Consumer:	House building & Professional	2%	5%	20%	50%	100%
	Other than House building & Professional	5%	5%	20%	50%	100%
BHs/MBs/SDs against Shares		2%	5%	20%	50%	100%
Small & Medium		1%	5%	20%	50%	100%
All Others		1%	5%	20%	50%	100%

Loans and advances are written off to the extent that (i) there is no realistic prospect to recovery (ii) against which legal cases are pending for more than five years as per guidelines of Bangladesh Bank. However write off will not reduce the claim against the borrower. Detailed records for all such write off accounts are maintained in separate register.

2.4 Investments

Investments are initially recognized at cost, including acquisition charges associated with the investment. Premiums are amortized and discount accreted, 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.

Notes to the Financial Statements

Value of Investment have been enumerated as follows:

<u>Particulars</u>	<u>Applicable Accounting</u>
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

As per the directives of the Bangladesh bank, for the shortfall in the market price of shares, adequate provisions have been made.

2.5 Property, plant and equipment and Depreciation

- (i) All fixed assets are stated at cost less accumulated depreciation.
- (ii) Depreciation is charged on straight-line method at the following rates on cost of assets for the full period irrespective of their date of purchase. No depreciation has been charged on Land.

<u>Name of the Assets</u>	<u>Rate of Depreciation</u>
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.

2.5(a) 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].**

2.6 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.

2.7 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

Notes to the Financial Statements

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.

2.8 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.

2.9 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 25 December 2011. Monthly bill of Credit Card issued on 25 day of each month and amount payable for transaction occurred after 15 December has not been accounted for.

Notes to the Financial Statements

b) 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.

c) Dividend Income - Dividend income from shares is recognized at the time when it is realized.

d) Interest/Profit paid and other expenses – The interest/profit paid on deposits and borrowings and other expenses are recognized on accrual basis.

2.10 Foreign Currency Transactions

- a) Functional and presentational currency – financial statements of the Bank are presented in Taka, which is the Bank's functional and presentational currency.
- b) Foreign currency transactions - Foreign currency transactions are converted into equivalent Taka currency at the ruling exchange rates on the respective date of such transactions as per BAS-21 "The Effects of Changes in Foreign Exchange Rates".

Assets and liabilities as at 31 December 2011 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.

Difference 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.

2.11 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% (2009: 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.

Notes to the Financial Statements

2.12 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.

2.13 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.

2.14 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.

2.15 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

2.16 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 2011 and under the guidelines of Bangladesh Bank BRPD Circular No.14 dated 25th June 2003.

2.17 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.

Notes to the Financial Statements

2.18 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.

2.19 Post Balance Sheet events

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

2.20 General

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

2.21 Number of Employees

The number of employees engaged for the whole year or part thereof was 1240 (Male - 967 & Female – 273). The Bank recruited 178 numbers of staff during the year. Attrition rate is 3.87% in 2011 compared to 5.58% in 2010.

2.22 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 un-certainty to meet financial obligations as per agreed terms by the borrowers during the tenure of the credit facilities. For maintaining steady growth rate of the bank and economic

Notes to the Financial Statements

development of the country, Dhaka Bank manages the Credit Risk properly. Dhaka Bank extends credit facilities to different clients in different sectors after doing due diligence and mitigating risk factors properly as per guidelines/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.

Credit related works are segregated in different stage for mitigating credit risks. The duties of Credit Risk Management is to maintain asset quality, assessing risk in lending to a particular client, sanctioning credit facilities, formulating policy/strategy for extending credit facilities. Credit Administration cell in branch completes all necessary documentation formalities before disbursement of funds. Monitoring & Recovery unit monitor the clients regularly and necessary actions are taken for recovery of loans. Legal & Compliance unit is entrusted with the duties of dealing with the cases filed for recovery of loans and ensuring compliance of terms & conditions of sanction letter. In case of Large Loan, the instructions and guidelines of Bangladesh Bank are followed meticulously and Form-L is submitted to Bangladesh Bank on monthly basis.

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, Deputy Managing Directors, Head of Treasury, Credit, Personal Banking, & Finance and Accounts Divisions. ALCO regularly reviews issues like Interest Rates trends, Foreign Exchange position, Balance Sheet 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.

Notes to the Financial Statements

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 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.

To managing core risks in banking, the Bank already formed a Risk Management Committee (RMC) that includes Information technology domain and conducted meeting on periodic basis. Management will also form a Technical Steering Committee (TSC) to ensure effective service through necessary investment and technology up-gradation. The TSC comprises of Managing Director, Deputy Managing Directors, Head of Operations, Finance & Accounts, Information Technology, Internal Control & Compliance to evaluate proper IT strength in line of bank's growth strategy.

Notes to the Financial Statements

2.23 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.

SI	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	B.A

ii) Meeting held with Audit Committee

During the year, the Audit Committee of the Board conducted four meetings to undertake various functions including reviewing financial statements in compliance with the Bangladesh Bank. The discussed issues are as follows:

- Classification of Loans & Advances as on 31.12.2010
- Audit plan for the year 2011
- Global Audit Report of the Bank on the Audit Findings for the year 2010
- Summary of Loan Classification and Provision as on 31.03.2011, 30.06.2011 and 30.09.2011.
- Effectiveness of Internal Control Policy, Practice and Procedure.
- Review of Quarterly Operational Report.
- Consideration of Quarterly and Half-yearly Accounts (un-audited) for 31.03.2011, 30.06.2011 and 30.09.2011.

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

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

2.24 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:

Notes to the Financial Statements

Sl. No.	Name	Status with Bank	Status with Committee	Educational Qualification
1.	Mr. Mohammad Azizul Huq	-	Chairman	M.A (Economics)
2.	Prof. Moulana Mohammad Salah Uddin	-	Member	Kamil, MA (Islamic Studies)
3.	Mr. Mohammad Mukhlesur Rahman	-	Member	Kamil, MA (Islamic Studies)
4.	Mr. Mohammad Ziaul Hasan	-	Member	Barrister at Law
5.	Mr. Khondker Fazle Rashid	Managing Director	Member	MBA from IBA, Dhaka University
6.	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 2011, the following issues were discussed in the meetings:

- Implementation of Islamic Banking guidelines circulated by Bangladesh Bank.
- Separate Treasury guidelines for Islamic Banking operation.
- Introduction of new Islamic Banking products.
- Introduction of common Islamic Banking software with the Islamic Shariah principles.
- Review of Audit Reports of Islamic Branches based on 31.12.2010.
- Re-fixation of rate on Investment.
- Review of Islamic Banking Accounts published in Annual Report-2010.
- Distribution of Final Profit in different Mudaraba Deposit Accounts after adjustment.

2.25 Information about Segment Reporting

The bank operates under the following business segments:

Particulars	Conventional	Islamic	OBU	DBL Securities	Total
Total Operating Income	5,905,394,677	178,492,148	143,942,512	179,910,090	6,407,739,427
Allocated Expenses	1,820,804,050	30,556,988	55,332,347	56,359,980	1,963,053,365
Operating Profit (Before Tax & Provision)	4,084,590,627	147,935,160	88,610,165	123,550,110	4,444,686,062
Total Provision (Loans/ Advances & Others)	661,512,301	-	5,517,439	10,266,289	677,296,029
Profit Before Tax	3,423,078,326	147,935,160	83,092,726	113,283,821	3,767,390,033
Provision for Income Tax	1,488,500,000	-	-	36,241,761	1,524,741,761
Net Profit	1,934,578,326	147,935,160	83,092,726	77,042,060	2,242,648,272
Segment Assets	95,541,158,696	6,182,498,591	1,501,992,781	1,811,563,757	105,037,213,825
Segment Liabilities	95,541,158,696	6,182,498,591	1,501,992,781	1,811,563,757	105,037,213,825

The operations of these segments are specifically identified by Income, expenses, assets and Liabilities.

Notes to the Financial Statements

Based on such allocation, segment balance sheet as at 31 December 2011 and segmental profit and loss account for the year ended 31 December 2011 have been prepared.

2.26 Compliance report on Bangladesh Accounting Standards (BAS)

Name of the BAS	BAS no	Status
Presentation of Financial Statements	1	Applied
Inventories	2	Applied
Cash Flow Statements	7	Applied
Accounting Policies, Changes in Accounting estimates & errors	8	Applied
Events after the Balance Sheet Date	10	Applied
Construction Contracts	11	N/A
Income Taxes	12	Applied
Property Plant & Equipment	16	Applied
Leases	17	Applied
Revenue	18	Applied
Employee Benefits	19	Applied
Accounting for Government Grants and Disclosure of Government Assistances	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	Applied
Related Party Disclosures	24	Applied
Consolidated & Separate Financial Statements	27	Applied
Interest in Joint Venture	31	N/A
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
Agriculture	41	N/A
Non-current Assets Held for Sale and Discontinued Operations	BFRS 5	Applied
Financial Instruments: Disclosures	BFRS 7	Applied
Operating Segments	BFRS 8	Applied

* N/A = NOT APPLICABLE

Notes to the Financial Statements

	2011 Taka	2010 Taka
03 Cash		
3.1 Cash in Hand		
In Local Currency (Bangladesh Bank Note & Government Note)	880,466,160	724,607,426
In Foreign Currencies	31,212,372	34,243,364
	911,678,532	758,850,790
3.2 Balance with Bangladesh Bank		
In Local Currency		
Conventional	4,784,776,118	3,817,881,172
Al-Wadiah Current Account	712,061,607	301,423,428
	5,496,837,725	4,119,304,600
In Foreign Currencies	3,002,934,319	3,804,577,491
	8,499,772,044	7,923,882,091
Balance with Sonali Bank as agent of Bangladesh Bank	98,972,221	86,747,112
	8,598,744,265	8,010,629,203
Total	9,510,422,797	8,769,479,993
3.3 Statutory Deposits		
Cash Reserve Ratio and Statutory Liquidity Ratio have been calculated and maintained as per Section 33 of the Bank Companies Act 1991 and BCD Circular No.13 dated 24.05.1992, BRPD Circular No.12 dated 20.09.1999 & BRPD Circular No.22 dated 06.11.2003, BRPD Circular No. 12 dated 25.08.2005, MPD Circular No. 04, dated 01.12.2010 and MPD Circular No.05 dated 01.12.2010.		
3.3.1 Cash Reserve Ratio (CRR)		
(6% of Average Demand and Time Liabilities)		
Required Reserve	4,991,600,280	4,026,404,000
Actual reserve maintained	5,370,110,370	4,329,062,000
Surplus	378,510,090	302,658,000
(%) held against requirement	6.45%	6.10%
3.3.2 Statutory Liquidity Ratio (SLR)		
Conventional		
(19% of Average Demand and Time Liabilities)		
Required Reserve	15,071,374,180	12,308,541,000
Actual reserve maintained	15,074,940,390	12,318,309,000
Surplus	3,566,210	9,768,000
(%) held against requirement	19.01%	19.02%
Islamic Banking		
(11.50% of Average Demand and Time Liabilities)		
Required Reserve	445,086,340	267,368,000
Actual reserve maintained	524,994,110	307,854,000
Surplus	79,907,770	40,486,000
(%) held against requirement	13.56%	13.24%
03(a) Consolidated Cash		
(i) Cash in Hand		
Dhaka Bank Limited (note-3.1)	911,678,532	758,850,790
DBL Securities Limited	85,578	-
	911,764,110	758,850,790
(ii) Balance with Bangladesh Bank		
Dhaka Bank Limited (note-3.2)	8,598,744,265	8,010,629,203
DBL Securities Limited	-	-
	8,598,744,265	8,010,629,203
Total	9,510,508,375	8,769,479,993
04 Balance With Other Banks & Financial Institutions		
In Bangladesh (Note 4.1)	2,119,035,099	4,114,120,565
Outside Bangladesh (Nostro Accounts) (Note 4.2)	981,197,034	725,238,896
Total	3,100,232,133	4,839,359,461
4.1 In Bangladesh		
Form of Deposits		
4.1.1 Current Deposit		
Sonali Bank Limited	161,784,461	478,196,028
Janata Bank Limited	32,359,433	9,162,058
Southeast Bank Limited	10,603,107	107,933
Bank Asia Limited	-	5,713,131
Standard Chartered Bank (Visa Settlement)	2,642,895	3,305,594
Brac Bank Limited	9,837,688	124,898,203
AB Bank Limited	9,325,140	3,280,694
Dutch Bangla Bank Limited	12,990,974	60,019,363
Islami Bank Bangladesh Limited	10,632,732	26,015,428
United Commercial Bank Limited	16,046,539	2,396,796
	266,222,969	713,095,228

Notes to the Financial Statements

	2011 Taka	2010 Taka
4.1.2 Special Notice Deposit (SND)		
Janata Bank Limited	48,354,717	21,121,755
Agrani Bank Limited	-	197
Dutch Bangla Bank Limited	12,594,013	24,158,928
Eastern Bank Limited	88,305	86,763
AB Bank Limited	251,625	4,683,507
Sonali Bank Limited	20,635,988	
National Bank Limited	233,482	5,820,187
	82,158,130	55,871,337
4.1.3 Fixed Deposit		
Commercial Banks		
Social Investment Bank Limited	400,000,000	200,000,000
Shahjalal Islami Bank Limited	200,000,000	200,000,000
Al-Arafah Islamic Bank Limited	200,000,000	-
Woori Bank	82,000,000	-
	882,000,000	400,000,000
Financial Institutions		
Premier Leasing International Limited	-	100,000,000
Phoenix Leasing Company Limited	133,654,000	875,954,000
Prime Finance & Investment Limited	90,000,000	470,000,000
Peoples Leasing Company Limited	315,000,000	250,000,000
National Housing Finance & Investment Limited	-	200,000,000
Uttara Finance & Investment Limited	-	99,200,000
International Leasing & Financial Services Limited	300,000,000	700,000,000
United Leasing Company Limited	-	200,000,000
Islamic Hajj Finance	50,000,000	50,000,000
	888,654,000	2,945,154,000
Total Fixed Deposits	1,770,654,000	3,345,154,000
Total	2,119,035,099	4,114,120,565
4.2 Outside Bangladesh (Nostro Accounts)		
Standard Chartered Bank, New York	136,829,986	159,506,682
Mashreq Bank, New York	26,298,497	50,117,878
HSBC, New York	12,525,898	60,707,133
CITI Bank NA, New York	87,296,940	57,290,993
Commerz Bank, Frankfurt	46,817,720	66,013,236
Habib American Bank	25,485,488	23,295,218
Wachovia Bank NA, New York	45,492,598	51,527,137
JP Morgan Chase Bank NA	12,604,993	53,672,235
Standard Chartered Bank, Mumbai	34,755,167	7,060,036
Banca Nazionale Del Italy	3,925,832	3,405,097
CITI Bank NA, Mumbai	-	680,291
ICICI Bank Limited, India	432,905	12,102,041
Mashreq Bank, Mumbai	26,471,921	51,979,683
Union Bank of Switzerland	7,021,615	10,596,364
Dhaka Bank OBU Nostro	327,400,000	-
Commerz Bank, Frankfurt	10,590,910	10,264,109
Standard Chartered Bank, Frankfurt	13,573,073	10,492,571
Bank Nazional Del Italy	1,047,084	982,749
Unicredit S.P.A. Milano	10,180,978	8,465,010
Commonwealth Bank of Australia, Sydney	6,528,726	3,996,842
Standard Chartered Bank, Japan	5,416,871	16,319,252
Standard Chartered Bank, London	39,411,392	4,886,370
Bank of Nova Scotia	9,607,059	8,897,764
Habib Metropolitan Bank Ltd. Karachi	42,861,717	19,217,964
Sonali Bank, Kolkata	1,331,047	43,848
AB Bank Mumbai	18,210,362	14,272,143
Nepal Bangladesh Bank	5,142,439	4,278,130
Sampath Bank, Srilanka	14,569,662	8,902,153
Bhutan National Bank	5,261,414	4,563,963
Bank of Bhutan	4,104,740	1,702,003
Total	981,197,034	725,238,896

(Annexure – A may kindly be seen for details)

Notes to the Financial Statements

	2011 Taka	2010 Taka
4.3 Maturity grouping of balances with other banks & financial institutions		
On demand	1,247,420,003	1,438,334,124
Upto 1 month	82,158,130	55,871,337
Over 1 month but not more than 3 months	-	-
Over 3 months but not more than 1 year	1,722,000,000	3,020,000,000
Over 1 year but not more than 5 years	48,654,000	325,154,000
Over 5 years	-	-
Total	3,100,232,133	4,839,359,461
04(a) Consolidated Balance With Other Banks & Financial Institutions		
(i) In Bangladesh		
Dhaka Bank Limited (note-4.1)	2,119,035,099	4,114,120,565
DBL Securities Limited	241,090,166	-
Total	2,360,125,265	4,114,120,565
(ii) Outside Bangladesh		
Dhaka Bank Limited (note-4.2)	981,197,034	725,238,896
DBL Securities Limited	-	-
Total	981,197,034	725,238,896
05 Money at Call and Short Notice		
5.1 Classification of Money at Call & Short Notice		
Commercial Banks (Note 5.1.1)	19,400,000	19,600,000
Financial Institutions (Public & Private) (Note 5.1.2)	-	90,000,000
Total	19,400,000	109,600,000
5.1.1 Commercial Banks		
ICB Islamic Bank Limited	19,400,000	19,600,000
Total	19,400,000	19,600,000
ICB Islamic Bank Limited has been repaying their liabilities phase by phase under "The Oriental Bank Limited (Reconstruction) Scheme, 2007 as per Bangladesh Bank instructions vide Ref: BRPD(R-1)651/9(10)2007-446 dt.02.08.2007		
5.1.2 Financial Institutions		
People's Leasing Company Limited	-	90,000,000
Total	19,400,000	109,600,000
5.2 Maturity Grouping of Money at call & Short Notice		
On demand	-	90,000,000
Less than 3 months	-	-
More than 3 months but less than 1 year	-	-
More than 1 year but less than 5 years	-	-
More than 5 years	19,400,000	19,600,000
Total	19,400,000	109,600,000
06 Investments		
6.1 Government Securities		
Treasury Bills (Note 6.2.1)	1,728,905,627	729,017,599
Treasury Bonds (Note 6.2.2)	6,088,097,436	6,368,540,078
Prize Bond	3,170,800	2,019,000
Total	7,820,173,863	7,099,576,677

Notes to the Financial Statements

	2011 Taka	2010 Taka
6.2 Other Investments		
Shares (Note 6.2.3)	1,540,868,630	1,097,839,310
ICB Debenture (6.2.4)	2,000,000	4,000,000
Zero Coupon Bonds (6.2.5)	23,096,263	36,271,624
Others (6.2.6)	190,000,000	204,120,000
	1,755,964,893	1,342,230,934
Total	9,576,138,756	8,441,807,611
6.2.1 Treasury Bills		
28 days Treasury Bills	-	-
30 days Treasury Bills	-	-
91 days Treasury Bills	125,830,173	-
182 days Treasury Bills	616,465,548	-
364 days Treasury Bills	986,609,906	729,017,599
	1,728,905,627	729,017,599
6.2.2 Treasury Bonds		
5 years Bangladesh Government Treasury Bond	2,571,540,250	3,844,914,778
10 years Bangladesh Government Treasury Bond	3,040,376,634	2,028,531,567
15 years Bangladesh Government Treasury Bond	476,180,552	495,093,733
	6,088,097,436	6,368,540,078
6.2.3 Shares		
Quoted companies (Note - 6.2.a)		
Private	1,292,868,630	982,219,671
Unquoted companies		
Central Depository Bangladesh Limited (Note - 6.2.7)	-	8,000,000
Unique Hotel & Resorts Limited	48,000,000	48,000,000
Bangladesh Fund (Note - 6.2.8)	200,000,000	-
MI Cement Limited	-	3,494,531
Mobil Jamuna BD Limited	-	6,125,108
MBL 1st Mutual Fund	-	50,000,000
	1,540,868,630	1,097,839,310
6.2.4 Debentures		
ICB Debenture (at redeemable value)	2,000,000	4,000,000
6.2.5 Zero Coupon Bond (at present value)		
Industrial Development Leasing Company of Bangladesh Limited	23,096,263	36,271,624
	23,096,263	36,271,624
6.2.6 Other Investments		
Dhaka Stock Exchange	-	9,120,000
Chittagong Stock Exchange	-	5,000,000
MTBL Subordinated Bond	190,000,000	190,000,000
	190,000,000	204,120,000
The Bank's ownership of the shares of Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) transferred to the DBL Securities Limited, a separate Subsidiary Company of Dhaka Bank Limited in 2011.		
6.2.a Book value of shares as on 31st December 2011 are as follows :		
Quoted Shares in		
Bank		
AB Bank Limited	28,453,750	37,425,360
Bank Asia Limited	40,204,500	-
Brac Bank Limited	26,055,000	-
Eastern Bank Limited	15,070,000	-
Export Import Bank of Bangladesh Limited	-	400,000
First Security Islami bank Limited	-	100,000
Jamuna Bank Limited	-	600,000
Mercantile Bank Limited	10,171,750	19,895,500
National Bank Limited	47,767,500	28,494,000
One Bank Limited	32,461,000	14,844,400
Prime Bank Limited	87,340,000	51,000,637
Southeast Bank Limited	36,842,400	27,403,680
Standard Bank Limited	12,187,500	18,665,700
The City Bank Limited	46,398,600	-
The Premier Bank Limited	45,682,000	-
NBEI		
Bay Leasing & Investment Limited	21,057,600	28,485,710
Fidelity Assets & Securities Co. Limited	-	24,650,920
Peoples Leasing Company Limited	35,949,161	-
United Leasing Company Limited	32,207,214	48,768,676

Notes to the Financial Statements

	2011 Taka	2010 Taka
Insurance		
Fareast Islami Life Insurance Co. Limited	-	20,002,500
Karnaphuli Insurance Company Limited	-	134,000
Meghna Life Insurance Company Limited	-	19,700,500
Pragati Life Insurance Limited	4,309,554	-
Prime Islami Life Insurance Limited	24,684,000	22,893,000
Progressive Life Insurance Limited	10,511,542	-
Rupali Insurance Company Limited	-	15,036,570
United Insurance Limited	6,209,748	13,886,000
Fuel & Power		
Dhaka Electric Supply Company Limited	32,816,665	38,458,383
Khulna Power Company Limited	38,009,686	36,807,676
Mobil Jamuna BD Limited	7,704,000	-
Navana CNG Limited	10,894,400	11,154,000
Titas Gas Transmission and Distribution Co. Limited	110,483,000	30,365,550
Engineering		
Atlas Bangladesh Limited	6,011,708	-
BSRM Steels Limited	76,032,000	47,094,782
Pharmaceuticals		
ACI Limited	32,781,000	35,337,150
ACI Formulations Limited	-	17,668,315
Beximco Pharmaceuticals Limited	35,733,600	103,603,312
Cement		
Confidence Cement Limited	23,058,750	-
Lafarge Surma Cement Limited	8,124,300	4,831,470
Meghna Cement Mills Limited	13,224,140	41,523,951
Ceramic		
Fuwang Ceramics Limited	29,711,138	-
RAK Ceramics (Bangladesh) Limited	4,844,854	16,328,002
Investment		
1st BSRS Mutual Fund	6,432,000	-
EBL NRB Mutual Fund	50,000,000	-
ICB AMCL First Mutual Fund	3,920,840	11,928,240
ICB AMCL Second NRB Mutual Fund	2,644,130	5,837,125
IFIL Islami Mutual Fund	13,699,000	-
MBL 1st Mutual Fund	50,005,000	-
Summit Power Limited	58,237,200	40,315,094
Information Technology		
Daffodil Computers Limited	-	60,000
Textile		
Malek Spinning Mills Limited	-	131,442,000
Miscellaneous		
Bangladesh Export Import Co. Limited	114,938,400	17,077,468
	1,292,868,630	982,219,671

(Details of Investment in shares may kindly be seen in Annexure -- B)

6.2.7 Central Depository Bangladesh Limited (CDBL)

The Bank's ownership of shares of Central Depository Bangladesh Limited transferred to DBL Securities Limited, a separate subsidiary company of Dhaka Bank Limited in 2011.

6.2.8 Bangladesh Fund

The Bank invested Tk.200,000,000 in the subscription of 2,000,000 number of units of Tk.100 each of Bangladesh Fund to ICB AMCL as per the decision in the meeting of The Executive Committee of the Board of Directors.

6.3 Investment in Securities are classified as per Bangladesh Bank Circular

Held for Trading (HFT)	5,439,495,454	4,161,946,604
Held to Maturity (HTM)	2,379,507,609	2,939,611,074
	7,819,003,063	7,101,557,678

Notes to the Financial Statements

	2011 Taka	2010 Taka
6.4 Assets pledged as security		
Assets in the amounts shown below were pledged as security for the following liabilities		
Liabilities to bank	-	-
Liabilities to customers	-	-
Following assets were pledged as security for the above mentioned liabilities		
Claim on banks	-	-
Claim on customers	-	-
	-	-
6.5 Maturity Grouping of Investments		
On demand	1,734,039,430	1,303,978,310
Upto 1 month	-	-
Over 1 month but not more than 3 months	125,830,173	-
Over 3 months but not more than 1 year	1,603,075,454	729,017,599
Over 1 year but not more than 5 years	2,594,636,513	3,881,186,402
Over 5 years	3,518,557,186	2,527,625,300
	9,576,138,756	8,441,807,611
06(a) Investments		
(i) Government Securities		
Dhaka Bank Limited (note-6.1)	7,820,173,863	7,099,576,677
DBL Securities Limited	-	-
	7,820,173,863	7,099,576,677
(ii) Other Investments		
Dhaka Bank Limited (note-6.2)	1,755,964,893	1,342,230,934
DBL Securities Limited	968,277,770	-
	2,724,242,663	1,342,230,934
Total	10,544,416,526	8,441,807,611
07 Loans & Advances		
7.1 Loans, Cash Credits & Overdrafts etc.		
In Bangladesh		
Secured Overdraft/Quard	16,538,140,266	13,723,017,000
Demand Loan	592,137	765,309
Cash Credit/Murabaha	6,872,946,770	4,428,120,630
House Building Loan	1,261,055,513	1,132,610,258
Transport Loan	827,848,033	681,859,617
Term Loan	21,956,998,200	16,928,691,272
Loan Against Trust Receipt	10,900,604,066	9,664,110,969
Payment Against Documents	624,668,374	559,752,275
Loan Against Imported Merchandize	714,533,153	427,974,282
Loan Against Accepted Bills	357,196,378	676,226,794
Packing Credit	73,717,767	2,215,751
Lease Finance / Izara (Note - 7.4)	2,025,271,675	1,371,962,700
Credit Card	183,520,373	163,713,653
Retail Loan	3,122,356,730	3,546,105,881
Other Loans (Including Bai-Muajjal)	8,286,885,579	7,846,403,132
	73,746,335,015	61,153,529,522
Outside Bangladesh	-	-
Sub-total	73,746,335,015	61,153,529,522
7.2 Bills Purchased & Discounted		
Payable in Bangladesh		
Inland bills purchased & discounted	1,965,286,860	2,216,241,471
Payable outside Bangladesh		
Foreign bills purchased & discounted	271,669,787	221,616,413
Sub-total	2,236,956,647	2,437,857,884
Total	75,983,291,662	63,591,387,406

Notes to the Financial Statements

	2011 Taka	2010 Taka
7.3 Residual maturity grouping of loans including bills purchased and discounted		
Repayable on Demand	12,440,576,285	13,575,720,465
Not more than 3 months	16,367,441,947	10,281,824,304
More than 3 months but not more than 1 year	29,916,058,157	19,410,405,169
More than 1 year but not more than 5 years	15,541,597,611	17,607,646,721
More than 5 years	1,717,617,662	2,715,790,746
Total	75,983,291,662	63,591,387,406
7.4 Investment in lease / izara finance		
Lease rental receivable within 1 year	896,980,104	867,381,995
Lease rental receivable within more than 1 year	1,194,658,094	559,984,911
Total lease/izara rental receivable	2,091,638,198	1,427,366,906
Less: unearned interest/profit receivable	66,366,523	55,404,206
Net investment in lease/izara finance	2,025,271,675	1,371,962,700
7.5 Loans on the basis of significant concentration including bills purchased & discounted		
a. Advances to allied concerns of Directors	288,000	172,994
b. Advances to Chief Executive	2,317,955	3,774,785
c. Advances to Other Senior Executives	285,749,396	101,861,390
d. Advances to Customer's Group:		
Agriculture loan	195,140,000	276,867,492
Commercial lending	49,727,892,118	36,278,042,319
Export financing	2,322,064,957	2,666,322,195
Consumer credit scheme	2,891,487,146	4,266,282,886
Small and Medium Enterprise (SME)	3,826,725,084	3,644,789,494
Staff Loan	187,952,927	328,133,498
Others	16,543,674,079	16,025,140,353
Total	75,983,291,662	63,591,387,406
Loans and advances allowed to each customer exceeding 15% of Bank's total Equity		
Number of Customers	2	3
Amount of outstanding loans*	4,178,740,848	5,229,100,000
Classified amount thereon	-	-
Measures taken for recovery	-	-
*The amount represents the sum of total loans (Both Funded & Non funded) to each customer exceeding 15% of total Equity of the bank as at 31 December 2011.		
(Details are given in Annexure - C)		
7.6 Industry - wise loans including bills purchased & discounted		
Agricultural Industries	195,140,000	276,867,492
Pharmaceuticals Industries	993,908,864	626,035,000
Textile & Garment Industries	15,218,666,218	13,184,472,000
Chemical Industries	3,437,223,457	934,754,000
Food & allied Industries	4,318,561,870	4,551,736,000
Transport & Communication	3,177,263,232	2,090,720,000
Electronics & Automobile Industries	229,661,428	198,228,000
Housing & Construction Industries	9,324,324,966	7,333,448,000
Engineering & Metal Industries including Ship Breaking	8,142,129,831	6,065,880,000
Energy & Power Industries	1,861,110,075	1,441,934,000
Service Industries	2,451,179,728	2,483,044,000
Other Industries	26,634,121,993	24,404,268,914
Total	75,983,291,662	63,591,387,406
7.7 Geographical Location - wise Loans and Advances;		
Urban		
Dhaka Region	48,392,635,073	42,240,815,509
Chittagong Region	14,558,619,524	10,447,064,965
Sylhet Region	832,394,846	648,165,492
Other	6,098,894,636	4,962,440,198
	69,882,544,080	58,298,486,163

Notes to the Financial Statements

			2011 Taka	2010 Taka
Rural				
	Dhaka Region		4,631,024,316	4,130,426,415
	Chittagong Region		338,851,751	246,928,713
	Sylhet Region		94,077,594	97,144,131
	Other		1,036,793,922	818,401,984
			6,100,747,583	5,292,901,243
	Total		75,983,291,662	63,591,387,406
7.8 Sector - wise loans				
	In Bangladesh			
	Government & Autonomous bodies		-	-
	Financial Institutions (Public & Private)		1,166,846,539	1,264,015,162
	Other Public Sector		506,169,704	708,608,856
	Private Sector		74,310,275,420	61,618,763,388
			75,983,291,662	63,591,387,406
	Outside Bangladesh		-	-
	Total		75,983,291,662	63,591,387,406
7.9 Classification of loans & advances				
	Unclassified (including staff loan)			
	Standard		72,379,005,770	60,075,992,406
	Special Mention Account		980,254,000	606,809,000
			73,359,259,770	60,682,801,406
	Classified			
	Sub-Standard		754,039,588	776,402,000
	Doubtful		383,786,580	339,764,000
	Bad or loss		1,486,205,724	1,792,420,000
			2,624,031,892	2,908,586,000
	Total		75,983,291,662	63,591,387,406
7.10 A) Provision required for loans and advances				
	Status	Base for Provision	Rate %	
	Unclassified	68,388,712,998	1	683,887,000
	Unclassified	1,916,931,677	2	38,338,000
	Unclassified	1,597,025,074	5	79,851,500
	Special Mention Account	918,946,488	5	45,947,000
				848,023,500
	Classified:			
	Sub-Standard	481,114,335	20	96,223,000
	Doubtful	217,645,949	50	108,823,000
	Bad or loss	858,398,809	100	858,399,000
				1,063,445,000
	Required provision for loans & advances			1,911,468,500
	Total provision maintained			1,915,000,000
	Excess / short provision as at 31 December			3,531,500
	(Details of provision may kindly be seen in Note 2.3)			-
	B) Provision required for Off-Balance Sheet Exposures			
	Status	Base for Provision	Rate %	
	Acceptances and Endorsements	14,607,538,417	1	146,075,384
	Letter of Credit	9,585,175,755	1	95,851,758
	Letter of Guarantee	9,229,647,797	1	92,296,478
	Required provision			334,223,620
	Total Provision Maintained			334,250,000
	Excess / (Short) Provision as at 31 December			26,380
				94,733
7.11 Securities against loans including bills purchased & discounted				
	a. Secured			
	Collateral of movable / immovable assets		67,402,081,325	54,493,473,595
	Local Banks & Financial Institutions guarantee		1,976,800,170	1,842,276,259
	Government Guarantee		-	-
	Foreign Banks Guarantee		271,547,020	869,507,481
	Export documents		612,419,652	551,068,802
	Fixed Deposits Receipts			
	Own FDR		1,855,543,063	1,513,434,354
	FDR of Other Banks		225,284,324	283,958,369
	Government bonds		-	-
	Personal Guarantee		2,739,408,574	3,522,092,456
	Other Securities		900,207,533	515,576,090
			75,983,291,662	63,591,387,406
	b. Unsecured		-	-
	Total		75,983,291,662	63,591,387,406

Notes to the Financial Statements

	2011 Taka	2010 Taka
7.12 Particulars of Loans and Advances:		
(i) Loans considered good in respect of which the bank company is fully secured;	55,897,880,204	33,224,603,315
(ii) Loans considered good against which the banking company holds no security other than the debtor's personal guarantee;	412,117,785	618,429,349
(iii) Loans considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtors;	34,117,751,753	27,865,166,147
(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;*	476,020,278	433,769,673
(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;	-	172,994
(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;	476,308,278	433,942,667
(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;	-	676,000
(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;	(311,913,500)	179,733,745
b) Amount of loan written off;	999,642,342	1,269,375,112
c) Amount realized against loan previously written off;	142,826,148	68,854,765
d) Amount of provision kept against loan classified as "bad/loss" on the date of preparing the balance sheet;	861,930,000	1,240,650,150
e) Interest creditable to the Interest Suspense A/c;	-	-
(xi) Cumulative amount of the written off loan;*	2,269,017,453	1,269,375,112
(xii) Amount written off during the current year;	999,642,342	1,119,215,078
(xiii) The amount of written off loan for which lawsuit has been filed;	2,269,017,453	1,113,262,664

* 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 seen in the **Annexure - F**

7.13 Bills Purchased and Discounted

Payable in Bangladesh	1,965,286,860	2,216,241,471
Payable outside Bangladesh	271,669,787	221,616,413
Total	2,236,956,647	2,437,857,884

Notes to the Financial Statements

	2011 Taka	2010 Taka
7.13.1 Maturity grouping of bills purchased & discounted		
Payable within 1 month	1,243,111,441	1,217,029,113
Over 1 month but less than 3 months	727,849,596	793,287,731
Over 3 months but less than 6 months	265,995,610	277,096,226
6 months or more	-	150,444,814
Total	2,236,956,647	2,437,857,884
08 Premises and Fixed Assets		
Own Assets		
Land (note-8.1)	1,192,255,776	543,800,776
Building	155,564,903	155,564,903
Furniture and Fixture including Office decoration	224,112,563	180,291,269
Office Appliances & Equipment	236,059,869	158,859,814
Computer & Software	160,505,622	117,725,399
Bank's Vehicle	43,332,310	27,335,685
	2,011,831,043	1,183,577,846
Less: Accumulated depreciation	310,882,083	209,844,285
	1,700,948,960	973,733,561
Leased Assets		
Furniture and Fixture	5,122,050	5,122,050
Office Appliances & Equipment	2,636,908	2,636,908
Computer & Software	1,370,619	1,370,619
	9,129,577	9,129,577
Less: Accumulated depreciation	7,151,502	5,477,746
	1,978,075	3,651,831
Total	1,702,927,035	977,385,392
(Annexure -- D may kindly be seen for details)		
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].		
08(a) Premises and Fixed Assets		
Dhaka Bank Limited (note-8)	1,702,927,035	977,385,392
DBL Securities Limited	18,509,516	-
	1,721,436,551	977,385,392
09 Other Assets		
a) Investment in Shares of subsidiary companies;		
1 In Bangladesh (Note: 9.1)	1,499,999,990	149,999,990
2 Outside Bangladesh	-	-
b) Stationery, stamps, printing materials etc.	39,668,867	33,845,524
c) Advance rent and advertisement;	175,194,217	127,779,497
d) Interest accrued on investment but not collected, commission & brokerage receivable on shares and debenture and other income receivable; (Note: 9.2)	180,499,334	284,573,054
e) Security deposit;	11,040,146	9,556,856
f) Preliminary, formation and organization expenses, renovation / development expenses and prepaid expenses (Note - 9.3)	1,595,654,681	734,053,453
g) Branch adjustments;(Net & Reconciled) (Note - 9.4)	18,004,535	-
h) Suspense account; (Note - 9.5)	190,537,260	158,537,270
i) Silver;	-	-
j) Others (Note - 9.6)	1,099,472,610	1,888,948,720
Total	4,810,071,640	3,387,294,364

Notes to the Financial Statements

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.

9.2 Interest accrued and other receivable

Amount represents interest receivable with other banks, call loans, interest receivable on loans and advances, 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.

	2011 Taka	2010 Taka
9.6 Others		
Advance Tax Paid (Note - 14.6)	558,826,221	1,418,226,865
Export Development Fund (Net) (Note - 9.6.1)	240,161,393	125,492,993
Account Receivable Others (Note - 9.6.2)	300,484,996	345,228,862
Total	1,099,472,610	1,888,948,720

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.

9.6.2 Account Receivable Others

Bangladesh / Paribar Sanchaya Patra	86,556,090	91,098,306
Audit Fees Receivable from Bangladesh Bank against cash incentive	540,000	309,000
Excise Duty Receivable	30,432,045	22,524,585
Fees Receivable	48,505	41,305
Receivable due to ATM Settlement Account	11,833,848	-
Receivable from Share Sale Proceeds	1,598,487	220,631,665
Protestation Account	2,477,503	2,411,583
Receivables from Exchange Houses	2,827,382	1,190,518
Receivable from DBL Securities	164,171,136	-
TC Purchased	-	7,021,900
Total	300,484,996	345,228,862

9.7 Other Assets amounting to Tk.2,887,804,041 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)

09(a) Other Assets

Dhaka Bank Limited (note-9)	4,810,071,640	3,387,294,364
Less: Investment in DBL Securities Limited	1,499,999,990	-
	3,310,071,650	3,387,294,364
DBL Securities Limited	583,600,729	-
Total	3,893,672,379	3,387,294,364

10 Non-Banking Assets

Land and Building	23,166,033	23,166,033
Machinery	-	-
Total	23,166,033	23,166,033

Dhaka Bank received a decree from 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.

Notes to the Financial Statements

	2011 Taka	2010 Taka
11 Borrowings From Other Banks, Financial Institutions & Agents		
In Bangladesh:		
United Commercial Bank Limited	100,000,000	200,000,000
Sonali Bank Limited	-	600,000,000
Rupali Bank Limited	-	350,000,000
State Bank of India	140,000,000	30,000,000
Citibank NA	-	30,000,000
Standard Bank Limited	-	30,000,000
The Premier Bank Limited	-	250,000,000
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	-
Hongkong & Shanghai Banking Corporation Limited	-	50,000,000
	810,000,000	1,540,000,000
Refinance from Bangladesh Bank	1,237,714,587	2,425,638,395
Islami Investment Bond's Fund from Bangladesh Bank	500,525,000	400,000,000
Total	2,548,239,587	4,365,638,395
Dhaka Bank Limited received Investment Bond's Fund from Bangladesh Bank against Mudaraba Term Deposit Receipt (MTDR) as per Bangladesh Bank Circular No.FRTMD(PDS)146/2004-15 dated 15.09.2004.		
11.1 REPO and Reverse REPO Agreement		
Repo agreement as a borrower		
Liabilities to Bangladesh Bank	-	947,901,739
Liabilities to customers	-	-
	-	947,901,739
Reverse Repo Agreement as a lender		
Claims on Banks	-	-
Claims on customers	-	-
	-	-
11.2 Maturity grouping borrowings from other banks, financial institutions & agents		
Repayable on demand;	810,000,000	1,540,000,000
Repayable within 1 month;	-	-
Over 1 month but within 6 months;	500,525,000	400,000,000
Over 6 months but within 1 year;	126,576,393	64,200,000
Over 1 year but within 5 years;	1,111,138,194	2,352,451,929
Over 5 years	-	8,986,466
Total	2,548,239,587	4,365,638,395
12 Deposits & Other Accounts		
12.1 Non-Interest bearing Accounts		
12.1.1 Current and Other Accounts		
Current Account	5,078,498,744	4,737,134,265
Foreign Currency Deposits	731,990,398	265,784,923
Margin under Letter of Credit	732,535,241	889,109,236
Margin under Letter of Guarantee	768,539,439	645,643,225
Deposits Awaiting Disposal	421,266,133	229,190,715
Sundry Deposit	2,041,441,297	1,417,418,514
	9,774,271,252	8,184,280,878
12.1.2 Bills Payable		
Pay Order	897,644,012	747,811,749
Demand Draft	201,490,156	569,071,319
	1,099,134,168	1,316,883,068
Sub-Total	10,873,405,420	9,501,163,946

Notes to the Financial Statements

	2011 Taka	2010 Taka
12.2 Interest bearing Account		
12.2.1 Savings Deposits		
Savings Account	6,632,379,675	7,168,511,286
Mudaraba Savings Accounts	223,898,120	239,061,380
	6,856,277,795	7,407,572,666
12.2.2 Term Deposits		
Special Notice Deposits	5,180,901,300	3,706,062,227
Fixed Deposits	57,123,409,593	46,176,724,519
Deposit Pension Scheme	5,098,566,328	3,585,686,732
Gift Cheque	9,986,812	7,145,074
Marriage Deposit Scheme	4,248,445	6,757,000
Non Resident Foreign Currency Deposit (NFC D)	130,092,993	29,268,576
	67,547,205,471	53,511,644,128
Sub-Total	74,403,483,266	60,919,216,794
Total	85,276,888,686	70,420,380,740
12.3 Maturity grouping of deposits and other accounts		
Other than Bank Deposits:		
Repayable on demand;	10,883,392,232	9,508,309,020
Repayable within 1 month;	11,969,155,043	11,862,289,615
Over 1 month but within 6 months;	33,800,120,054	26,207,040,841
Over 6 months but within 1 year;	15,197,975,845	12,211,366,825
Over 1 year but within 5 years;	5,891,783,218	3,359,807,138
Over 5 years but within 10 years;	6,410,875,158	5,562,630,672
Sub-total:	84,153,301,550	68,711,444,111
Inter-bank deposits:		
Repayable on demand;	-	-
Repayable within 1 month;	68,024,052	38,936,629
Over 1 month but within 6 months;	1,055,563,084	1,670,000,000
Over 6 months but within 1 year;	-	-
Over 1 year but within 5 years;	-	-
Over 5 years but within 10 years;	-	-
Sub-total:	1,123,587,136	1,708,936,629
Total	85,276,888,686	70,420,380,740
12.4 Sector wise Deposits		
Government	2,603,841,000	2,957,149,000
Public Sector	7,620,299,000	5,301,016,000
Private sector	75,052,748,686	62,162,215,740
Total	85,276,888,686	70,420,380,740
13 Non Convertible Subordinated Bond	2,000,000,000	2,000,000,000
<p>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 7 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 .</p>		
14 Other Liabilities		
Accrued Interest	29,665,263	57,987,793
Provision on loans and advances (Note - 14.1)	1,915,000,000	2,223,382,000
Provision for Off Balance Sheet Exposure (Note - 14.2)	334,250,000	259,100,000
Interest Suspense Account (Note - 14.3)	897,389,067	699,102,056
Provision against Expenses (Note - 14.4)	125,617,659	111,035,140
Provision for decrease in value of investments (Note 43)	125,242,108	11,250,000
Provision for Other Assets (Note - 14.5)	2,477,503	2,411,583
Provision for Dhaka Bank Foundation (Note 44)	36,910,164	29,469,650
Provision for Income Tax (Note - 14.6)	1,787,280,415	2,474,295,260
Tax deducted at source & payable	105,985,102	84,157,143
Excise Duty Payable	77,920,389	54,307,584
Other Account Payable (Note - 14.7)	244,051,230	763,581,697
Obligation under finance lease	1,978,075	3,651,831
Total	5,683,766,975	6,773,731,737

Notes to the Financial Statements

	2011 Taka	2010 Taka
14.1 Provision for loans and advances:		
i) The Movement in specific provision for Bad and Doubtful Debts:		
Provision held at the beginning of the year	1,481,392,000	1,488,012,719
Fully provided debt written off (-)	(824,645,090)	(823,057,559)
Recoveries of amounts previously written off (+)	142,826,148	68,854,765
Specific provision for the year (+)	621,019,715	1,602,682,076
Provision no longer required due to recoveries (-)	(353,616,773)	(855,100,000)
Provision held at the end of the year	1,066,976,000	1,481,392,000
ii) The movement in general provision on unclassified loans:		
Provision held at the beginning of the year	741,990,000	624,818,281
Additional provision for the year	106,034,000	117,171,719
Provision held at the end of the year	848,024,000	741,990,000
Total	1,915,000,000	2,223,382,000
14.2 Provision for Off Balance Sheet Exposures		
Opening balance at the beginning of the year	259,100,000	208,086,000
Add: Addition during the year	75,150,000	51,014,000
Closing balance at the end of the year	334,250,000	259,100,000
Bank has made a provision of Tk.75,150,000 @ 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.334,250,000 is deemed sufficient on requirement and will be treated as Supplementary Capital of the Bank.		
14.3 Interest Suspense Account		
Balance at the beginning of the year	699,102,056	619,312,149
Amount transferred to "Interest Suspense" A/c during the year (+)	1,873,715,454	447,704,623
Amount recovered in "Interest Suspense" A/c during the year (-)	(1,595,404,823)	(122,691,436)
Amount written off during the year (-)	(80,023,620)	(245,223,279)
Balance at the end of the year	897,389,067	699,102,056
14.4 Provision against Expenses		
Provision for Audit Fees	574,750	1,092,500
Provision for Superannuation Fund	2,500,000	2,500,000
Provision for LFA	5,338,045	-
Provision for Bonus	99,277,822	100,000,000
Provision for House Rent, Telephone, Utility, Risk Premium etc.	17,927,042	7,442,640
	125,617,659	111,035,140
14.5 Provision for Other Assets		
Balance at the beginning of the year	2,411,583	-
Add: Addition during the year	65,920	2,411,583
Balance at the end of the year	2,477,503	2,411,583
14.5(a) Consolidated Provision for Other Assets		
Dhaka Bank Limited (note-14.5)	65,920	2,411,583
DBL Securities Limited	10,266,289	-
	10,332,209	2,411,583
14.6 Provision for Income Tax		
Advance Tax		
Balance of Advance Income Tax at the beginning of the year	1,418,226,865	1,119,868,908
Paid during the year	1,316,114,201	1,254,041,351
Settlement for previous years	(2,175,514,845)	(955,683,394)
	558,826,221	1,418,226,865
Provision		
Balance of provision including Deferred Tax at the beginning of the year	2,474,295,260	2,191,459,506
Provision made during the year :		
Current Tax	1,488,500,000	1,238,519,148
Deferred Tax (Note - 14.5.1)	-	-
Settlement for previous years tax liability	(2,175,514,845)	(955,683,394)
	1,787,280,415	2,474,295,260

Notes to the Financial Statements

Provision for taxation has been made on accounting profit considering taxable allowances / disallowances as per Income Tax Ordinance 1984 amounting to Tk.1,488,500,000 as Current Tax Provision for the year 2011 (Assessment Year 2012-2013). 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 has received assessment order for 2009. The Tax Return of the Bank for 2010 (Assessment year 2011-2012) has been submitted to Tax Authority on August 16, 2011.

14.6.1 Deferred Tax	2011 Taka	2010 Taka
Deferred Tax Assets		
Balance at the beginning of the year	-	-
Add: Addition during the year	-	-
Balance at the end of the year	-	-
Deferred Tax Liability		
Balance at the beginning of the year	79,549	79,549
Add: Addition during the year	-	-
Balance at the end of the year	79,549	79,549
Net Deferred Tax Liability	79,549	79,549

The Bank has calculated deferred tax as per BAS-12 and found no deferred tax asset / liability for the current year.

14.6(a) Consolidated Provision for Income Tax

Dhaka Bank Limited (note-14.6)	1,488,500,000	1,238,519,148
DBL Securities Limited	36,241,761	-
	1,524,741,761	1,238,519,148

14.7 Other Account Payable

3 month and 5 years Bangladesh/Pratirakkha Sanchay Patra	7,099,370	5,644,370
Application, Processing, Membership & Utilisation Fee	896,198	502,463
Adjusting Account Credit	3,986,856	9,876,590
Export Proceeds Suspense	67,773,249	113,072,263
Import Payment Suspense	164,295,557	493,273,143
ATM Settlement Account	-	141,212,868
	244,051,230	763,581,697

14(a) Other Liabilities

Dhaka Bank Limited (note-14)	5,683,766,975	6,773,731,737
DBL Securities Limited	234,521,698	-
	5,918,288,673	6,773,731,737

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.

15.2 Issued, subscribed and paid up

The issued, subscribed and paid up capital of the bank as follows:

265,959,780 ordinary shares (2010:21,276,782. ordinary shares of Tk. 100.00 each)	2,659,597,800	2,127,678,200
93,085,923 ordinary shares (2010: 5,319,196 ordinary shares of Tk.100.00 each) of Tk.10 each issued as bonus shares	930,859,230	531,919,600
Total	3,590,457,030	2,659,597,800

Notes to the Financial Statements

The Bank has increased its paid up capital by issuance of 20:7 Bonus share i.e. 93,085,923 ordinary shares of Tk. 10.00 each as on 05, April 2011.

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. As such total number of shares as on December 31, 2011 stood at 359,045,703 of Tk. 10.00 each.

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 2011

Particulars	2011		2010	
	% of holdings	Value of Shares (Tk.)	% of holdings	Value of Shares (Tk.)
1. Local Ownership				
Government	-	-	-	-
Banking Companies	15.098	542,099,180	12.394	329,635,380
Financial Institutions	3.311	118,882,670	3.954	105,167,560
Sponsors	50.534	1,814,403,820	48.331	1,285,402,200
General Public	26.980	968,702,460	30.734	817,394,270
Mutual Fund	0.585	20,998,770	0.720	19,146,300
Unit Funds	0.176	6,305,500	0.325	8,636,600
ICML A/C, Chittagong	0.066	2,374,650	0.081	2,163,000
ICB Account Holders	0.119	4,280,330	0.116	3,093,900
ICB Head office (Investors A/c)	0.352	12,648,900	0.344	9,157,200
ICB Unit Fund	0.006	200,300	0.015	389,000
ICB Capital Management Limited, Rajshahi	0.092	3,296,130	0.094	2,489,500
Non-Resident Bangladeshi (NRB)	0.359	12,899,290	0.298	7,923,200
ICB Mutual Fund	0.005	190,660	0.019	504,200
ICB Investors A/C, Local Office	0.007	259,020	-	-
Other Investor's A/C	2.309	82,915,350	2.575	68,495,490
Sub Total	100.00	3,590,457,030	100.00	2,659,597,800
2. Foreign Ownership				
Financial Company	-	-	-	-
Individual Investors	-	-	-	-
Sub Total	-	-	-	-
Total	100.00	3,590,457,030	100.00	2,659,597,800

15.6 Classification of shareholders by holding as on 31 December 2011

Holdings	No. of share holders	Number of Shares	No. of share holders	Number of Shares
1 to 500 shares	26,696	4,893,521	27,615	6,475,701
501 to 5,000 shares	16,816	23,699,518	14,113	21,245,812
5,001 to 10,000 shares	984	6,924,417	758	5,788,450
10,001 to 20,000 shares	443	6,244,160	344	5,046,850
20,001 to 30,000 shares	120	3,019,589	105	2,612,210
30,001 to 40,000 shares	61	2,129,150	52	1,862,530
40,001 to 50,000 shares	52	2,379,707	42	1,933,510
50,001 to 100,000 shares	83	5,913,356	72	4,923,600
100,001 to 1,000,000 shares	123	43,134,512	108	38,812,288
1000001 & above shares	60	260,707,773	47	177,258,829
Total	45,438	359,045,703	43,256	265,959,780

Notes to the Financial Statements

15.7	Sl.	Name of Directors	2011		2010		
			No. of share	Value of share (Tk.)	No. of share	Value of share (Tk.)	
	1	Mr. Reshadur Rahman	Chairman	11,625,079	116,250,790	8,611,170	86,111,700
	2	Mr. Mohammed Hanif	Director	10,936,755	109,367,550	8,101,300	81,013,000
	3	Mr. Altaf Hossain Sarker	Director	10,013,233	100,132,330	7,417,210	74,172,100
	4	Mr. Abdul Hai Sarker	Director	7,745,287	77,452,870	5,737,250	57,372,500
	5	Mrs. Rokshana Zaman	Director	2,034,261	20,342,610	506,860	5,068,600
	6	Mr. Khondoker Monir Uddin	Director	10,311,313	103,113,130	7,638,010	76,380,100
	7	Mr. Aminul Islam	Director	4,264,868	42,648,680	-	-
	8	Mr. Md. Amirullah	Director	6,248,691	62,486,910	4,628,660	46,286,600
	9	Mr. Jashim Uddin	Director	6,415,834	64,158,340	4,752,470	47,524,700
	10	Mr. Abdullah Al- Ahsan	Director	6,862,387	68,623,870	5,083,250	50,832,500
	11	Mr. M. N. H. Bulu	Director	7,372,861	73,728,610	6,942,860	69,428,600
	12	Mr. Tahidul Hossain Chowdhury	Director	5,431,023	54,310,230	4,022,980	40,229,800
	13	Mr. Khondoker Jamil Uddin	Director	6,886,350	68,863,500	5,101,000	51,010,000
	14	Mrs. Kamala Khatun *	Director	84,375	843,750	62,500	625,000
	15	Mr. Abdul Wahed	Director	3,904,281	39,042,810	2,892,060	28,920,600
	16	Mrs. Rakhi Das Gupta	Director	3,458,052	34,580,520	2,561,520	25,615,200
	17	Mr. Suez Islam	Director	1,057,900	10,579,000	783,630	7,836,300
	18	Mr. Amanullah Sarker	Director	1,000	10,000	-	-
	19	Mr. G. M. Shameem Hussain	Director	1,232,658	12,326,580	913,080	9,130,800
	20	Mr. Mohammad Ali Sarker **	Director	-	-	3,658,070	36,580,700
	21	Mrs. Afroza Abbas ***	Director	-	-	12,850	128,500
		Total		105,886,208	1,058,862,080	79,426,730	794,267,300

N.B. * Mrs. Kamala Khatun died on October 26, 2011.

** Mr. Mohammad Ali Sarker was Director of the Bank upto March 29, 2011.

*** Mrs. Afroza Abbas was Director of the Bank upto March 29, 2011.

15.8	Risk-weighted assets and Capital ratios as defined by the Basel Capital Accord	2011	2010
		Taka	Taka
	Core Capital (Tier - I)		
	Paid up Capital	3,590,457,030	2,659,597,800
	Statutory Reserve	3,284,607,425	2,553,786,183
	General Reserve	168,421,146	3,803,255
	Surplus in Profit and Loss Account	1,434,784,969	1,095,477,121
		8,478,270,570	6,312,664,359
	Less : Capital charge (50% from Tier-I) for exceeding the approved limit under section 26(2) of Bank Company Act, 1991	-	(189,295,836)
	Total	8,478,270,570	6,123,368,523
	Supplementary Capital (Tier - II)		
	General Provision	848,024,000	741,990,000
	Provision for Off Balance Sheet Exposure	334,250,000	259,100,000
	Asset Revaluation Reserve (50%) [note-2.5(a) and note-18]	324,227,500	-
	Revaluation Reserve for HTM & HFT Securities (50%)	45,014,619	133,532,515
	Non-convertible Subordinated Bond	2,000,000,000	1,893,799,308
	Total	3,551,516,119	3,028,421,822
	Less : Capital charge (50% from Tier-II) for exceeding the approved limit under section 26(2) of Bank Company Act, 1991	-	(189,295,836)
		3,551,516,119	2,839,125,986
	A. Total Eligible Capital	12,029,786,689	8,962,494,509
	B. Risk Weighted Assets		
	Credit Risk		
	Balance sheet business	80,818,700,000	66,151,100,000
	Off- Balance sheet business	19,923,200,000	10,281,700,000
		100,741,900,000	76,432,800,000
	Market Risk	3,172,200,000	4,193,800,000
	Operational Risk	8,555,600,000	8,192,800,000
	Total Risk-weighted Assets	112,469,700,000	88,819,400,000
	C. Required Capital on Risk Weighted Assets	11,246,970,000	7,993,746,000

(10% on Total Risk Weighted Assets for 2011 and 9% for 2010 under Basel-II)

Notes to the Financial Statements

	2011 Taka		2010 Taka	
D. Capital Surplus / (Shortfall) [A-C]	782,816,689		968,748,509	
Total Capital Ratio (%)	10.70%		10.09%	
Capital Requirement	Required (%)	Held (%)	Required (%)	Held (%)
Core Capital (Tier-I)	5.00	7.54%	4.50	6.89%
Supplementary Capital (Tier - II)	-	3.16%	-	3.20%

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	3,590,457,030	2,659,597,800
Minority Interest	7,714	-
Statutory Reserve	3,284,607,425	2,553,786,183
General Reserve	168,421,146	3,803,255
Surplus in Profit and Loss Account	1,511,819,326	1,095,477,121
	8,555,312,641	6,312,664,359
Less : Capital charge (50% from Tier-I) for exceeding the approved limit under section 26(2) of Bank Company Act, 1991	-	(189,295,836)
Total	8,555,312,641	6,123,368,523

Supplementary Capital (Tier - II)

General Provision	848,024,000	741,990,000
Provision for Off Balance Sheet Exposure	334,250,000	259,100,000
Asset Revaluation Reserve (50%)	324,227,500	-
Revaluation Reserve for HTM & HFT Securities (50%)	45,014,619	133,532,515
Non-convertible Subordinated Bond	2,000,000,000	1,893,799,308
Total	3,551,516,119	3,028,421,822
Less : Capital charge (50% from Tier-II) for exceeding the approved limit under section 26(2) of Bank Company Act, 1991	-	(189,295,836)
	3,551,516,119	2,839,125,986
A. Total Eligible Capital	12,106,828,760	8,962,494,509

B. Risk Weighted Assets

Credit Risk		
Balance sheet business	80,429,400,000	66,151,100,000
Off- Balance sheet business	19,923,200,000	10,281,700,000
	100,352,600,000	76,432,800,000
Market Risk	3,177,300,000	4,193,800,000
Operational Risk	8,555,600,000	8,192,800,000
Total Risk-weighted Assets	112,085,500,000	88,819,400,000
C. Required Capital on Risk Weighted Assets	11,208,550,000	7,993,746,000

(10% on Total Risk Weighted Assets for 2011 and 9% for 2010 under Basel-II)

D. Capital Surplus / (Shortfall) [A-C]	898,278,760		968,748,509	
Total Capital Ratio (%)	10.80%		10.09%	
Capital Requirement	Required (%)	Held (%)	Required (%)	Held (%)
Core Capital (Tier-I)	5.00	7.63%	4.50	6.89%
Supplementary Capital (Tier - II)	-	3.17%	-	3.20%

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	10	-
Retained Earnings	7,704	-
	7,714	-

16 Statutory Reserve

Opening balance at the beginning of the year	2,553,786,183	1,970,287,116
Add: Addition during the year from net profit	730,821,242	583,499,067
Closing balance at the end of the year	3,284,607,425	2,553,786,183

As per Section 24 of Bank Companies Act 1991, 20% of pre tax profit has been transferred to Statutory Reserve Account.

Notes to the Financial Statements

	2011 Taka	2010 Taka
17 General Reserve		
Opening balance at the beginning of the year	3,803,255	3,438,685
Add: Addition during the year	164,617,891	364,570
Closing balance at the end of the year	<u>168,421,146</u>	<u>3,803,255</u>

As per Rule, Bonus share / cash dividend may be issued out of surplus of the profit of the year. If there is any shortfall, that may be covered from General Reserve Account as per approval of the Board of Directors of the bank.

18 Assets Revaluation Reserve		
Opening balance at the beginning of the year	-	-
Add: Addition during the year	648,455,000	-
Closing balance at the end of the year	<u>648,455,000</u>	<u>-</u>

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	195,472,555	289,111,976
Add: Addition during the year	7,397,486	45,918,467
Less: Adjustment during the year	(153,429,117)	(139,557,888)
Closing balance at the end of the year	<u>49,440,924</u>	<u>195,472,555</u>
Revaluation Reserve for HFT Securities		
Opening balance at the beginning of the year	71,592,474	42,881,823
Add: Addition during the year	131,491,255	69,705,202
Less: Adjustment during the year	(162,495,415)	(40,994,551)
Closing balance at the end of the year	<u>40,588,314</u>	<u>71,592,474</u>
	<u>90,029,238</u>	<u>267,065,029</u>

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	9,945,529,826	7,404,568,227
Dividend Income	17,585,601	16,410,521
Fee, Commission and Brokerage	753,343,293	1,087,827,864
Gains less Losses arising from dealing securities	-	-
Gains less Losses arising from investment securities	2,059,512,945	1,500,232,106
Gains less Losses arising from dealing in foreign currencies	751,495,987	295,588,806
Income from non-banking assets	-	-
Other operating income	310,922,674	194,658,310
Profit less Losses on interest rate changes	-	-
	<u>13,838,390,326</u>	<u>10,499,285,834</u>
Expenses		
Interest, fee and commission	7,610,560,989	4,944,107,729
Losses on loans and advances	60,568	782,226
Administrative expenses	1,534,672,455	1,397,594,953
Other operating expenses	261,967,986	231,493,569
Depreciation on banking assets	109,992,377	84,865,809
	<u>9,517,254,375</u>	<u>6,658,844,286</u>
Profit before tax & provision	<u>4,321,135,951</u>	<u>3,840,441,548</u>

Notes to the Financial Statements

	2011 Taka	2010 Taka
20.1 Profit & Loss Account Surplus		
Operating income as on 31 December	4,321,135,951	3,841,620,356
Less: Provision for loans during the year	440,911,548	841,229,787
Provision for Off Balance Sheet Item	75,150,000	51,014,000
Provision for diminution in value of Investment	113,992,108	-
Provision for Dhaka Bank Foundation	36,910,164	29,469,650
Other Provisions	65,920	2,411,583
Provision for Income Tax	1,488,500,000	1,238,519,148
Statutory Reserve (20% of pre tax profit)	730,821,242	583,499,067
	2,886,350,982	2,746,143,235
Net Profit	1,434,784,969	1,095,477,121
20(a) Profit & Loss Account		
Dhaka Bank Limited (note-20.1)	1,434,784,969	1,095,477,121
DBL Securities Limited	77,042,061	-
	1,511,827,030	1,095,477,121
Less: Interim Dividend paid	-	-
Less: Minority Interest	7,704	-
	1,511,819,326	1,095,477,121
21 Contingent Liabilities		
Acceptance & Endorsement	14,607,538,417	7,915,651,592
Letters of Credit		
Usance/Defer Letter of Credit	2,564,635,642	1,381,087,198
Sight Letter of Credit	4,955,115,262	7,007,444,106
Back to Back Letter of Credit	926,550,875	1,359,045,073
BD-Sight (EDF)	919,576,769	1,130,162,448
Back to Back - Local	951,832,448	914,533,204
	10,317,710,996	11,792,272,029
Less : Margin on Letter of Credit	732,535,241	889,109,236
	9,585,175,755	10,903,162,793
Letters of Guarantee (Note - 21.1)		
Bid Bond	1,256,671,469	1,367,066,104
Performance Bond	5,631,238,416	3,683,447,331
Counter Guarantee	247,300,629	235,483,524
Other Guarantee	2,844,257,630	2,422,639,321
Shipping Guarantee	18,719,092	18,719,235
	9,998,187,236	7,727,355,515
Less : Margin on Letter of Guarantee	768,539,439	645,643,225
	9,229,647,797	7,081,712,290
Bills for Collection		
Local Bills for Collection	6,115,134,158	5,449,796,617
Foreign Bills for Collection	1,222,169,906	1,225,383,228
	7,337,304,064	6,675,179,845
Other Contingent Liabilities		
Bangladesh/Pratirakhkha/Paribar Sanchay Patra	724,915,311	673,777,936
ICB Unit Certificate	51,961,500	52,502,200
Forward Exchange Sold	449,980,525	141,099,350
US Investment & Premium Bond	8,839,800	7,624,500
	1,235,697,136	875,003,986
Total	41,995,363,169	33,450,710,506
21.1 Letters of Guarantee		
Money for which the Bank is contingently liable in respect of guarantees given favouring:		
Directors	-	-
Government	-	-
Bank and other financial institutions	76,476,445	-
Others	9,921,710,791	7,727,355,515
Total	9,998,187,236	7,727,355,515

Notes to the Financial Statements

	2011 Taka	2010 Taka
22 Litigation pending by bank		
SL # Branch Name		
1 Local Office	1,358,797,489	2,785,145,121
2 Agrabad Branch	6,427,053	148,471,786
3 Banani Branch	85,562,640	56,671,781
4 Bangshal Branch	153,490,350	100,981,705
5 Islampur Branch	1,126,884	1,126,884
6 Imanganj Branch	7,236,861	7,236,861
7 Khatunganj Branch	680,571,810	680,571,810
8 Uttara Branch	-	3,267,601
9 Gulshan Branch	173,006,753	145,793,171
10 Joypara Branch	481,621	759,346
11 Fantasy Kingdom Branch	4,615,299	4,615,299
12 EPZ Branch	24,744,558	7,781,915
13 Karwan Bazar Branch	40,257,537	32,772,739
14 Moghbazar Branch	5,912,354	-
15 Islamic Banking Branch, Dhaka	219,703	-
16 Satkhira Branch	101,389,396	-
17 Narayangonj Branch	280,715,548	-
18 Moulvibazar Branch	1,498,405	-
Total	2,926,054,261	3,975,196,020
In some cases, the bank obtained preliminary / final decree against pending litigation. As per Artha Rin Adalat (Money Loan Court) Ain 2003, legal procedure yet to be completed for final disposal.		
23 Interest Income/ Profit Received		
Demand Loan	91,116	114,104
Term Loan	2,570,326,286	2,310,155,039
Overdrafts	2,851,888,396	2,090,312,181
Loan against Imported Merchandise/Murabaha	78,008,179	42,081,382
Loan against Trust Receipt	1,763,498,831	1,063,002,675
Packing Credits	3,007,320	597,066
Cash Credits / Bai-Muajjal	912,322,637	616,461,500
Payment against Documents	424,707,073	264,631,952
House Building Loan	148,744,795	111,222,296
Transport Loan	109,036,830	60,656,360
Syndicate Loan	274,542,858	236,557,610
Hire Purchase	27,870,411	10,806,197
Lease Rental/Izara	249,353,495	166,486,726
Credit Card	23,077,527	23,243,973
Total Interest / profit & Rental Income on loans & advances	9,436,475,754	6,996,329,061
Call Lending and Fund Placement with banks	500,901,914	398,632,998
Accounts with Foreign Banks	8,152,158	9,606,168
Total	9,945,529,826	7,404,568,227
23(a) Consolidated Interest Income/ Profit Received		
Dhaka Bank Limited (note-23)	9,945,529,826	7,404,568,227
Less: Interest received on Margin Loan	(228,685,435)	-
	9,716,844,391	7,404,568,227
DBL Securities Limited	295,977,443	-
Total	10,012,821,834	7,404,568,227
24 Interest / Profit Paid On Deposits & Borrowings		
Savings Account including Mudaraba	328,360,468	256,536,479
Special Notice Deposit	220,606,744	137,042,051
Term Deposits	5,393,006,879	3,395,020,954
Deposits under Scheme	924,380,062	694,654,648
Call Borrowing & Fund Placement	228,991,229	106,267,847
Non-convertible Subordinate Bond	238,323,403	16,827,778
Repurchase Agreement (REPO)	14,965,835	11,905,335
Overseas Accounts charges	6,042,001	3,485,265
Leased assets	69,817,041	136,650,280
HTM / HFT Securities	91,422,558	89,287,136
Others (Note-24.1)	94,644,769	96,429,956
Total	7,610,560,989	4,944,107,729
24.1 Others		
Interest paid on NFCD	115,276	90,898
Interest/profit paid against Refinance from Bangladesh Bank	62,148,933	63,341,594
Interest paid on Gift Cheque	170,920	142,402
Interest paid on Excel Account	755,287	6,772,386
Interest on Smart Plant (Deposit)	1,563,027	1,416,595
Interest on Finance Bill Rediscounting	1,763,648	-
Treasury Bond Premium	28,127,678	24,666,081
Total	94,644,769	96,429,956

Notes to the Financial Statements

	2011 Taka	2010 Taka
24(a) Consolidated Interest / Profit Paid On Deposits & Borrowings		
Dhaka Bank Limited (note-24)	7,610,560,989	4,944,107,729
DBL Securities Limited	-	-
	7,610,560,989	4,944,107,729
25 Income from Investment		
Interest on Treasury bills / bonds	773,088,347	698,830,120
Capital Gain on Government Securities	297,811,156	524,157,647
Capital Gain on sale of shares of DSE and CSE	935,880,000	-
Interest on Debentures	446,531	251,667
Interest on Subordinated Bond	22,882,420	-
Interest on Zero Coupon Bond	2,962,675	2,962,675
Dividend on Shares	17,585,601	16,410,521
	2,050,656,730	1,242,612,630
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.		
25(a) Consolidated Income from Investment		
Dhaka Bank Limited (note-25)	2,050,656,730	1,242,612,630
DBL Securities Limited	-	-
	2,050,656,730	1,242,612,630
26 Commission / Fees, Exchange Earnings & Brokerage		
Commission on L/C	347,046,849	318,161,091
Commission on L/G	147,534,352	117,107,738
Commission on Remittance / Bills	5,804,944	6,016,606
Processing Fee Consumer Loan	31,518,801	28,065,236
Other Commission / Fees	213,814,246	227,400,717
Commission & Fee on Credit Card	7,624,101	6,621,138
Exchange gain including gain from foreign currency dealings	751,495,987	295,588,806
Brokerage (Dhaka Stock Exchange & Chittagong Stock Exchange)	-	384,455,338
	1,504,839,280	1,383,416,670
26(a) Consolidated Commission / Fees, Exchange Earnings & Brokerage		
Dhaka Bank Limited (note-26)	1,504,839,280	1,383,416,670
DBL Securities Limited	106,422,928	-
	1,611,262,208	1,383,416,670
27 Other Operating Income		
Other Income on Credit Card	7,875,753	12,522,784
Postage charge recoveries	12,552,996	13,091,708
Incidental charges	88,919,099	88,129,367
Supervision & monitoring charges	122,965,363	2,954,298
Swift charge recoveries	67,901,064	67,428,938
Locker rent	5,272,135	3,571,575
Godown charges recovery	237,104	289,540
Capital gain on sale of Shares (Note - 27.1)	26,441,816	274,029,997
Profit from sale of fixed assets	5,199,160	6,670,100
	337,364,490	468,688,307
27.1 Profit on sale of Shares		
Sale proceeds of Shares	827,401,126	2,538,901,498
Less: Cost of Shares	800,959,310	2,264,871,501
	26,441,816	274,029,997
27(a) Consolidated Other Operating Income		
Dhaka Bank Limited (note-27)	337,364,490	468,688,307
DBL Securities Limited	6,195,154	-
	343,559,644	468,688,307
28 Salary and Allowances		
Basic Salary	341,691,005	307,028,148
Allowances	290,485,509	251,505,219
Salary Casual Staff	7,252,317	6,685,200
Bonus & Ex-gratia	142,872,522	191,352,998
Car Maintenance Allowances	54,514,254	49,582,385
Leave Fare Assistance	47,551,146	42,342,031
Utility Allowances	10,213,371	9,213,472
Medical Allowance	17,564,780	17,105,955
Gratuity Expenses	100,000,000	60,000,000
Staff Furniture Installment	5,855,036	5,392,641
Bank's contribution to Provident Fund	30,875,718	27,271,932
	1,048,875,658	967,479,981

Notes to the Financial Statements

	2011 Taka	2010 Taka
28(a) Consolidated Salary and Allowances		
Dhaka Bank Limited (note-28)	1,048,875,658	967,479,981
DBL Securities Limited	29,914,668	-
	1,078,790,326	967,479,981
29 Rent, Taxes, Insurance, Lighting Etc.		
Office Rent	145,856,223	118,489,601
Electricity and Lighting	29,210,099	23,218,028
Regulatory Charges	40,603,298	50,345,188
Insurance	37,534,438	35,021,978
	253,204,058	227,074,795
29(a) Consolidated Rent, Taxes, Insurance, Lighting Etc.		
Dhaka Bank Limited (note-29)	253,204,058	227,074,795
DBL Securities Limited	5,876,394	-
	259,080,452	227,074,795
30 Legal & Professional Expenses		
Legal Expenses	10,527,791	5,500,499
Other professional fees	694,875	1,810,852
	11,222,666	7,311,351
30(a) Consolidated Legal & Professional Expenses		
Dhaka Bank Limited (note-30)	11,222,666	7,311,351
DBL Securities Limited	2,291,808	-
	13,514,474	7,311,351
31 Postage, Stamps, Telecommunication Etc.		
Stamps, Postage & Courier	18,148,415	13,740,875
Telephone Charges	8,990,987	7,534,808
Fax, Telex & Internet, Radio Link, & DDN Charges	25,719,960	21,087,109
	52,859,362	42,362,792
31(a) Consolidated Postage, Stamps, Telecommunication Etc.		
Dhaka Bank Limited (note-31)	52,859,362	42,362,792
DBL Securities Limited	283,771	-
	53,143,133	42,362,792
32 Stationery, Printing, Advertisement Etc.		
Table Stationery	10,223,109	9,756,820
Printing Stationery	40,665,739	26,373,723
Security Stationery	2,130,379	2,136,769
Computer Stationery	11,243,038	8,070,424
Advertisement	42,036,786	55,609,837
	106,299,051	101,947,573
32(a) Consolidated Stationery, Printing, Advertisement Etc.		
Dhaka Bank Limited (note-32)	106,299,051	101,947,573
DBL Securities Limited	1,405,347	-
	107,704,398	101,947,573
33 Chief Executive's Salary & Allowances		
Basic Salary	5,687,143	5,207,143
Allowances	2,760,000	2,760,000
Bonus	960,000	1,880,000
	9,407,143	9,847,143

Notes to the Financial Statements

	2011 Taka	2010 Taka
34 Directors' Fees & Meeting Expenses		
Directors Fees	1,805,000	2,345,900
Other financial benefits to Directors	-	-
Fees related to Shariah Council Meeting	58,250	45,600
Board Meeting Expenses	120,293	159,585
Executive Committee / Shariah Council Meeting Expenses	334,206	198,719
	2,317,749	2,749,804
<p>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.</p>		
34(a) Consolidated Directors' Fees & Meeting Expenses		
Dhaka Bank Limited (note-34)	2,317,749	2,749,804
DBL Securities Limited	293,153	-
	2,610,902	2,749,804
35 Consolidated Audit Fees		
Dhaka Bank Limited	574,750	632,500
DBL Securities Limited	230,000	-
	804,750	632,500
<p>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.</p>		
36 Charges on Loan Losses		
<p>As there is no realistic prospect to recovery, an amount of Tk. 60,568 has been charged to expense account to adjust classified retail loans as per decision of Executive Committee of the Board of Directors.</p>		
37 Depreciation of Bank's Assets		
Depreciation on own Assets		
Land	-	-
Building	3,889,123	2,286,470
Furniture & Fixture	21,594,291	18,936,299
Office Appliance & Equipment	43,948,788	32,244,914
Computer & Software	30,577,827	24,104,974
Motor Vehicle	8,308,592	5,467,237
	108,318,621	83,039,894
Depreciation on Leased Assets		
Furniture & Fixture	939,043	1,024,410
Office Appliance & Equipment	483,433	527,382
Computer & Software	251,280	274,123
	1,673,756	1,825,915
Total	109,992,377	84,865,809
37(a) Consolidated Depreciation on Fixed Assets		
Dhaka Bank Limited (note-37)	109,992,377	84,865,809
DBL Securities Limited	3,530,629	-
	113,523,006	84,865,809
38 Repair & Maintenance of Bank's Assets		
Office Premises	14,532,677	12,904,387
Office Equipment	13,364,422	12,757,521
Office Furniture	972,504	426,332
Motor Vehicle	5,044,814	4,248,770
Computer	2,799,792	2,289,253
Software	13,197,809	5,562,751
	49,912,018	38,189,014
38(a) Consolidated Depreciation on Fixed Assets		
Dhaka Bank Limited (note-38)	49,912,018	38,189,014
DBL Securities Limited	3,628,988	-
	53,541,006	38,189,014

Notes to the Financial Statements

	2011 Taka	2010 Taka
39 Other Expenses		
Contribution to Superannuation Fund	2,500,000	2,500,000
Contractual Service Charge	106,068,105	83,444,501
Petrol, Oil and Lubricants (Vehicle & Generator)	15,853,944	16,234,531
Entertainment: canteen & other	32,727,735	33,307,873
AGM Expenses	10,431,003	8,793,871
Donation and Subscription	23,593,196	26,100,434
Travelling and Conveyance	15,910,878	14,279,890
Branch Opening Expenses	2,484,158	1,780,956
Training Expenses	5,115,222	2,405,094
Share/Bond Issue Expenses	4,614,386	-
Books and Papers	1,464,246	2,080,588
WASA Charges	1,915,181	1,693,103
Staff Uniform	1,099,139	544,455
Vehicle Registration Charges	782,873	1,292,737
Potted Plants	1,605,832	1,553,017
Business Development & Promotion	24,318,549	25,798,316
Reuters Charges	1,558,595	1,398,290
Fees and expenses for Credit Card	3,902,742	5,450,628
ATM Network Service Charges	5,188,593	1,838,688
Miscellaneous expenses	833,609	996,597
	261,967,986	231,493,569
39(a) Consolidated Other Expenses		
Dhaka Bank Limited (note-39)	261,967,986	231,493,569
DBL Securities Limited	8,905,221	-
	270,873,207	231,493,569
40 Non-Operating Income		
The amount of Exchange Equalisation Account has been taken as Non-Operating Income as per Bangladesh Bank's BRPD circular no.15 dated 26.04.2010.		
41 Provision for Loans & Advances		
On classified loans & advances as per Bangladesh Bank circular	334,877,548	724,058,068
On unclassified loans & advances	106,034,000	117,171,719
	440,911,548	841,229,787
42 Provision for Off Balance Sheet Exposures		
On Off Balance Sheet Exposures (Acceptances and Endorsements, Letter of Credit and Letter of Guarantee)	75,150,000	51,014,000
Bank has made a provision of Tk.75,150,000 @ 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.		
43 Provision against Decrease in Value of Investment		
Dealing Securities		
Quoted	-	-
Unquoted	-	-
Investment Securities		
Quoted		
Opening balance at the beginning of the year	11,250,000	11,250,000
Add:Addition during the year	113,992,108	-
Closing balance at the end of the year	125,242,108	11,250,000
Unquoted	-	-
Total	125,242,108	11,250,000

Cost price of investment in shares represents the book value as on 31.12.2011 being ordinary shares of different companies purchased from primary and secondary market. A required provision for Tk.113,992,108 made from current year's profit due to shortfall in market price than the cost price.

Notes to the Financial Statements

	2011 Taka	2010 Taka
44 Provision for Dhaka Bank Foundation		
Opening balance at the beginning of the year	29,469,650	-
Add: Addition during the year	36,910,164	29,469,650
Less: Transferred to DBL Foundation Trustee Account	(29,469,650)	-
Closing balance at the end of the year	<u>36,910,164</u>	<u>29,469,650</u>

Dhaka Bank Limited has been maintaining provision for Dhaka Bank Foundation since 2003. In 2011, the Bank has made a provision of Tk.36,910,164 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.

	2011	2010
45 Earnings Per Share (EPS)		
Bonus Issue:		
Net Profit after Tax	2,165,606,211	1,678,976,188
Number of ordinary shares outstanding	359,045,703	359,045,703
Earnings per share (EPS)	<u>6.03</u>	<u>4.68</u>

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 93,085,923 Bonus Shares (for 2010) during the year.

	2011	2010
45(a) Consolidated Earnings Per Share (CEPS)		
Bonus Issue:		
Net Profit after Tax	2,242,648,272	1,678,976,188
Less: Minority Interest	7,704	-
	<u>2,242,640,568</u>	<u>1,678,976,188</u>
Number of ordinary shares outstanding	359,045,703	359,045,703
Earnings per share (EPS)	<u>6.25</u>	<u>4.68</u>

	2011	2010
46 Receipts from Other Operating Activities		
Exchange earnings	34,211,225	20,043,597
Brokerage	-	384,455,338
Other Operating Income	332,165,330	462,018,207
Total	<u>366,376,555</u>	<u>866,517,142</u>
Non Operating Income	<u>-</u>	<u>1,178,808</u>
	<u>366,376,555</u>	<u>867,695,950</u>

	2011	2010
46(a) Consolidated Receipts from Other Operating Activities		
Dhaka Bank Limited (note-46)	366,376,555	867,695,950
DBL Securities Limited	13,537,200	-
	<u>379,913,755</u>	<u>867,695,950</u>

	2011	2010
47 Payments for Other Operating Activities		
Rent, Taxes, Insurance, Lighting etc.	253,204,058	227,074,795
Chief executive's salary & allowances	9,407,143	9,847,143
Directors' fees & Meeting expenses	2,317,749	2,749,804
Repair of bank's assets	49,912,018	38,189,014
Other expenses	261,967,986	231,493,569
Charges on loan losses	60,568	782,226
Total	<u>576,869,522</u>	<u>510,136,551</u>

	2011	2010
47(a) Consolidated Payments for Other Operating Activities		
Dhaka Bank Limited (note-47)	576,869,522	510,136,551
DBL Securities Limited	58,697,965	-
	<u>635,567,487</u>	<u>510,136,551</u>

Notes to the Financial Statements

	2011 Taka	2010 Taka
48 Other Assets		
Stationery, stamps, printing materials etc.	39,668,867	33,845,524
Advance rent and advertisement;	175,194,217	127,779,497
Security deposit;	11,040,146	9,556,856
Preliminary, formation and organization expenses, renovation / development expenses and prepaid expenses;	1,595,654,681	734,053,453
Branch adjustments;	18,004,535	-
Suspense account;	190,537,260	158,537,270
Other assets	540,646,389	470,721,855
	2,570,746,095	1,534,494,455
(Increase) / decrease during the year	(1,036,251,640)	(744,419,477)
48(a) Consolidated Other Assets		
Dhaka Bank Limited (note-48)	(1,036,251,640)	(744,419,477)
DBL Securities Limited	(542,497,620)	-
	(1,578,749,260)	(744,419,477)
49 Other Liabilities		
Provision against Expenses	125,617,659	111,035,140
Interest Suspense Account	897,389,067	699,102,056
Other Account Payable	244,051,230	763,581,697
Obligation under finance lease	1,978,075	3,651,831
Total	1,269,036,031	1,577,370,724
Provision of DBL Foundation Transferred to DBL Foundation Trustee Account	(29,469,650)	-
Adjustment of Classified Loan from Provision	(749,293,545)	(753,844,820)
Increase / (decrease) during the year	(1,087,097,888)	(620,408,181)
49(a) Consolidated Other Liabilities		
Dhaka Bank Limited (note-49)	(1,087,097,888)	(620,408,181)
DBL Securities Limited	(131,537,601)	-
	(1,218,635,489)	(620,408,181)

Notes to the Financial Statements

Annexure - A

Balance with other banks - Outside Bangladesh (Nostrro Account) as at 31 December 2011

Particulars	Currency name	2011		2010		
		Amount in FC	Conversion rate per unit FC	Amount in BDT	Conversion rate per unit FC	Amount in BDT
Standard Chartered Bank, New York	USD	1,671,716.38	81.85	136,829,986	71.00	159,506,682
Mashreq Bank, New York	USD	321,301.13	81.85	26,298,497	71.00	50,117,878
HSBC, New York	USD	153,034.79	81.85	12,525,898	71.00	60,707,133
CITI Bank NA, New York	USD	1,066,547.83	81.85	87,296,940	71.00	57,290,993
Commerz Bank, Frankfurt	USD	571,994.14	81.85	46,817,720	71.00	66,013,236
Habib American Bank	USD	311,368.21	81.85	25,485,488	71.00	23,295,218
Wachovia Bank NA, New York	USD	555,804.50	81.85	45,492,598	71.00	51,527,137
JP Morgan Chase Bank NA	USD	154,001.14	81.85	12,604,993	71.00	53,672,235
Standard Chartered Bank, Mumbai	ACUD	424,620.24	81.85	34,755,167	71.00	7,060,036
Sonal Bank, Kolkata	ACUD	16,262.03	81.85	1,331,047	71.00	43,848
AB Bank, Mumbai	ACUD	222,484.57	81.85	18,210,362	71.00	14,272,143
Nepal Bangladesh Bank	ACUD	62,827.60	81.85	5,142,439	71.00	4,278,130
Sampath Bank, Sri Lanka	ACUD	178,004.42	81.85	14,569,662	71.00	8,902,153
Bhutan National Bank	ACUD	64,281.17	81.85	5,261,414	71.00	4,563,963
Bank of Bhutan	ACUD	50,149.54	81.85	4,104,740	71.00	1,702,003
Habib Metropolitan Bank Ltd, Pakistan	ACUD	523,661.78	81.85	42,861,717	71.00	19,217,964
Banca Nazionale Del Italy	USD	47,963.74	81.85	3,925,832	71.00	3,405,097
Dhaka Bank OBU Nostrro	USD	4,000,000.00	81.85	327,400,000	0.00	-
CITI Bank NA, Mumbai	ACUD	0.00	81.85	-	71.00	680,291
ICICI Bank Limited, India	ACUD	5,289.01	81.85	432,905	71.00	12,102,041
Mashreq Bank, Mumbai	ACUD	323,419.93	81.85	26,471,921	71.00	51,979,683
Union Bank of Switzerland	CHF	80,838.30	86.86	7,021,615	75.03	10,596,364
Commerz Bank, Frankfurt	EURO	100,074.74	105.83	10,590,910	93.68	10,264,109
Standard Chartered Bank, Frankfurt	EURO	128,253.55	105.83	13,573,073	93.68	10,492,571
Bank Nazionale Del Italy	EURO	9,894.02	105.83	1,047,084	93.68	982,749
Unicredit S.P.A. Milano	EURO	96,201.25	105.83	10,180,978	93.68	8,465,010
Commonwealth Bank of Australia, Sydney	AUD	79,155.26	82.48	6,528,726	72.06	3,996,842
Standard Chartered Bank, Japan	JPY	5,168,277.00	1,0481	5,416,871	0.87	16,319,252
Standard Chartered Bank, London	GBP	311,882.14	126.366	39,411,392	110.04	4,886,370
Bank of Nova Scotia	CAD	120,375.15	79.809	9,607,059	70.79	8,897,764
				981,197,035		725,238,896

As per Bangladesh Bank Circular No. FEPD(FEMO)/01/2005-677 dated 13th September 2005, the books of accounts of Nostrro account are reconciled and there exist no un-reconciled entries that may affect financial statements significantly.

Notes to the Financial Statements

Annexure - B

Investment in Shares as at 31 December 2011

Sl. No.	Name of the Company	Types of Shares	Face Value	No. of Shares	Cost Price	Average Cost	Quoted Rate per Share as on 31.12.2011	Total Market Value at 31.12.2011
Quoted								
Bank								
1	AB Bank Limited	A	10	425,000	28,453,750	66,950	68.30	29,027,500
2	Bank Asia Limited	A	10	1,050,000	38,290	38.20	38.20	40,110,000
3	BRAC Bank Limited	A	10	540,000	26,055,000	48,250	45.70	24,678,000
4	Eastern Bank Limited	A	10	250,000	15,070,000	60,280	65.80	16,450,000
5	Mercantile Bank Limited	A	10	305,000	10,171,750	33,350	34.80	10,614,000
6	National Bank Limited	A	10	750,000	47,767,500	63,690	66.80	50,100,000
7	One Bank Limited	A	10	650,000	32,461,000	49,940	47.70	31,005,000
8	Prime Bank Limited	A	10	2,000,000	87,340,000	43,670	44.50	89,000,000
9	Southeast Bank Limited	A	10	1,260,000	36,842,400	29,240	30.10	37,926,000
10	Standard Bank Limited	A	10	390,000	12,187,500	31,250	30.20	11,778,000
11	The City Bank Limited	A	10	865,000	46,398,600	53,640	52.60	45,499,000
12	The Premier Bank Limited	A	10	1,400,000	45,682,000	32,630	30.80	43,120,000
NBF								
13	Bay Leasing & Investment Limited	A	10	240,000	21,057,600	87,740	70.10	16,824,000
14	People's Leasing & Fin. Services Limited	A	10	374,900	35,949,161	95,890	69.30	25,980,570
15	United Leasing Company Limited	A	10	385,900	32,207,214	83,460	56.30	21,726,170
Insurance								
16	Pragati Life Insurance Limited	A	10	19,180	4,309,554	224,690	205.90	3,949,162
17	Prime Islami Life Insurance Limited	A	10	100,000	24,684,000	246,840	212.50	21,250,000
18	Progressive Life Insurance Limited	A	10	52,700	10,511,542	199,460	166.20	8,758,740
19	United Insurance Limited	A	10	72,400	6,209,748	85,770	65.70	4,756,680
Fuel & Power								
20	Dhaka Electric Supply Company Limited	A	10	241,370	32,816,665	135,960	113.50	27,395,495
21	Khulna Power Company Limited	A	10	381,700	38,009,686	99,580	62.80	23,970,760
22	Mobil Jamuna Bangladesh Limited	A	10	80,000	7,704,000	96,300	99.90	7,992,000
23	Summit Power Limited	A	10	630,000	58,237,200	92,440	74.40	46,872,000
24	Titus Gas Transmission and Distribution Company Limited	A	10	1,340,000	110,483,000	82,450	67.60	90,584,000
Engineering								
25	Atlas Bangladesh Limited	A	10	24,415	6,011,708	246,230	250.00	6,103,750
26	BSRM Steels Limited	A	10	600,000	76,032,000	126,720	118.70	71,220,000
27	Navana CNG Limited	A	10	110,000	10,894,400	99,040	83.60	9,196,000
Pharmaceuticals								
28	AGI Limited	A	10	140,000	32,781,000	234,150	206.60	28,924,000
29	Beximco Pharmaceuticals Limited	A	10	360,000	35,753,600	99,260	93.60	33,696,000
Ceramic								
30	Fuwang Ceramics Limited	A	10	728,750	29,711,138	40,770	41.70	30,388,875
31	RAK Ceramics (Bangladesh) Limited	A	10	51,800	4,844,854	93,530	78.40	4,061,120
Cement								
32	Confidence Cement Limited	A	10	165,000	23,058,750	139,750	124.50	20,542,500
33	Lafrange Surma Cement Limited	Z	10	270,000	8,124,300	30,090	26.60	7,182,000
34	Meghna Cement Limited	A	10	82,000	13,224,140	161,270	139.60	11,447,200
Investment								
35	1st BSRS Mutual Fund	A	10	60,000	6,432,000	107,200	91.50	5,490,000
36	EBL NRB Mutual Fund	A	10	5,000,000	50,000,000	10,000	10.50	52,500,000
37	IAMCL 1st NRB	A	10	79,000	2,644,130	33,470	30.40	2,401,600
38	ICB AMCL 1st	A	10	77,000	3,920,840	50,920	43.40	3,341,800
39	IFL ISLAM Mutual Fund	A	10	1,900,000	13,699,000	7,210	6.30	11,970,000
40	MBL 1st Mutual Fund	A	10	5,000,500	50,005,000	10,000	9.20	46,004,600
Miscellaneous								
41	Beximco Ltd	A	10	830,000	114,938,400	138,480	113.00	93,790,000
					1,292,868,630			1,167,626,522
Unquoted								
	Unique Hotel & Resorts Limited				48,000,000			48,000,000
	Bangladesh Fund				200,000,000			200,000,000
					248,000,000			248,000,000
Total					1,540,868,630			1,415,626,522

Cost price of investment in shares represents the book value as on 31.12.2011 being ordinary shares of different companies purchased from primary and secondary markets. A provision of Tk.125,242,108 (of which Tk.113,952,108 from current year's profit) because of cost price of some shares showing an excess value over the market price.

Notes to the Financial Statements

Annexure - C

Detail of information on advances More than 15 % of bank's total capital (Funded & Non - funded)

(Taka in Thousand)

Sl. No.	Name of the Client	Outstanding as on 31.12.2011			Remarks
		Funded	Non funded	Total	
1	Fakir Apparels and allies	1,091,674,254	1,075,602,781	2,167,277,035	
2	Noman Weaving Mills Ltd.	755,258,393	1,256,205,420	2,011,463,813	
	Total	1,846,932,647	2,331,808,201	4,178,740,848	

Notes to the Financial Statements

Annexure - D

SCHEDULE OF PREMISES AND FIXED ASSETS

Particulars	Asset Revaluation Reserve			Cost Price			Depreciation				Written Down Value as at 31 December 2011	
	Balance as at 1 January 2011	Asset Revaluation Reserve	Balance at 31 December 2011	Balance as at 1 January 2011	Addition during the year	Disposal/Transfer during the year	Rate of Dep.	Balance as at 31 December 2011	Addition during the year	Transfer/Adjustment during the year		Disposal/Transfer to
Own Assets												
Land	543,800,776	648,455,000	1,192,255,776	-	-	-	0	-	-	-	-	1,192,255,776
Building	155,564,903	-	155,564,903	9,033,149	3,889,123	-	2.5%	12,922,272	3,889,123	-	-	142,642,631
Furniture & Fixture	180,291,269	-	224,112,563	43,821,294	21,594,291	(24,402)	10%	67,524,631	21,594,291	(24,402)	-	156,587,932
Office Appliances & Equipments	158,859,814	-	236,059,869	79,130,843	43,948,788	(1,743,054)	20%	120,064,243	43,948,788	(1,743,054)	-	115,995,626
Computer & Software	117,725,399	-	160,505,622	47,858,864	30,577,827	(5,155,492)	20%	66,217,632	30,577,827	(5,155,492)	-	66,217,632
Bank Vehicle	27,335,685	-	43,332,310	15,996,625	8,308,592	(357,875)	20%	16,082,947	8,308,592	(357,875)	-	27,249,363
TOTAL 2011	1,183,577,846	648,455,000	2,011,851,043	186,807,626	108,318,621	(7,009,429)	-	310,882,083	108,318,621	(7,280,823)	-	1,700,948,960
TOTAL 2010	557,238,432	-	1,183,577,846	647,796,773	83,039,894	(11,503,568)	-	209,844,285	83,039,894	54,488	-	973,733,561
Leased Assets												
Furniture & Fixture	5,122,050	-	5,122,050	3,073,230	939,043	-	20%	4,012,273	939,043	-	-	1,109,777
Office Appliances & Equipments	2,636,908	-	2,636,908	1,582,145	483,433	-	20%	2,065,578	483,433	-	-	571,330
Computer & Software	1,370,619	-	1,370,619	822,371	251,280	-	20%	1,073,651	251,280	-	-	296,968
TOTAL 2011	9,129,577	-	9,129,577	5,477,746	1,673,756	-	-	7,151,502	1,673,756	-	-	1,978,075
TOTAL 2010	9,129,577	-	9,129,577	3,651,830	1,825,916	-	-	5,477,746	1,825,916	-	-	3,651,831

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-8.1 and Note-18).

Notes to the Financial Statements

Annexure-E

Details of Borrowers for written-off loan during the year 2011

(Amount In Taka)

Sl. No.	Name of Borrowers	Amount written-off during 2011	Amount of Provision kept at the time of written-off	Suit Value
1	Telebarta Limited	584,560,722	547,536,962	771,764,777
2	Arab Contractor Company Ltd.	136,806,760	111,398,743	173,006,753
3	M/s. Otto Textile Ltd	268,583,988	157,493,992	294,806,322
4	M/s. N. F. Enterprise	9,690,871	8,215,393	10,919,546
Total		999,642,341	824,645,090	1,250,497,398

The above figure of Tk.999,642,341 of written-off loans for the year 2011 represents corporate client's exposure of the Bank. Dhaka Bank filed suits in Artha Rin Adalat against all above borrowers and accordingly all legal actions are in process for recovery.

Notes to the Financial Statements

Annexure- F

Recovery of loans previously written-off during the year 2011

(Amount In Taka)

Sl. No.	Name of Borrowers	Amount written-off during 2011	Amount of Provision kept at the time of written-off	Suit Value	Amount Recovered after loan written-off
1	Arab Contractor Company Ltd.	136,806,760	111,398,743	173,006,753	139,588,148
	Bangladesh Jute Diversification Centre	5,828,969	4,325,004	6,427,053	1,600,000
	Raja Auto House	2,641,295	1,492,321	2,700,775	700,000
	Nafiza Enterprise	5,160,843	4,498,590	5,586,629	938,000
Total		150,437,867	121,714,658	187,721,210	142,826,148

The above figure of Tk.142,826,148 of recovery of written-off loans represents the amount of corporate clients of the Bank.

Notes to the Financial Statements

Annexure-G

Related Party Disclosures

a. i) Name of the Directors and their interest in Bank (31.12.2011):

SI No	Name of Directors	Designation	% of interest 31.12.2011
01	Mr. Reshadur Rahman	Chairman	3.23777
02	Mr. Abdul Hai Sarker	Director	2.15719
03	Mrs. Rokshana Zaman	Director	0.56658
04	Mr. Altaf Hossain Sarker	Director	2.78885
05	Mr. Aminul Islam	Director	1.18783
06	Mr. Md. Amirullah	Director	1.74036
07	Mr. Abdullah Al-Ahsan	Director	1.91128
08	Mr. Khondoker Monir Uddin	Director	2.87187
09	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 October 26, 2011

a. ii) Name of the Directors and their interest in Bank (31.12.2010):

SI No	Name of Directors	Designation	% of interest 31.12.2010
01	Mr. Reshadur Rahman	Chairman	3.23777
02	Mr. Mohammed Hanif	Vice Chairman	3.04606
03	Mr. Abdul Hai Sarker	Director	2.15719
04	Mrs. Afroza Abbas	Director	0.00483
05	Mrs. Rokshana Zaman	Director	0.19058
06	Mr. Altaf Hossain Sarker	Director	2.78885
07	Mr. Khondoker Monir Uddin	Director	2.87187
08	Mr. Md. Amirullah	Director	1.74036
09	Mr. Abdullah Al-Ahsan	Director	1.91129
10	Mr. M. N. H. Bulu	Director	2.61049
11	Mr. Tahidul Hossain Chowdhury	Director	1.51263
12	Mrs. Kamala Khatun	Director	0.02350
13	Mr. Jashim Uddin	Director	1.78691
14	Mr. Khondoker Jamil Uddin	Director	1.91796
15	Mr. Abdul Wahed	Director	1.08741
16	Mr. Mohammad Ali Sarker	Director	1.37542
17	Mrs. Rakhi Das Gupta	Director	0.96312
18	Mr. Suez Islam	Director	0.29464
19	Mr. G. M. Shameem Hussain	Director	0.34332

Notes to the Financial Statements

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	32 years	RR Holdings Ltd. RR Trading & Co. RR Shipping Lines RR Ocean Shipping Lines. RR Alliance Logistic Private Ltd. RR Architecture & Engineering Co. H.P. Chemicals Ltd. Quality Breeders Ltd.
02	Mr. Abdul Hai Sarker	Director	M.Com	38 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
03	Mrs. Rokshana Zaman	Director	Intermediate	12 years	Dhaka Enterprise, Proprietor
04	Mr. Altaf Hossain Sarker	Director	B.Com	40 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.
05	Mr. Aminul Islam	Director	Graduate	28 years	Brothers Knitwear Ltd.
06	Mr. Md. Amirullah	Director	Intermediate	42 years	H.P. Chemicals Ltd. Orient Craft Ltd.
07	Mr. Abdullah Al-Ahsan	Director	M. Com	28 Years	Aroma Poultry. Aroma Agro Industries.

Notes to the Financial Statements

08	Mr. Khondoker Monir Uddin	Director	B.Com (Hons), M.Com (Accounting)	30 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	29 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.
10	Mrs. Rakhi Das Gupta	Director	BA (Hons) MA English	32 Years	Uniroyal Trade Ltd. Uniroyal Securities Ltd. System Resources Ltd.
11	Mr. Tahidul Hossain Chowdhury	Director	Bachelor of Arts	33 years	Hi Fashion Ltd. Riotex Ltd. K.B. Knit Fashion Ltd. Jerat Fashion Ltd. Central Hospital Ltd. Hurdco. Ltd. Hotel Victory Ltd.

Notes to the Financial Statements

12	Mr. Jashim Uddin	Director	Bachelor of Arts	27 Years	Impel Shares & Securities Ltd. Federal Insurance Co. Ltd. HURDCO (Human Resources & Development Co. Ltd) Rafid Enterprise Progressive Planters & Traders.
13	Mr. Abdul Wahed	Director	Masters in Electrical Engineering	32 Years	–
14	Mr. Mohammed Hanif	Director	Intermediate	47 years	Hanif Steels Ltd. Hanif Spinning Mills Ltd. National Foundry & Engineering works (pvt.) Ltd. C.H. Overseas Ltd.
15	Mr. Khondoker Jamil uddin	Director	BSS (Hons) MSS MPhil	34 Years	Apollo Hospital Dhaka Ltd. International School Dhaka. DPS-STs School Dhaka. Shanta Garments Ltd. Shanta Apparel Ltd. Moazzem Garment Industries 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. Property Express (BD) Ltd.
16	Mr. Amanullah Sarker	Director	BA (Hons) MA (DU)	23 Years	Rahmat Textiles Ltd. Rahmat Spinning Mills Ltd. Belkuchi Spinning Mills Ltd. China Plastic and Accessories Ltd. Rahmat Knit Dyeing & Finishing Ltd. Shahi Weaving Factory Shah Products
17	Mr. Suez Islam	Director	BBA	17 Years	Brothers Ltd. Omni Technologies.
18	Mr. G. M. Shameem Hussain	Director	Mechanical Engineer (Hertfordshire University, UK)	27 Years	Zenith (Bangladesh) Roller Ltd. Robin Printing & Packages Ltd. Polyweb Printing & Packages Ltd. Dhaka Refilling & Services Centre Ltd. H.P. Chemicals Ltd.

Notes to the Financial Statements

- c) Share issued to Directors & Executives without consideration or exercisable at discount: **Nil**
- d) Related party Transactions: **Nil**
- e) Lending Policies to related parties:
Lending to related parties is effected as per requirements of Section 27 (1) of Bank Companies Act 1991
- f) Loans and Advances to Directors and their related concern: **Nil**
- g) Business other than Banking business with any related concern of the Directors as per Section 18 (2) of Bank Companies Act 1991: **Nil**
- h) Investments in the Securities of Directors and their related concern: **Nil**

Notes to the Financial Statements

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.

Fixation of final rate for the year 2011

Profit and loss of Islamic banking branches is calculated annually as on 31 December in every year. 70% of full year's investment income shall be distributed to the different types of Mudaraba depositors according to the weightage and the rest (30%) will be retained by the bank to meet administrative expenses and investment loss offsetting reserve.

Provisional profit are applied to the different types of depositors at the rates to be decided by the Bank from time to time taking into consideration of the industry trend and that of the rates of other Islamic banks in Bangladesh. Final rates of profit are declared annually on the basis of income earned from different investments and other business by individual branches and distributed as per weightage of the different deposit products.

Final profit to the depositors for the year 2011 has been paid as per following weightage and rates:

Types of Deposit	Weightage	Final Rate of Profit
1. Mudaraba Savings Deposits	0.75	4.35
2. Mudaraba Savings Deposits for Bank	0.70	4.06
2. Mudaraba Short Term Deposits	0.50	2.90
3. <u>Mudaraba Term Deposits</u>		
• 36 Months	-	-
• 24 Months	-	-
• 12 Months	0.98	5.69
• 6 Months	0.92	5.34
• 3 Months	0.90	5.22
• 1 Months	0.85	4.93
4. Mudara Term Deposit Bank	0.80	4.64
5. Mudara Hajj Savings Scheme	1.10	6.38
6. Mudaraba Special Deposit Scheme	1.00	5.80
7. Mudaraba Deposit Pension Scheme	1.10	6.38

Balance Sheet - Islamic Banking

Annexure - H(i)

Dhaka Bank Limited (Islamic Banking) Balance Sheet as at 31 December 2011

PROPERTY & ASSETS	Notes	2011 Taka	2010 Taka
Cash		727,131,791	308,298,555
Cash in Hand (including foreign currencies)		15,070,184	6,875,127
Balance with Bangladesh Bank & Sonali Bank (including foreign currencies)		712,061,607	301,423,428
Balance With Other Banks & Financial Institutions		850,000,000	450,000,000
Money at Call and Short Notice		-	-
Investments (Including BILLS)		4,313,472,321	3,185,195,114
Murabaha (Purchase Order)		600,481,403	463,522,428
Murabaha (Term Financing)		1,629,884,287	1,279,402,715
MPI Trust Receipt		377,759,722	78,182,306
Murabaha Import Bill (PAD)		12,208,756	8,755,200
Bai Muajjal		738,309,500	753,465,637
Ijara (Lease Financing)		151,447,485	144,431,057
Shirkatul Mulik (Hire Purchase)		446,168,586	49,705,502
Others		357,212,582	407,730,269
Premises and Fixed Assets		21,716,028	22,130,551
Other Assets	01	270,178,451	9,456,846
Non-Banking Assets		-	-
Total Assets		6,182,498,591	3,975,081,066
LIABILITIES & CAPITAL			
LIABILITIES:			
Borrowings from other banks / financial Institutions and agents		500,525,000	400,000,000
Deposits and Other Accounts		4,906,712,488	2,916,169,962
Al Wadiah Current Account		114,052,390	84,792,050
Bills Payable		14,043,470	25,800,387
Mudaraba Savings Deposits		223,360,038	238,637,868
Mudaraba Special Notice Deposit		26,904,010	33,425,429
Mudaraba Deposit Pension / Hajj Savings Scheme		122,859,940	79,585,409
Term Deposits		4,405,492,640	2,453,928,819
Other Liabilities	02	775,261,103	658,911,104
Total Liabilities		6,182,498,591	3,975,081,066
CONTINGENT LIABILITIES:			
Acceptances and Endorsements		1,059,830,053	701,849,248
Letter of Credit		55,548,461	444,943,357
Letter of Guarantees		36,211,139	42,367,390
Bills for Collection		895,268,163	488,387,855
Other Contingent Liabilities		-	-
TOTAL:		2,046,857,816	1,677,547,850
OTHER COMMITMENTS:			
Documentary credit and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
TOTAL:		-	-
TOTAL OFF - BALANCE SHEET ITEMS		2,046,857,816	1,677,547,850

Profit & Loss Account - Islamic Banking

Annexure - H(ii)

Dhaka Bank Limited (Islamic Banking) Profit and Loss Account for the year ended 31 December 2011

Operating Income	Notes	2011 Taka	2010 Taka
Profit Received from Investment	03	579,676,385	387,305,033
Profit Paid on Deposits & Borrowings	04	435,920,631	232,643,453
Net Profit Received		143,755,754	154,661,580
Commission, Exchange Earnings & Brokerage	05	24,470,793	26,883,928
Other Operating Income	06	10,265,601	2,830,003
Total Operating Income (A)		178,492,148	184,375,511
Operating Expenses			
Salary & Allowance	07	21,830,159	20,300,636
Rent, Taxes, Insurance, Lighting etc.	08	2,417,648	1,731,352
Legal Expenses		123,429	-
Postage, Stamp, Telecommunication etc.	09	660,868	632,802
Stationery, Printing, Advertisement etc.	10	788,783	579,180
Shariah Council Meeting Expenses		-	-
Depreciation of Bank's Assets		1,022,475	996,144
Repair of Bank's Assets	11	710,417	545,921
Other Expenses	12	3,003,209	2,428,116
TOTAL Operating Expenses (B)		30,556,988	27,214,151
Operating Profit During the Year (A - B)		147,935,160	157,161,360

Notes to the Financial Statements - Islamic Banking

Dhaka Bank Limited (Islamic Banking) Notes to the Financial Statements

For the year ended 31 December 2011

	2011 Taka	2010 Taka
01 Other Assets		
Stationery, stamps, printing materials etc.	110,562	52,977
Profit accrued on investment but not collected, commission & brokerage receivable on shares and debenture and other income receivable	13,094,444	1,789,236
Advance rent and Advertisement	6,651,000	
Security deposit	315,000	315,000
Preliminary, formation and organization expenses, renovation / development expenses and prepaid expenses	980,946	374,917
Branch Adjustments	241,685,435	-
Suspense Account	60,090	-
Others	7,280,974	6,924,716
Total	270,178,451	9,456,846
02 Other Liabilities		
Accrued Interest	1,612,500	444,445
Interest Suspense Account	56,579,599	11,082,664
Provision against Expenses	77,000	55,797
Branch Adjustments	-	329,485,346
Borrowing from Head Office	712,061,607	301,423,428
Tax/VAT deducted at source & payable	1,295,995	2,948,515
Excise Duty Payable	3,433,200	2,044,588
Export Proceeds Suspense	-	11,239,731
Others	201,202	186,590
Total	775,261,103	658,911,104
03 Profit received from Investment		
Murabaha Term Loan	164,967,058	84,938,178
Loan against Imported Merchandise/Murabaha	1,944,198	4,097,769
Loan against MPI Trust Receipt	45,943,224	4,133,524
Cash Credits / Bai-Murabaha	180,515,642	187,792,237
Murabaha Import Bill (PAD)	57,318,656	18,080,634
House Building Loan	570,368	463,058
Transport Loan	73,553	164,335
Hire Purchase/Shirkatul Mulik	46,639,278	31,662,233
Total Profit received from Investment	497,971,977	331,331,968
Call Lending and Fund Placement with banks	68,468,576	39,949,792
Inter Branch Profit	13,235,832	16,023,273
Total	579,676,385	387,305,033
04 Profit Paid On Deposits & Borrowings		
Mudaraba Savings Account	9,211,988	5,309,044
Special Notice Deposits	1,992,568	858,826
Term Deposits	385,637,972	193,959,631
Mudaraba Deposit Pension / Hajj Savings Scheme	9,648,936	6,538,070
Leased assets	-	555,660
Borrowing & Fund Placement	29,429,167	25,422,222
	435,920,631	232,643,453
05 Commission / Fees, Exchange Earnings & Brokerage		
Commission on L/C	11,399,639	16,154,522
Commission on L/G	391,663	497,166
Commission on Remittance / Bills	8,887,234	5,108,048
Processing Fee Consumer Loan	461,700	177,850
Other Commission / Fees	3,330,557	4,946,342
	24,470,793	26,883,928

Notes to the Financial Statements - Islamic Banking

	2011 Taka	2010 Taka
06 Other Operating Income		
Postage charge recoveries	167,968	399,221
Incidental charges	1,767,487	1,765,012
Supervision & monitoring charges	7,873,669	215,000
ATM charges realised	33,350	39,950
Swift charge recoveries	423,127	410,820
	10,265,601	2,830,003
07 Salary and Allowances		
Basic Salary	7,648,972	6,708,328
Allowances	6,805,017	6,271,161
Salary Casual Staff	151,200	320,420
Bonus & Ex-gratia	1,275,040	2,063,976
Car Maintenance Allowances	1,325,350	1,317,600
Leave Fare Assistance	1,059,333	965,284
Utility Allowances	301,621	193,681
Medical Allowance	269,253	283,703
Gratuity Expense	2,103,417	1,384,929
Staff Furniture Installment	170,008	170,008
Bank's contribution to Provident Fund	720,948	621,546
	21,830,159	20,300,636
08 Rent, Taxes, Insurance, Lighting Etc.		
Office Rent	778,339	698,606
Electricity and Lighting	644,539	469,508
Regulatory Charges	12,805	17,860
Insurance	981,965	545,378
	2,417,648	1,731,352
09 Postage, Stamps, Telecommunication Etc.		
Stamps, Postage & Courier	216,957	279,719
Telephone Charges	165,302	145,952
Fax, Telex & Internet, Radio Link, & DDN Charges	278,609	207,131
	660,868	632,802
10 Stationery, Printing, Advertisement Etc.		
Table Stationery	212,338	150,456
Printing Stationery	314,286	289,438
Security Stationery	37,886	35,797
Computer Stationery	179,836	101,489
Advertisement	44,437	2,000
	788,783	579,180
11 Repair & Maintenance of Bank's Assets		
Office Premises	219,591	137,603
Office Equipment	210,520	260,862
Office Furniture	12,970	26,300
Computer & Office Appliances	267,336	121,156
	710,417	545,921
12 Other Expenses		
Contractual Service Charge	1,699,436	1,382,381
Petrol, Oil and Lubricants (Generator)	274,314	159,636
Entertainment: canteen & other	551,324	293,702
Travelling and Conveyance	225,202	253,267
Training Expenses	16,000	15,000
Books and Papers	10,769	12,510
WASA Charges	51,000	42,100
Staff Uniform	11,357	7,130
Potted Plants	86,750	77,250
Business Development & Promotion	-	108,696
ATM Network Service Charges	48,999	36,691
Miscellaneous expenses	28,058	39,753
	3,003,209	2,428,116

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 2011

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% 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 Reserve for securities) is 29% of total eligible capital and almost 42% of Tier-1 capital.

Non-convertible Subordinated Bond

Dhaka Bank Limited issued Redeemable Non Convertible Subordinated Bond of **Tk. 2,000,000,000** for a term of 7 years to strengthen the capital base of the bank on the consent of SEC vides letter no.SEC/CI/CPLC-10/2001-256 dated 09.09.2010. As per BRPD Circular No. 10/2002 and BRPD Circular No. 13/2009 issued by Bangladesh Bank, BDT 200,000,000 of Subordinated Bond being 23.41% of Tier-1 capital has been considered as a component of Supplementary Capital (Tier-2) of the Bank.

1.2 Quantitative Disclosure:

Sl.	Particulars	Amount (Taka in crore)	
		2011	2010
A.	Tier-1 (Core) Capital:		
	Fully Paid-up Capital	359.05	265.96
	Statutory Reserve	328.46	255.38
	General Reserve	16.84	0.38
	Retained Earnings	143.48	109.55
	Minority Interest in Subsidiaries	-	-
	Sub-Total:	847.83	631.27
	Less : Other Deductions from Capital:		
	Capital Charge (50% from Tier-1) for exceeding the approved limit under Sec. 26(2) of Bank Company Act, 1991	-	18.93
	Tier-1 Capital/ Core Capital (A):	847.83	612.34
B.	Tier-2/ Capital/Supplementary Capital:		
	General Provision (including provision for Off-Balance Sheet Exposure)	118.22	100.11
	Assets Revaluation Reserves up to 50%	32.43	-
	Revaluation Reserve for HTM & HFT Securities (up to 50%)	4.50	13.35
	Non-convertible Subordinated Bond	200.00	189.38
	Sub-Total:	355.15	302.84

Disclosures on Risk Based Capital

	Less : Other deductions from Capital		
	Capital Charge (50% from Tier-1) for exceeding the approved limit Under Section 26(2) of Bank Company Act, 1991	-	18.93
	Total Tier-2 Capital/Supplementary Capital (B):	355.15	283.91
C.	Total Eligible Regulatory Capital (A+B):	1,202.98	896.25

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 31, 2011 was 10% of total Risk Weighted Assets and 9% for the year ended December 31, 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.

2.2 Quantitative Disclosure:

Sl. No.	Particulars	Amount (Taka in crore)	
		2011	2010
1.	Risk Weighted Assets:		
	For Credit Risk:		
	On-Balance Sheet	8,081.87	6,615.11
	Off-Balance Sheet	1,999.32	1,028.17
	For Market Risk	318.10	419.38
	For Operational Risk	855.56	819.28
	Total:	11,247.88	8,881.28
2.	Minimum Capital Required:		
	For Credit Risk	1,007.42	687.90
	For Market Risk	31.81	37.74
	For Operational Risk	85.56	73.73
	Total:	1,124.79	799.37
3.	Total Eligible Regulatory Capital:		
	Tier-1 Capital	847.83	612.34
	Tier-2 Capital	355.15	283.91
	Total:	1,202.98	896.25
4.	Capital Adequacy Ratio:		
	Tier-1 Capital to RWA	7.54%	6.89%
	Tier-2 Capital to RWA	3.16%	3.20%
	Total:	10.70%	10.09%

Disclosures on Risk Based Capital

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 counter party 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 2011).

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 counter party groups. There are specific policies and procedures applicable to different business segments.

Credit Risk Mitigation:

Banks use a number of techniques to reduce their credit risk to which they are exposed. Guidelines on Risk Based Capital Adequacy (RBCA) consider two aspects of credit risk mitigation:

a) Collateral for Credit Risk Mitigation:

Taking collateral is the most common way to mitigate credit risk. The Bank generally takes collaterals in the form of pledges of sufficient eligible marketable securities or cash, mortgages over the property etc. All of the collaterals taken do not necessarily qualify for availing capital relief under the Basel-II Accord on capital adequacy.

Where a transaction is secured by eligible financial collateral and meets the eligibility criteria and minimum requirements, banks are allowed to reduce their credit exposure or potential credit exposure by taking into account the risk mitigating effect of the collateral for the calculation of capital charge.

To ensure with a high degree of certainty that the collateral value will cover the exposure, discounts

Disclosures on Risk Based Capital

("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 counter party. 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 counter party will lead to reduced capital charge, whereas the uncovered portion retains the risk weight of the underlying counter party.

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)	
	2011	2010
Total gross credit risk	10,074.20	7,643.28
Funded Domestic	8,081.87	6,615.11
Non-Funded Domestic	1,992.32	1,028.17
Geographical distribution of exposures		
- Domestic	10,074.20	7,643.28
- Overseas	-	-
Cash and Cash equivalents	-	-
Claims on Bangladesh Government and Bangladesh Bank	-	-
Claims on Banks & NBFIs:	151.55	230.49
Claims on Corporate	4,856.36	4,213.78
Credit Risk Mitigation	1,127.28	558.26
Claims included in retail portfolio & Small Enterprise	575.99	528.64

Disclosures on Risk Based Capital

Particulars	Amount (Taka in crore)	
	Claims on Consumer Loan	70.21
Claims fully secured by residential property	50.73	47.68
Claims fully secured by commercial real estate	237.13	130.30
Past due claims	311.36	259.22
Other categories	701.27	559.85
Risk weighted assets for On-balance sheet items	8,081.87	6,615.11
Risk weighted assets for Off-balance sheet exposure	1,992.32	1,028.17
Gross Non Performing Assets (NPAs)	262.40	290.86
Non Performing Assets (NPAs) to Outstanding Loans & Advances	3.45%	4.57%
Movement of Non Performing Assets (NPAs):		
Opening Balance	290.86	294.61
Additions	133.65	275.15
Reductions	(162.10)	(278.90)
Closing Balance	262.40	290.86
Movement of specific provisions for NPAs:		
Opening	148.14	148.80
Fully provided debt written off	(82.46)	(82.31)
Recoveries of amounts previously written off	14.28	6.89
Specific provision for the year	62.10	160.27
Provision no longer required due to recoveries	35.36	(85.51)
Closing Balance	106.70	148.14

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.

Disclosures on Risk Based Capital

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 **Tk. 784.21 crore** as on December 31, 2011. Investment was mostly in long term Government Securities. The Government Treasury Bonds were purchased at higher rate of interest to cover the increased SLR arising from the growth of deposit liabilities.

Interest Rate Risk in the Banking Book:

Interest rate risk is the risk where changes in the market interest rates might adversely affect a bank's financial condition. The immediate impact of changes in interest rates is on the Net Interest Income (NII). A long term impact of changing interest rates is on the bank's net worth since the economic value of banks' assets, liabilities and off-balance sheet positions get affected due to variation in market interest rates.

In Dhaka Bank the responsibility of interest rate risk management rests with the bank's Assets Liability Management Committee (ALCO). The bank periodically computes the interest rate risks in the banking book that arises due to re-pricing mismatches in interest rate sensitive assets and liabilities. For the purpose of monitoring such interest rate risk, the bank has in place a system that tracks the re-pricing mismatches in interest bearing assets and liabilities. For the computation of the interest rate mismatch the guidelines of the Bangladesh Bank has been followed.

Disclosures on Risk Based Capital

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 2011).

4.2 Quantitative Disclosure:

4.2.1 Equity Position:

Sl.	Particulars	Amount (Taka in crore)	
		2011	2010
1.	Investment in Equity Securities:		
	Cost price	154.09	109.78
	Market Price	141.56	130.64
	Difference	(12.53)	20.86
2.	The cumulative realized gains (losses) arising from sales and liquidation	2.64	27.40
3.	Total unrealized gains (losses)	(12.53)	20.86
4.	Total latent revaluation gains (losses)	-	-
5.	Any amount of the above included in Tier 2 capital	-	-

4.2.2 Capital Requirement for Market Risk:

Particulars	Amount (Taka in crore)	
	2011	2010
The capital requirements for:		
Interest Rate Risk	6.75	10.77
Equity position risk	23.35	21.43
Foreign exchange risk	1.71	5.55
Commodity risk	-	-
Total	31.81	37.75

Disclosures on Risk Based Capital

5.0 Operational Risk

5.1 Qualitative Disclosure: Operational Risk:

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems (for example failed IT systems, or fraud perpetrated by a DBL employee), or from external causes, whether deliberate, accidental or natural. It is inherent in all of the Bank's activities.

Views of Board of Directors (BODs) to Operational Risk:

Dhaka Bank's approach to operational risk is not designed to eliminate risk altogether but rather, to contain risks within levels deemed acceptable by senior management. Operational risks are monitored and, to the extent possible, controlled and mitigated.

All functions, whether business, control or logistics functions, must manage the operational risks that arise from their activities. Operational risks are pervasive, as a failure in one area may have a potential impact on several other areas. The Bank has therefore established a cross-functional body to actively manage operational risk as part of its governance structure.

The foundation of the operational risk framework is that all functions have adequately defined their roles and responsibilities. The functions can then collectively ensure that there is adequate segregation of duties, complete coverage of risks and clear accountability. All the functions use their controls to monitor compliance and assess their operating effectiveness in several ways, including self-certification by staff, tracking of a wide range of metrics (for example, the number and characteristics of client complaints, deal cancellations and corrections, un-reconciled items on cash and customer accounts, and systems failures), and the analysis of internal and external audit findings.

Performance Gap of Executives and Staffs:

Dhaka Bank always tries to be the best pay master in the sector and ensure best workplace safety for its employees to avoid inconsistent employment practices and unsound workplace safety caused by way of discrimination regarding employee's compensation, health and safety.

Potential External Events

Dhaka Bank has invested heavily in IT infrastructure for better automation and online transaction environment. The bank also has huge investment on alternative power supply (both UPS & generators) and network links to avoid business description and system failure. Its IT system does not allow any kind of external access to avoid external fraud by way of theft/ hacking of information assets, forgery etc. Dhaka Bank has also invested 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)	
	2011	2010
The capital requirements for Operational Risk	85.56	73.74

Auditors' Report-Offshore Banking Unit



Auditors' Report to the Shareholders of Dhaka Bank Limited Offshore Banking Unit

We have audited the accompanying financial statements of the Offshore Banking Unit of Dhaka Bank Limited (the "Bank") which comprise the balance sheet as at 31 December 2011, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies, other explanatory notes and annexure.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), the Bank Companies Act 1991, the rules and regulations issued by the Bangladesh Bank, the Companies Act 1994 and other applicable laws and regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 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 principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Auditors' Report-Offshore Banking Unit

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 financial statements have been prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the Bank's affairs as at 31 December 2011 and of the results of its operations and its 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 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 returns;
- c) the Bank's Balance Sheet and Profit and Loss Account together with the annexed notes 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 operations;
- e) the financial position of the Bank as at 31 December 2011 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 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;
- g) adequate provisions have been made for advances and other assets which are in our opinion, doubtful of recovery;
- 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;
- i) the information and explanations required by us have been received and found satisfactory;
- j) 80% of the risk weighted assets have been reviewed by us spending 660 man hours.

Dhaka, February 15, 2012



Hoda Vasi Chowdhury & Co
Chartered Accountants

OBU Balance Sheet

Dhaka Bank Limited (OffShore Banking Unit) Balance Sheet as at 31 December 2011

		2011		2010	
		US \$	Taka	US \$	Taka
PROPERTY & ASSETS		Notes			
CASH:		-	-	-	-
Cash in Hand (including foreign currencies)		-	-	-	-
Balance with Bangladesh Bank & Sonali Bank (including foreign currencies)		-	-	-	-
BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS:		-	-	-	-
In Bangladesh		-	-	-	-
Outside Bangladesh		-	-	-	-
MONEY AT CALL AND SHORT NOTICE:		3	-	-	-
INVESTMENTS:		-	-	-	-
Government		-	-	-	-
Others		-	-	-	-
LOANS & ADVANCES:		4	18,350,553	1,501,992,781	21,003,988
Loans, Cash Credit & Over Draft etc.		16,678,666	1,365,148,841	17,209,303	1,221,860,497
Bills Discounted and Purchased		1,671,887	136,843,940	3,794,685	269,422,661
PREMISES AND FIXED ASSETS:		-	-	-	-
OTHER ASSETS:		5	-	5,289,468	375,552,255
NON-BANKING ASSETS:		-	-	-	-
TOTAL ASSETS		18,350,553	1,501,992,781	26,293,457	1,866,835,413
LIABILITIES & CAPITAL					
LIABILITIES:					
Borrowings from other banks / financial Institutions and agents	6	6,000,000	491,100,000	22,500,000	1,597,500,000
DEPOSITS AND OTHER ACCOUNTS:		7	7,682,743	628,832,482	2,393,081
Current Accounts & Other Accounts		6,315,747	516,943,862	2,116,272	150,255,302
Bills Payable		-	-	-	-
Other Deposits		1,366,996	111,888,620	276,809	19,653,421
OTHER LIABILITIES		8	3,585,218	293,450,134	456,961
TOTAL LIABILITIES		17,267,961	1,413,382,616	25,350,042	1,799,852,929
CAPITAL / SHAREHOLDERS' EQUITY:					
Paid-up Capital		-	-	-	-
Statutory Reserve		-	-	-	-
Other Reserve		-	-	-	-
Surplus in Profit and Loss Account		1,082,592	88,610,165	943,415	66,982,484
TOTAL SHAREHOLDERS' EQUITY:		1,082,592	88,610,165	943,415	66,982,484
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		18,350,553	1,501,992,781	26,293,457	1,866,835,413

OBU Off Balance Sheet

Dhaka Bank Limited (Offshore Banking Unit) Off Balance Sheet as at 31 December 2011

	2011		2010	
	US \$	Taka	US \$	Taka
CONTINGENT LIABILITIES:				
Acceptances and Endorsements	3,896,380	318,918,723	7,625,971	541,443,940
Letter of Credit	292,248	23,920,515	4,685,828	332,693,786
Letter of Guarantee	-	-	-	-
Bills for Collection	23,777,374	1,946,178,060	17,540,649	1,245,386,107
Other Contingent Liabilities	-	-	-	-
TOTAL:	27,966,002	2,289,017,298	29,852,448	2,119,523,833
OTHER COMMITMENTS:				
Documentary credit and short term trade-related transactions	-	-	-	-
Forward assets purchased and forward deposits placed	-	-	-	-
Undrawn note issuance and revolving underwriting facilities	-	-	-	-
Undrawn formal standby facilities, credit lines and other commitments	-	-	-	-
TOTAL:	-	-	-	-
TOTAL OFF - BALANCE SHEET ITEMS	27,966,002	2,289,017,298	29,852,448	2,119,523,833

Notes
9

These financial statements should be read in conjunction with the annexed notes 1 to 16



Khondker Fazle Rashid
Managing Director



Mohammed Hanif
Director



Abdul Hai Sarker
Director



Reshadur Rahman
Chairman

Auditors' report to the shareholders
See annexed report of date

Dhaka, February 15, 2012



Hoda Vasi Chowdhury & Co.
Chartered Accountants

OBU Profit & Loss Account

Dhaka Bank Limited (Offshore Banking Unit) Profit and Loss Account for the year ended 31 December 2011

	2011		2010	
	US \$	Taka	US \$	Taka
Operating Income				
Interest / Profit Income	1,408,583	115,292,482	1,015,321	72,087,780
Interest / Profit paid on Deposits & Borrowings	-	-	-	-
Net Interest Income	1,408,583	115,292,482	1,015,321	72,087,780
Income from Investment	-	-	-	-
Commission / Fees, Exchange Earnings & Brokerage	336,993	27,582,899	372,601	26,454,659
Other Operating Income	13,038	1,067,131	14,818	1,052,088
Total Operating Income (A)	1,758,613	143,942,512	1,402,740	99,594,527
Less: Operating Expenses (B)	676,021	55,332,347	459,325	32,612,043
Profit / (Loss) Before Provision (C) = (A - B)	1,082,592	88,610,165	943,415	66,982,484
Less: Provision for loans (D)	20,927	5,517,439	232,238	16,458,108
Total Profit / (Loss) before Tax (C - D)	1,061,665	83,092,726	711,177	50,524,376
Less: Provision for Income Tax	-	-	-	-
Net Profit / (Loss) after Tax :	1,061,665	83,092,726	711,177	50,524,376
Distribution :				
Statutory Reserve	-	-	-	-
General Reserve	-	-	-	-
Dividends etc.	-	-	-	-
Retained surplus	1,061,665	83,092,726	711,177	50,524,376

Earning per Share (EPS):

These financial statements should be read in conjunction with the annexed notes 1 to 16



Khondker Fazole Rashid
Managing Director



Mohammed Hanif
Director



Abdul Hai Sarker
Director



Reshadur Rahman
Chairman

Auditors' report to the shareholders
See annexed report of date

Dhaka, February 15, 2012



Hoda Vasi Chowdhury & Co.
Chartered Accountants

OBU Cash Flow Statement

Dhaka Bank Limited (OffShore Banking Unit) Cash Flow Statement for the year ended 31 December 2011

	2011		2010	
	US \$	Taka	US \$	Taka
Cash Flow from Operating Activities				
Interest receipts	1,408,583	115,292,482	1,015,321	72,087,780
Interest payments	-	-	-	-
Receipts from other operating activities	350,031	28,650,030	387,419	27,506,747
Payments for other operating activities	(676,021)	(55,332,347)	(459,325)	(32,612,043)
Operating profit before changes in current assets & liabilities	1,082,592	88,610,165	943,415	66,982,484
Increase / Decrease in operating assets and liabilities:				
Loans and advances to other banks	-	-	-	-
Loans and advances to customers	(130,845)	(10,709,623)	(11,181,300)	(793,872,270)
Other assets	4,588,299	375,552,255	(2,979,609)	(211,552,259)
Deposits from other banks	(13,517,410)	(1,106,400,000)	12,746,479	905,000,000
Deposits from customers	5,606,888	458,923,759	713,915	50,687,985
Other liabilities account of customers	-	-	-	-
Other liabilities	3,188,832	261,005,928	406,675	28,873,913
Net cash flow from operating activities (A)	818,357	66,982,484	649,575	46,119,853
Cash Flow from Investing Activities	-	-	-	-
Cash Flow from Financing Activities				
Profit remitted to Head Office	818,357	66,982,484	(649,575)	(46,119,853)
Net cash in financing activities	(818,357)	(66,982,484)	(649,575)	(46,119,853)
Net increase / (Decrease) in cash (A+B+C)	-	-	-	-
Opening cash & cash equivalent as at 1 January	-	-	-	-
Closing cash & cash equivalent as at 31 December	-	-	-	-
Closing cash & cash equivalents				
Cash in Hand	-	-	-	-
Balance with Bangladesh Bank & Sonali Bank	-	-	-	-
Balance with other banks & Financial Institutions	-	-	-	-
Money at call & Short Notice	-	-	-	-
Prize Bond	-	-	-	-
Total	-	-	-	-

These financial statements should be read in conjunction with the annexed notes 1 to 16


Khondker Fazle Rashid
Managing Director


Mohammed Hanif
Director


Abdul Hai Sarker
Director


Reshadur Rahman
Chairman

OBU Liquidity Statement

Dhaka Bank Limited
(Offshore Banking Unit)
Liquidity Statement
(Asset and Liability Maturity Analysis)
as at 31 December 2011

	Upto 01 month		1 - 3 months		3 - 12 months		1 - 5 years		more than 5 years		Total	
	US \$	Taka	US \$	Taka	US \$	Taka	US \$	Taka	US \$	Taka	US \$	Taka
Assets:												
Cash in hand	-	-	-	-	-	-	-	-	-	-	-	-
Balance with other banks and financial institutions	-	-	-	-	-	-	-	-	-	-	-	-
Money at call on short notice	-	-	-	-	-	-	-	-	-	-	-	-
Investment	-	-	-	-	-	-	-	-	-	-	-	-
Loans and Advances	9,656,508	790,385,213	4,456,968	364,802,842	1,855,602	151,880,997	2,381,475	194,923,729	-	-	18,350,553	1,501,992,781
Fixed assets including premises, furniture and fixtures	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-
Non-banking assets	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	9,656,508	790,385,213	4,456,968	364,802,842	1,855,602	151,880,997	2,381,475	194,923,729	-	-	18,350,553	1,501,992,781
Liabilities:												
Borrowing from Bangladesh Bank, Other banks, financial institutions and agents	-	-	(6,000,000)	(491,100,000)	-	-	-	-	-	-	(6,000,000)	(491,100,000)
Deposits & Other Accounts	(6,677,131)	(546,523,213)	-	-	(1,005,611)	(82,309,269)	-	-	-	-	(7,682,743)	(628,832,482)
Other liabilities	(152,213)	(12,458,671)	(3,433,005)	(280,991,463)	-	-	-	-	-	-	(3,585,218)	(293,450,134)
Capital & Reserve	-	-	-	-	-	-	(1,082,592)	(88,610,165)	-	-	(1,082,592)	(88,610,165)
Total Liabilities	(6,829,345)	(558,981,884)	(9,433,005)	(772,091,463)	(1,005,611)	(82,309,269)	(1,082,592)	(88,610,165)	-	-	(18,350,553)	(1,501,992,781)
Net Liquidity Gap	2,827,163	231,403,329	(4,976,037)	(407,288,621)	849,991	69,571,728	1,298,883	106,313,564	-	-	-	-
Cumulative Liquidity Gap	2,827,163	231,403,329	(2,148,873)	(175,885,792)	(1,298,883)	(106,313,564)	-	-	-	-	-	-

Notes to the Financial Statements - OBU

Dhaka Bank Limited (Offshore Banking Unit) Notes to the Financial Statements

For the year ended 31 December 2011

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 maintained 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

2011		2010	
USD	Taka	USD	Taka
-	-	-	-

4 Loans and Advances

4.1 Loans, Cash Credits & Overdrafts etc:

In Bangladesh

Overdraft	2,176,904	178,179,565	1,498,300	106,379,300
Term Loan	13,560,542	1,109,930,337	15,520,885	1,101,982,866
Loan against Accepted Bills	941,219	77,038,807	190,116	13,498,217
Payment Against Documents	2	132	2	114
Sub-total	16,678,666	1,365,148,841	17,209,303	1,221,860,497

Outside Bangladesh

-	-	-	-
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4.2 Bills Purchased & Discounted

Payable in Bangladesh:

Inland bills purchased	1,404,149	114,929,621	3,610,349	256,334,792
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Payable outside Bangladesh:

Foreign bills purchased & discounted	267,738	21,914,319	184,336	13,087,869
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Sub-total	1,671,887	136,843,940	3,794,685	269,422,661
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Total	18,350,553	1,501,992,781	21,003,988	1,491,283,158
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4.3 Residual maturity grouping of loans including bills purchased and discounted

Repayable on Demand	9,656,508	790,385,213	2,425,137	172,184,730
Not more than 3 months	4,456,968	364,802,842	3,339,468	237,102,222
More than 3 months but not more than 1 year	1,855,602	151,880,997	2,367,236	168,073,752
More than 1 year but not more than 5 years	2,381,475	194,923,729	12,872,147	913,922,455
More than 5 years	-	-	-	-
Total	18,350,553	1,501,992,781	21,003,988	1,491,283,159

4.4 Maturity grouping of bills purchased & discounted

Payable within 1 month	-	-	-	-
Over 1 month but less than 3 months	1,671,887	136,843,940	3,794,685	269,422,661
Over 3 months but less than 6 months	-	-	-	-
6 months or more	-	-	-	-
Total	1,671,887	136,843,940	3,794,685	269,422,661

Notes to the Financial Statements - OBU

	2011		2010	
	USD	Taka	USD	Taka
4.5 Loans on the basis of significant concentration including bills purchased & discounted:				
a. Advances to allied concerns of Directors;	-	-	-	-
b. Advances to Chief Executive	-	-	-	-
c. Advances to Other Senior Executives	-	-	-	-
d. <u>Advances to Customer's Group:</u>				
Agriculture loan	-	-	-	-
Commercial lending	14,501,763	1,186,969,302	16,637,303	1,181,248,509
Export financing	1,671,887	136,843,916	4,366,685	310,034,650
Consumer credit scheme	-	-	-	-
Special Program Loan (SME)	-	-	-	-
Staff Loan	-	-	-	-
Others	2,176,904	178,179,563	-	-
Total	18,350,553	1,501,992,781	21,003,988	1,491,283,159
4.6 Industry - wise loans including bills purchased & discounted:				
Agricultural Industries	-	-	-	-
Pharmaceuticals Industries	-	-	-	-
Textile & Garment Industries	9,091,848	744,167,783	7,063,150	501,483,653
Chemical Industries	590,985	48,372,152	-	-
Food & allied Industries	-	-	-	-
Transport & Communication	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	2,890,550	205,229,063
Service Industries	-	-	9,980,406	708,608,856
Other Industries	102,226	8,367,198	1,069,882	75,961,587
Total	18,350,553	1,501,992,781	21,003,988	1,491,283,159
4.7 Geographical Location - wise Loans and Advances:				
Dhaka Region	18,350,553	1,501,992,781	21,003,988	1,491,283,158
Chittagong Region	-	-	-	-
Sylhet Region	-	-	-	-
Other	-	-	-	-
Total	18,350,553	1,501,992,781	21,003,988	1,491,283,158
4.8 Sector - wise loans:				
<u>In Bangladesh</u>				
Government & Autonomous bodies	-	-	-	-
Financial Institutions (Public & Private)	-	-	-	-
Other Public Sector	-	-	-	-
Private Sector	18,350,553	1,501,992,781	21,003,988	1,491,283,158
Outside Bangladesh	-	-	-	-
Total	18,350,553	1,501,992,781	21,003,988	1,491,283,158
4.9 Classification of loans & advances:				
Unclassified (including staff loan)	18,051,601	1,477,523,560	20,804,778	1,477,139,225
Sub-Standard	196,726	16,102,023	-	-
Doubtful	-	-	86,200	6,120,193
Bad or loss	102,226	8,367,198	113,010	8,023,741
Total	18,350,553	1,501,992,781	21,003,988	1,491,283,159
4.10 Provision required for loans and advances:				
Status	Rate%			
Unclassified	1,2 & 5			
Special Mention Account	5			
164,873	13,494,865	208,048	14,771,392	
68,017	5,567,206	-	-	
232,890	19,062,071	208,048	14,771,392	
Classified:				
Sub-Standard	20			
Doubtful	50			
Bad or loss	100			
37,254	3,049,250	-	-	
-	-	43,011	3,053,789	
101,435	8,302,455	99,594	7,071,156	
138,689	11,351,705	142,605	10,124,945	
371,579	30,413,776	350,653	24,896,337	
Required provision for loans & advances				
Total provision maintained				
371,579	30,413,776	350,653	24,896,337	
Excess / short provision as at 31 December				
-	-	-	-	

Notes to the Financial Statements - OBU

	2011		2010	
	USD	Taka	USD	Taka
4.11 Securities against loans including bills purchased & discounted				
a. <u>Secured</u>				
Collateral of movable / immovable assets	16,678,667	1,365,148,865	15,904,713	1,129,234,626
Local Banks & Financial Institutions guarantee	1,414,788	115,800,363	3,567,136	253,266,656
Government Guarantee	-	-	-	-
Foreign Banks Guarantee	257,099	21,043,553	-	-
Export documents	-	-	-	-
<u>Fixed Deposits Receipts</u>	-	-	-	-
1 Own FDR	-	-	-	-
2 FDR of Other Banks	-	-	1,532,139	108,781,876
Government bonds	-	-	-	-
Personal Guarantee	-	-	-	-
Other Securities	-	-	-	-
b. <u>Unsecured</u>	-	-	-	-
Total	18,350,553	1,501,992,781	21,003,988	1,491,283,159

4.12 Particulars of Loans and Advances:

(i) Loans considered good in respect of which the bank company is fully secured;	11,746,376	961,440,876	17,436,852	1,238,016,502
(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;	8,339,333	682,574,432	3,567,136	253,266,656
(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;	-	-	-	-
(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;	(67,409)	(5,517,438)	99,594	7,071,156
b) Amount of loan written off;	-	-	-	-
c) Amount realized against loan previously	-	-	-	-
d) Amount of provision kept against loan classified as "bad/loss" on the date of preparing the balance sheet;	101,435	8,302,455	99,594	7,071,156
e) Interest creditable to the Interest Suspense	-	-	-	-
(xi) Cumulative amount of the written off loan;	-	-	-	-
(xii) Amount written off during the current year;	-	-	-	-
(xiii) The amount of written off loan for which lawsuit has been filed;	-	-	-	-

Notes to the Financial Statements - OBU

	2011		2010	
	USD	Taka	USD	Taka
5 Other Assets				
Accrued Interest	-	-	-	-
Advance Payment against Deferred LC	-	-	-	-
Branch Adjustment	-	-	5,289,468	375,552,255
	-	-	5,289,468	375,552,255
6 Borrowing from other Banks/Financial Institutions	6,000,000	491,100,000	22,500,000	1,597,500,000
6.1 Maturity grouping of Borrowings				
Repayable on demand	-	-	-	-
Repayable within 1 month	6,000,000	491,100,000	22,500,000	1,597,500,000
Over 1 month but within 6 months	-	-	-	-
Over 6 months but within 1 year	-	-	-	-
Over 1 year but within 5 years	-	-	-	-
	6,000,000	491,100,000	22,500,000	1,597,500,000

According to BCD Circular No.(P)744(27) dated 17 December 1985 of Bangladesh Bank, Dhaka Bank maintained foreign currency accounts with Off-shore Banking Units in the manner they maintain such accounts with their foreign correspondents.

7 Deposits and Other Accounts

7.1 Current and Other Accounts

Foreign Currency Deposits	6,315,747	516,943,862	2,116,272	150,255,302
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7.2 Bills Payable

	-	-	-	-
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7.3 Other deposit

Margin under L/C	102,964	8,427,612	111,277	7,900,691
Deposits Awaiting Disposal	264,032	21,611,008	165,531	11,752,730
Sundry Deposit	1,000,000	81,850,000	-	-
	1,366,996	111,888,620	276,809	19,653,421

Total	7,682,743	628,832,482	2,393,081	169,908,723
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7.4 Maturity grouping of deposits and other accounts

Repayable on demand	6,677,131	546,523,213	1,386,458	98,438,504
Repayable within 1 month	-	-	-	-
Over 1 month but within 6 months	-	-	-	-
Over 6 months but within 1 year	1,005,611	82,309,269	1,006,623	71,470,219
Over 1 year but within 5 years	-	-	-	-
Over 5 years but within 10 years	-	-	-	-
	7,682,743	628,832,482	2,393,081	169,908,723

Total	7,682,743	628,832,482	2,393,081	169,908,723
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8 Other Liabilities

Accrued Interest	13,981	1,144,321	27,271	1,936,207
5 years BSP	176	14,370	-	-
Export proceeds suspense	24,960	2,042,976	415,700	29,514,705
Interest Suspense Account	97,894	8,012,588	13,774	977,941
Tax deducted at source & payable	15,192	1,243,442	-	9
Provision against Expenses	12	974	216	15,344
Branch Adjustment	3,433,005	280,991,463	-	-
	3,585,218	293,450,134	456,961	32,444,206

9 Contingent Liabilities

Acceptance & Endorsement	3,896,380	318,918,723	7,625,971	541,443,940
Letters of Credit	292,248	23,920,515	4,685,828	332,693,786
Letters of Guarantee	-	-	-	-
Bills for Collection	23,777,374	1,946,178,060	17,540,649	1,245,386,107
Other Contingent Liabilities	-	-	-	-
	27,966,002	2,289,017,298	29,852,448	2,119,523,833

Total	27,966,002	2,289,017,298	29,852,448	2,119,523,833
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Notes to the Financial Statements - OBU

	2011		2010	
	USD	Taka	USD	Taka
10 Interest Income				
Interest on Advances	1,408,583	115,292,482	1,015,321	72,087,780
Interest on Money at call and short Notice	-	-	-	-
Call Lending and Fund Placement with banks	-	-	-	-
Accounts with Foreign Banks	-	-	-	-
Total	1,408,583	115,292,482	1,015,321	72,087,780
11 Commission / Fees, Exchange Earnings & Brokerage				
Commission / Fee Income	336,993	27,582,899	372,601	26,454,659
Exchange gain including gain form foreign currency dealings	-	-	-	-
Brokerage	-	-	-	-
Total	336,993	27,582,899	372,601	26,454,659
12 Other Operating Income				
Postage charge recoveries	7,296	597,139	6,635	471,090
Swift charge recoveries	5,742	469,992	8,183	580,998
Other fees	-	-	-	-
Total	13,038	1,067,131	14,818	1,052,088
13 Operating Expenses				
Office operating Expenses	676,021	55,332,347	459,325	32,612,043
14 Cash Received from Other Operating Activities				
Commission, Exchange & Brokerage	336,993	27,582,899	372,601	26,454,659
Other Operating Income	13,038	1,067,131	14,818	1,052,088
Total	350,031	28,650,030	387,419	27,506,747
15 Cash Paid for Other Operating Activities				
Office operating expenses	676,021	55,332,347	459,325	32,612,043

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.81.85, GBP=126.366, Euro=105.8 (2010: Us\$1= Tk71.00) which represents the year end mid rate of exchange as at December 31, 2011.

16.3 Previous year's figures have been rearranged, where considered necessary, to conform to current year's presentation.

Auditors' Report - DBL Securities Ltd.



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 2011, 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 2011 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, January 26, 2012

Statement of Financial Position

DBL Securities Limited
Statement of Financial Position
 As at 31 December 2011

	Notes	2011 Taka
ASSETS		
Non Current Assets		
Property, Plant and Equipment	5	18,509,516
Investment	6	968,277,770
Total Non Current Assets		986,787,286
Current Assets		
Cash and Bank Balances	7	241,175,744
Margin Loan receivable		2,053,257,730
Receivable from DSE		55,402,276
Receivable from CSE		4,868,776
Receivable from Clients		18,273,549
Advances & Prepayments	8	1,798,396
Total Current Assets		2,374,776,471
TOTAL ASSETS		3,361,563,757
EQUITY AND LIABILITIES		
Equity		
Paid-up Capital		1,500,000,000
Retained Earnings		77,042,061
Total Equity		1,577,042,061
Liabilities		
Non-Current Liabilities		
Long Term Loan	9	1,550,000,000
Current Liabilities		
Accounts Payable	10	168,940,549
Payable to DSE		5,745,270
Payable to CSE		38,619
Provision for Corporate Income Tax	11	19,251,401
Provision against Margin Loan		10,266,289
Accrued Expenses	12	30,279,568
Total Current Liabilities		234,521,696
Total Liabilities		1,784,521,696
TOTAL EQUITY & LIABILITIES		3,361,563,757

The annexed notes form an integral part of the Statement of Financial Position.


Tanweer Rahim
 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

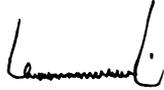
Dhaka, January 26, 2012

Statement of Comprehensive Income

DBL Securities Limited
Statement of Comprehensive Income
For the year ended 31 December 2011

	Notes	2011 Taka
Interest Income on Margin Loan	13	295,977,443
Less: Interest Expenses	14	228,685,435
Net Interest Income		67,292,008
Income from Investment	15	6,195,154
Brokerage Commission Income	16	92,885,728
Fees & Other Income	17	13,537,200
Total Operating Income		179,910,090
Salaries & Allowances	18	29,914,668
Legal & Professional Expenses	19	2,291,808
Postage, Stamp, Telecommunication etc.	20	283,771
Stationery, Printing, Advertisement etc.	21	1,405,347
Expenses related to CDBL	22	7,093,870
Rent, Taxes, Insurance, Lighting etc.	23	5,876,394
Directors' Fee & Meeting Expenses	24	293,153
Audit Fees		230,000
Depreciation of Property, Plant & Equipment		3,530,629
Repair & Maintenance	25	3,628,988
Other Expenses	26	1,680,352
Total Operating Expenses		56,228,980
Add: Loss on Disposal of Software		131,000
Total Expenses		56,359,980
Profit Before Provision		123,550,110
Less: Provision for Margin Loan		10,266,289
Profit Before Tax		113,283,822
Less: Provision for Income Tax		36,241,761
Net Profit After Tax		77,042,061

The annexed notes form an integral part of the Statement of Comprehensive Income.


Tanweer Rahim
Managing Director


Reshadur Rahman
Director


Abdul Hai Sarker
Chairman

This is the Statement of Comprehensive Income referred to our report of even date.

Dhaka, January 26, 2012


ACNABIN
Chartered Accountants

Statement of Changes in Equity

DBL Securities Limited
Statement of Changes in Equity
For the year ended 31 December 2011

Particulars	Share Capital	Retained Earnings	Total Taka
Paid up Share Capital	1,500,000,000	-	1,500,000,000
Income 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

Cash Flow Statement

DBL Securities Limited
Cash Flow Statement
For the year ended 31 December 2011

	2011
	Taka
Cash Flows from Operating Activities	
Interest Income Received	302,172,597
Interest Expense paid	(228,685,435)
Brokerage Commission Received	92,885,728
Other Operating Income Received	13,537,200
Operating Expenses paid in Cash	(88,612,633)
Cash generated from operating activities before changes in operating assets and liabilities	91,297,457
Increase / (Decrease) in Operating Liabilities	
Payable to Clients	(202,945,263)
Payable to DSE	4,597,215
Payable to CSE	17,251
Payable to CDBL	271,867
Provision for Tax	19,251,401
Accrued Expenses	30,279,568
(Increase) / Decrease in Operating Assets	
Receivable from clients	(18,273,549)
Receivable from DSE	32,214,713
Receivable from CSE	11,296,135
Advance & Prepaid	4,544,689
	(118,745,973)
Net cash flow from operating activities (A)	(27,448,516)
Cash Used in Investing Activities	
Purchase of Property, Plant & Equipment	(7,929,990)
Encashment of/(Investment) in Shares/Securities	(968,277,770)
(Increase)/Decrease in Margin Loan	(178,639,618)
Net cash used in investing activities (B)	(1,154,847,378)
Cash Flows from Financing Activities	
Proceeds from issue of Share capital	1,350,000,000
Repayment of Loan from DBL	(393,639,990)
Net cash flows from financing activities (C)	956,360,010
Net surplus/(use) in Cash & Bank Balances for the year (A+B+C)	(225,935,884)
Cash & Bank Balance at Beginning of the period	467,111,628
Cash & Bank Balance at the end of the period	241,175,744

Notes to the Financial Statements

DBL Securities Limited **Notes to the Financial Statements** **For the year ended 31 December 2011**

1. Background Information

DBL Securities Limited was established on 19 July 2010 as a private company limited by shares vide Reg # C-85857/10 under the Companies Act 1994. The company is a subsidiary of Dhaka Bank Limited. The registered office of the company is situated at Adamjee Court (1st Floor) 115-120 Motijheel C/A, Dhaka-1000.

The main objectives of the company are:

- to act as a member of stock exchange and to carry on the business of brokers, or dealers in stocks, shares and securities, commercial papers, bonds, debentures, debentures stock, foreign currencies, treasury bills;
- to act as merchant banker, portfolio manager, issue manager, asset manager, the central depository system (CDS) companies, underwriter, financial advisory services, financial products deliveries, custodian, placement agent and member of stock exchanges;
- to carry on the business of securities management and brokerage, custodian service, capital market operation and any other non banking financial service;
- to act as brokers of shares securities, bond securities & others securities business in Bangladesh & abroad;
- to underwrite, manage and distribute the issue of stocks, shares, bonds and other securities either directly or jointly with one or more of the constituent institutions or other investment or financial institutions;
- to amalgamate with any other company whose objects are or include object similar to those of this Company whether by sale or purchase;

2. Significant Accounting Policies

2.1 Basis of Presentation of Financial Statements

The financial statements have been prepared applying accrual basis of accounting under the historical cost convention in accordance with Bangladesh Financial Reporting Standards.

2.2 Cash Flow Statement

The cash flow statement has been prepared using direct method.

2.3 Depreciation

Depreciation on fixed assets is charged using straight-line method at rates varying from 10% to 20% depending on nature and economic life of the assets. Rate of depreciation is as under:

Assets	Rate
Furniture & Fixture	10%
Office Appliance & Equipments	20%
Computer & Software	20%

Notes to the Financial Statements

3. Related Party Transaction

The 'related party' as per BAS-24 is Dhaka Bank Limited (DBL), which holds 99.99% shares of the company.

4. General

Figures appearing in these accounts have been rounded off to the nearest Taka.

5. Property, Plant and Equipment

2011
Taka

A. Cost

Opening balance	12,891,155
Add: Addition during the year	9,279,990
Less: Disposal during the year	131,000
	<u>22,040,145</u>

B. Accumulated Depreciation

Opening balance	-
Add: Charged during the year	3,530,629
	<u>3,530,629</u>

C. Written Down Value (A-B)

18,509,516

A schedule of Property, Plant and Equipment is given in Annexure - A

6. Investments

Investment in Share of DSE	700,000,000
Investment in Share of CSE	250,000,000
Investment in Share of CDBL	18,277,770
	<u>968,277,770</u>

7. Cash & Bank Balances

Cash in Hand	85,578
Cash at Bank (Note: 7.1)	188,180,410
Balance in FDR Accounts with DBL	52,909,756
	<u>241,175,744</u>

7.1 Cash at Bank

Name of Bank	Account number	
Dhaka Bank Limited	201.100.21940	87,495,216
Dhaka Bank Limited	201.100.22450	70,358,808
IFIC Bank Limited	1090.358002.001	27,180,019
United Commercial Bank Limited	72.111.16443	3,146,367
		<u>188,180,410</u>

Notes to the Financial Statements

	2011 Taka
8. Advance & Prepaid	
Advance Rent -Premises	807,960
Prepaid Insurance - Fire & Burglary	40,436
Advance- Purchase of Micro Bus	100,000
Advance - Purchase of Floor Space @ DSE Tower	850,000
	1,798,396
9. Long Term Loan	
Loan from Dhaka Bank (Parent Co.)	1,550,000,000
10. Accounts Payable	
Payable to Clients	167,311,699
Payable to CDBL	278,850
Payable to Suppliers	1,350,000
	168,940,549
11. Provision for Income Tax	
Opening Balance	-
Add: Provision made during the year	36,241,761
Less: Adjustments for Tax paid (AIT/TDS) (Note: 11.1)	16,990,360
	19,251,401
11.1 Adjustments for Tax paid (AIT/TDS)	
Advance Income Tax/TDS on Brokerage Commission - DSE	14,959,798
Advance Income Tax/TDS on Brokerage Commission - CSE	1,538,506
Tax Deducted from Interest Income on FDR	492,056
	16,990,360
12. Accrued Expenses	
Accrued Salaries	29,718,570
Accrued Audit Fees	115,000
Other Accrued Expenses	374,290
VAT Current A/c	46,320
Tax Withholding Liabilities	25,388
	30,279,568
13. Interest Income	
Interest on Margin Loan	295,977,443
14. Interest Expenses	
Interest on Loan from Dhaka Bank Limited	228,685,435

Notes to the Financial Statements

	2011 Taka
15. Income from Investment	
Interest on Investment in FDR	4,920,563
Interest on SND A/C	1,274,592
	6,195,154
16. Brokerage Commission Income	
Brokerage - DSE	88,943,777
Brokerage - CSE	9,668,328
	98,612,105
Less: Direct Expenses	
Laga Charges	4,729,345
Howla Charges	997,032
Net Brokerage Commission	92,885,728
17. Fees & Other Income	
Custodial Income	300,000
Account Opening Fees	292,208
BO Renewal Fees	576,239
Other Income (Cheque Discount etc.)	2,083,754
Account Closing Fees	44,570
CDBL Income	10,240,431
	13,537,200
17.1 CDBL Income	
Transfer In/Out charges	481,131
Income from share - Bonus/Right/IPO/Split/Demat	2,991,452
Charge on Pledge/Unpledge of shares	525,240
Cash Back from CDBL	6,242,608
	10,240,431
18. Salaries and Allowances	
Basic Salary	8,980,020
House Rent Allowance	5,183,310
Medical Allowances	633,000
Conveyance	772,800
Entertainment	656,400
House Maintenance Allowance	54,000
Car Maintenance Expenses	417,600
Employer's Contribution to Provident Fund	770,310
Salary to MTO	270,000
Incentive Bonus	10,878,330
Leave Fare Assistance	1,206,000
Medical Allowance	92,898
	29,914,668
19. Legal & Professional Fees	
Professional Fees - Legal Consultants	169,200
Legal Expenses -General	1,640
Capital Raising Expenses	2,120,968
	2,291,808

Notes to the Financial Statements

	2011
	Taka
20. Postage, Stamp, Telecom etc.	
Telephone & Fax Expenses	98,804
Mobile & Internet Bills	130,199
Postage & Courier Expenses	54,769
	283,771
21. Stationary, Printing & Advertisement etc.	
Stationeries -General	1,027,042
Stationeries- Computer Accessories	378,305
	1,405,347
22. Expenses related with CDBL	
Daily Settlement (Pay In/Pay Out)	4,915,621
Transfer in/out	363,012
Bonus/Rights/IPO/Split/Demat	1,325,065
Pledge/Unpledge	375,172
Monthly Connection Fees	5,000
Annual Account Maintenance Fees	110,000
	7,093,870
23. Rent, Rates ,Taxes, Insurance, Lighting etc.	
Bank Charges	13,730
Commission Expenses- Bank Guarantees	1,121,250
Trade License Renewal Fees	66,050
Rent Expenses	3,132,959
Shared Utility Expenses	294,993
Insurance Expense - Office Premises	38,109
Electricity Bill	546,485
Water and Sewerage	55,143
Fuel Expense - Generator / Pool Car	9,000
Pool Car Expenses	11,290
Contribution to Investors' Protection Fund-CSE	1,848
Contribution to Investors' Protection Fund-DSE	7,415
AR Registration Fees - (For DSE)	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	15,000
Excise duty Expense	35,000
	5,876,394
24. Directors' Fees & Meeting Expenses	
Directors' Fees	120,000
Meeting & Seminar Expenses- Local	21,227
Meeting And Conference Expenses-Local	6,150
Conveyance Expenses-Local	63,831
Traveling Expenses & Allowances-Local	23,945
Training & Development Expenses-Local	58,000
	293,153

Notes to the Financial Statements

	2011
	Taka
25. Repair & Maintenance Expenses	
Network Connectivity Charges	1,540,575
Router Management Services	25,300
Cleaning & Maintenance Services	492,170
Security Guard Expenses	920,997
Office Maintenance (Note:25.1)	566,938
Fire Extinguisher Expenses	3,815
Flower Expenses- Office Premises	33,778
Planting & Nursery Expenses- Office Premises	45,415
	3,628,988
25.1 Office Maintenance	
Office Premises	289,385
Furniture & Fixtures	49,060
Office Appliances	66,083
Electricity Appliances	128,105
Computer, Printer, UPS etc.	26,300
Others	8,005
	566,938
26. Other Expenses	
Entertainment -Regular Canteen Exp	771,253
Entertainment - Parties and Dinner Exp.	50,000
Newspapers	34,743
Marriage Gifts to Employees	30,000
Miscellaneous - (Others)	386,251
Staff Uniform Expenses	7,704
Advertisements in Newspapers	316,050
Drinking Water Bill	84,351
	1,680,352

Notes to the Financial Statements

Annexure-A

DBL Securities Limited
Schedule of Property, Plant and Equipment
As on 31 December 2011

(Amount in Taka)

Particulars	Cost			Rate %	Depreciation			Written Down Value as on 31.12.2011
	Balance as on 01.01.2011	During the year			Balance as on 01.01.2011	Charged during the year	Balance as on 31.12.2011	
		Additions	Disposals					
Furniture & Fixture	8,012,892	761,107	-	8,773,999	10	877,400	877,400	7,896,599
Office Appliance & Equipments	3,096,433	727,797	-	3,824,230	20	764,846	764,846	3,059,384
Computer & Software	1,781,830	7,791,086	131,000	9,441,916	20	1,888,383	1,888,383	7,553,533
	12,891,155	9,279,990	131,000	22,040,145		3,530,629	3,530,629	18,509,516

DBL Flashback 2011

Meeting & Celebrating



Strengthening Outreach



DBL Flashback 2011

Accolades & HR Development



Other Social Bonds



DBL Executives

Managing Director

Khondker Fazle Rashid

Additional Managing Director (Joined on 22.01.2012)

Niaz Habib

Deputy Managing Director

Neaz Mohammad Khan

Sajjad Hussain

Senior Executive Vice President

Arham Masudul Huq

Shamshad Begum

Emranul Huq

M. Shujaur Rahman

Md. Shakir Amin Chowdhury

Khan Shahadat Hossain

Md. Mozammel Hoque Chowdhury

Executive Vice President

Md. Sirajul Hoque

Mostaque Ahmed Khan

S. A. F. A. Musabbir

Md. Muhibbul Abrar Choudhury

Azad Shamsi

Md. Asadul Azim

Senior Vice President

Md. Shahadat Hossain

Mujib Ahmad Siddiqui

Salahud Din Ahmed

Md. Mostaque Ahmed

Syed Abdul Quader

Md. Tipu Sultan

Manik Lal Biswas

Darashiko Khasru

Sheikh Abdul Bakir

Nurul Arshad Chowdhury

Shabbir Ahmed

Syed Ahsanur Reza

Mukarram Hossain Chowdhury

Md. Munzoor Mursheed

Saimur Pervez

Md. Fakhrul Islam

Shah Azizul Islam

Aftab Ahmed Chowdhury

André Kemal Rahim

Chief Engineer

Zia Uddin Ahmed

Vice President

J Q M Habibullah, ACS

Md. Abul Hasnat

Md. Abu Sina

Abdul Malek Howlader

Md. Jahir Uddin Ferdous

Iqbal Parvez Chowdhury

Kazi Arif-ur Rahman

Mirza Ismail Hossen

Md. Ziaur Rahman

Md. Shaukat Ali Khan

Akhlaqur Rahman

Syed Faisal Omar

Md. Wahidur Rahman Chowdhury

Md. Shaminoor Rahman

Zinnat Sultana

Chowdhury Nazmul Ahsan

A.T. M. Monzurul Hoque

M. Amirul Islam

First Vice President

Mehedi Zaman Khan

Md. Ahsanullah

Mustafa Husain

Syed Akhlaque Hossain

Kazi Zafar Hasan

Md. Shahadat Hossain

Ismat Ara

Md. Fakhrul Abedin

Chowdhury Sher Zaman

Md. Abu Sufian Talukder

Syed Mafiz Uddin Ahmed

S.M. Mohammad Ali

Saiful Momin

Faruk Ahmed

Mesbah Uddin Kutubi

A. K. M. Ahsan Kabir

Mohammad Mokhlesuzzaman Khan

Fazle Ahmed Rabbi

Shaikh Sohail Khurshid

Mir Saidul Islam

Muhammad Sohel Shahriar Akhand

Mohammad Sirajul Islam

Md. Mazharul Islam

Senior Assistant Vice President

Arif Kamal Chowdhury

Azfar Ahmed

Moshfeque Alam Khan

A H M Morshed

DBL Executives

Khan Md. Moshir Rahman
Zahedul Matin
Mohammad Headayetul Kabir
Mohammad Zakir Hossain
Md. Mohibullah Khan
Mohammad Siddiqur Rahman
Md. Azad Uddin
Md. Kamrul Hassan Talukder
Md. Abdul Muhyemen
K.B.M. Ismail Chowdhury
Md. Maksumul Ahmed
Monirul Islam
Kamrul Aziz Nippon
A.N.M. Zahed
Parvez Rifat Ahmed
Zashimul Alam Chowdhury
Tahera Begum
A.S.M. Kamrul Huda
Mehreen Islam
Rahsed Imam
Md. Altamas
Syed Ashraful Alam
Afroza Akhter
Istiaque Ahmed
Md. Mortuza Ali

First Assistant Vice President

Anjan K. Roy
Md. Rezaul Islam
Mohammad Eahia Miah
Mahboob Ahmed
Mohammad Shawkat Jamil
Md. Abdul Motaleb Miah
Md. Monirul Alam
Dewan Istak Ahmed
Sultana Fahmida
Md. Rafiqul Hoque
Syeda Sowkat Ara
Shahidun Nabi Khan
Md. Mahbubur Rahman
Luna Jasmin
Towfiqul Islam
Suman Banik
Kazi Mustafizur Rahman
Kazi Abu Monayem Md. Zohair
Mohammad Asrafuzzaman Mia
K.M. Faisal Faruqui
Tanvir Ahmed
Mohammad Asiful Hoque Chowdhury
Ismat Ara Begum

Mohammad Dedarul Alam
Meher Nigar Khan
Md. Salah Uddin Khan
Md. Badiul Alam
Ajit Gomes
Md. Kamaruzzaman
Shah Emran
Md. Jasim Uddin Bhuiyan
K H M Ashaduzzaman
Mohammad Badrul Alam Shariar
Mohammad Asif Hossain
Khairuddin Ahmed
Syed Fazle Imam
Imroz Chowdhury

DBL Network

Dhaka Region

Branch Name	Address	Phone/ Fax	E-mail
AMIN BAZAR BRANCH	Market Complex (1 st Floor), Amin Bazar Jame Mosque 780, Begun Bari Union, Amin Bazar, Savar, Dhaka	Phone: 9008998, Fax: 9008998	aminbazar@dhakabank.com.bd
BANGSHAL BRANCH	88 Shaheed Syed Nazrul Islam Sharani (1 st & 2 nd Floor), Bangshal, Dhaka	Phone: 7113748, 7110463, 7175275, Fax: 9558451	bangshal@dhakabank.com.bd
BANANI BRANCH	73/B, Kemal Atartuk Avenue, Banani, Dhaka	Phone: 9881582, 9882324-5, Fax: 8813349	banani@dhakabank.com.bd
BARIDHARA BRANCH	House # 27, Block # K, Shaheed Shuhrawardi Avenue, Baridhara, Dhaka	Phone: 8832063-4, Fax: 883208	baridhara@dhakabank.com.bd
BOARD BAZAR BRANCH	Dag No. 361, Mouza No. 84, Board Bazar, Gazipur	Phone: 9293595-6, Fax: 9293595	boardbazar@dhakabank.com.bd
DEPZ BRANCH	Zone Service Building, Room # 48-51, Dhaka Export Processing Zone, Ganakbari Savar, Dhaka	Phone: 7789671 Fax: 7789672	depz@dhakabank.com.bd
DHANMONDI BRANCH	House # 500, Road # 7, Dhanmondi R/A, Dhaka	Phone: 9122278, 9111537 Fax: 8125481	dhanmondi@dhakabank.com.bd
DHANMONDI MODEL BRANCH	Ground Floor, Plot No. 275/G, road no 27 (old), Shahid Sheikh Kamal Sharani, Dhanmondi R/A, Dhaka	Phone: 9103652-3 Fax: 9103654	-
FANTASY KINGDOM BRANCH	Chowdhury Plaza, Jamgara, Savar, Dhaka	Phone: 7790711-2 Fax: 7790712	fantasy.kingdom@dhakabank.com.bd
FOREIGN EXCHANGE BRANCH	Biman Bhaban (1 st Floor), 100, Motijheel C/A, Dhaka	Phone: 9554514, 9571006-10 Fax: 7169328	fex@dhakabank.com.bd
GULSHAN BRANCH	Plot No. 07, Block SE (D), Holding No. 24, Gulshan Avenue, Gulshan-1, Dhaka	Phone: 8825113, 9897431 Fax: 9881026	gulshan@dhakabank.com.bd
IMAMGONJ BRANCH	1, Imamgonj Lane, Imamgonj Bazar, Dhaka	Phone: 7314032, 7314136 Fax: 7314135	imamgonj@dhakabank.com.bd
ISLAMIC BANKING BRANCH, MOTIJHEEL	Sara Tower (1 st floor), 11/A Toyenbee, Circular Road, Motijheel C/A, Dhaka	Phone: 7160913-5, 9567815, Fax: 7160912	ibb.sara@dhakabank.com.bd
ISLAMPUR BRANCH	6-7, Islampur Road, Islampur, Dhaka	Phone: 7392942, 7393980-1 Fax: 7392942	islampur@dhakabank.com.bd
JOYPARA BRANCH	Munshi Super Market (1 st floor), 1083, Joypara, Dohar, Dhaka	Phone: 0622-356160, Fax: 0622-356160	dohar@dhakabank.com.bd
KARWAN BAZAR BRANCH	Summit Centre (1 st floor), 18 Karwan Bazar, Dhaka	Phone: 8119025, 9118001, 9134323, Fax: 8125764	karwanbazar@dhakabank.com.bd
KERANIGONJ BRANCH	Khan Plaza (1 st floor), Shaheed Delwar Hossain Road, East Aganagar, Keranigonj, Dhaka	Phone: 0666-2607312	keranigonj@dhakabank.com.bd
KHILGAON BRANCH	389/B, Khilgaon (1 st floor), Dhaka	Phone: 7215881-2	khilgaon@dhakabank.com.bd

DBL Network

KONABARI BRANCH	Plot # 146/147 (1 st floor), BSCIC, Konabari, Gazipur	Phone: 9298701 Fax: 9298821	konabari@dhakabank.com.bd
LOCAL OFFICE	Adamjee Court (Ground Floor), 115-120, Motijheel C/A, Dhaka	Phone: 9571138, 9556592-3 Fax: 9556583	local@dhakabank.com.bd
MIRPUR BRANCH	(1 st & 2 nd floor) Plot No. 01, Road No. 05, Block - A, Section-10, Mirpur, Dhaka	Phone: 8051559-60 Fax: 8051561 Ext- 107	mirpur@dhakabank.com.bd
MOGHBAZAR BRANCH	70, Outer Circular Road (1 st & 2 nd floor) Moghbazar, Dhaka	Phone: 8331945-7, Fax: 8331948	moghbazar@dhakabank.com.bd
SAVAR BAZAR BRANCH	Alam Plaza (1 st floor), 122/3 Jaleshwar, Savar Bazar Bus Stand, Savar, Dhaka	Phone: 7743435, 7745287 Fax: 7743434	savar@dhakabank.com.bd
UTTARA BRANCH	House # 01, Road # 13, Sector # 1, Uttara, Dhaka	Phone: 8919742, 8951788, 8919948, Fax: 8919742	uttara@dhakabank.com.bd
MOHAKHALI BRANCH	100, Mohakhali, Bir Uttam A K Khondker Road, Dhaka	Phone: 9886376, Fax: 8828910	mohakhali@dhakabank.com.bd

Chittagong Region

Branch Name	Address	Phone/Fax	E-mail
AGRABAD BRANCH	Chamber House, 38, Agrabad C/A, Chittagong	Phone: 031-2523420-2 Fax: 031-2524871	agrabad@dhakabank.com.bd
CDA AVENUE BRANCH	565/A, CDA Avenue (Ground floor), East Nasirabad, Chittagong	Phone: 031-2850950-2 Fax: 031-2850953	cdaavenue@dhakabank.com.bd
CHAKARIA BRANCH	Taher Plaza, (1 st & 2 nd floor) Chiringa Old Bus Stand, Chakaria, Cox's Bazar	Fax: 0342-256350	-
COMILLA BRANCH	20, Kandirpar Mor, Comilla	Phone: 081-61646 Fax: 081-61647	comilla@dhakabank.com.bd
COX'S BAZAR BRANCH	Rakshit Market (1 st floor), Main Road, Laldighirpar, Cox's Bazar	Phone: 0341-63931 Fax: 0341-63164	coxsbazar@dhakabank.com.bd
FATIKCHHARI BRANCH	College Gate, 1 st floor, Fatikchhari College, Fatikchhari, Chittagong	Phone: 03022-56320 Fax: 03022-56320	-
FENI BRANCH	City Plaza, 132, SSK Road, Feni	Phone: 0331-63541 Fax: 0331-63542	feni@dhakabank.com.bd
HALISHAHAR BRANCH	1 st floor, 14/A, Block-G, Port Connecting Road Halishahar Housing Estate, Chittagong	Phone: 031-251893 Fax: 031-2518922	halishahar@dhakabank.com.bd
HATHAZARI BRANCH	J & G Shopping Complex (1 st floor), Nazirhat Road Hathazari, Chittagong	Phone: 031-2601528 Fax: 031-2601529	hathazari@dhakabank.com.bd
ISLAMIC BANKING BRANCH, AGRABAD	Sadhran Bima Sadan (Ground floor), 102, Agrabad C/A, Chittagong	Phone: 031-712401-3 Fax: 031-713313	bb.agrabad@dhakabank.com.bd
JUBILEE ROAD BRANCH	183, Jubilee road, Chittagong	Phone: 031-630184-5 Fax: 031-630187	jubilee@dhakabank.com.bd
KHATUNGOJ BRANCH	291, Khatungonj Road, Khatungonj, Chittagong	Phone: 031-622132-3 Fax: 031-622130	khatungonj@dhakabank.com.bd
PATIYA BRANCH	A.S. Rahat Ali High School Market, Thana Road, Patiya, Chittagong	Phone: 01730317847 Fax: 0303-556449	patiya@dhakabank.com.bd

DBL Network

SONAIMURI BRANCH	Tofael Shopping Mall, Sonaimuri Bazar, Noakhali	Phone: 0322-751132 Fax: 0322-751142	sonaimuri@dhakabank.com.bd
NEW MARKET BRANCH, CHITTAGONG	6, Jubilee Road, Chittagong	Phone: 031-621242 Fax: 031-621244	newmarket.ctg@dhakabank.com.bd

Narayangonj Region

Branch Name	Address	Phone/ Fax	E-mail
BB ROAD BRANCH	127, BB Road, Narayangonj	Phone: 9646668, 7646658 Fax: 7630017	bbroad@dhakabank.com.bd
BHULTA BRANCH	Noor Mansion Market (1 st floor), Goalkandi, Bhulta, Rupgonj, Narayangonj	Phone: 01730317848, 01819-181963	bhulta@dhakabank.com.bd
MADHABDI BAZAR BRANCH	8, Bank Road, Madhabdi Bazar, Narshingdi	Phone: 9446681, 01711-564923 Fax: 9446680	madhabdi@dhakabank.com.bd
NARAYANGONJ BRANCH	50, Sattar Tower, S.M. Maleh Road, Tanbazar Narayangonj	Phone: 9750300, 7630427 Fax: 7631864	narayangonj@dhakabank.com.bd
PAGLA BAZAR BRANCH	Alhaj Afsar Uddin Karim Bhaban, Pagla Bazar, Fatullah, Narayangonj	Phone: 7681288, 7681299 Fax: 7681289	paglabazar@dhakabank.com.bd
BHAIRAB BAZAR BRANCH	166 (Ground & 1 st Floor), Kalibari Road, Bhairab Bazar, Kishoregonj	Phone: 0942 – 472337, Fax: 0942 - 472339	

Sylhet Region

Branch Name	Address	Phone/ Fax	E-mail
GOALA BAZAR BRANCH	Rahman Complex (1 st floor), Goalabazar, Osmaninagar, Sylhet	Phone: 08242-56707 Fax: 08242-56710	goalabazar@dhakabank.com.bd
HOBIGONJ BRANCH	Khaja Garden City (1 st floor), 3903, Town Hall Road, Hobigonj	Phone: 01922101054	hobigonj@dhakabank.com.bd
LALDIGHIRPAR BRANCH	960, Laldighirpar, Kotwali, Sylhet	Phone: 0821-721116-9 Fax: 0821-721120	laldighirpar@dhakabank.com.bd
MOULVIBAZAR BRANCH	S.R. Plaza (1 st floor), 1151/3, M Saifur Rahman Road, Pashchim Bazar, Moulvibazar	Phone: 0861-62173-4 Fax: 0861-62175	moulvibazar@dhakabank.com.bd
UPOSHAHAR BRANCH, SYLHET	House # 10, Road # 32, Block-D, Uposhahar, Sylhet	Phone: 0821-2831780 Fax: 081-2831781	uposhahar@dhakabank.com.bd

Other Regions

Branch Name	Address	Phone/ Fax	E-mail
BARISAL BRANCH	Talukdar Mansion (Art Villa), 86, Sadar Road, Barisal	Phone: 0431-61644 Fax: 0431-61644	barisal@dhakabank.com.bd
BELKUCHI BRANCH	Jamuna Shopping Complex, Mukundaganti Bazar, Belkuchi, Sirajgonj	Phone: 07522-56280 Fax: 07522-56280	belkuchi@dhakabank.com.bd
BOGRA BRANCH	Kazi Nazrul Islam Road, Jhautola, Bogra	Phone: 051-69813-4 Fax: 051-69815	bogra@dhakabank.com.bd

DBL Network

KDA AVENUE BRANCH, KHULNA	2B, KDA Avenue, Khulna	Phone: 041-721437 Fax: 041-2833987	khulna@dhakabank.com.bd
RAJSHAHI BRANCH	73, Ganak Para, Shaheb Bazar, Rajshahi	Phone: 0721-812330-1 Fax: 0721-812331	rajshahi@dhakabank.com.bd
RANGPUR BRANCH	Moti Plaza (1 st floor), Station Road, Rangpur	Phone: 0521-61494 Fax: 0521-61494	rangpur@dhakabank.com.bd
SAIDPUR BRANCH	Gouri Plaza (1 st floor), Shaheed Dr. Zikrul Haque Road, Saidpur, Nilphamari	Phone: 0552-672952 Fax: 0552-672952	saidpur@dhakabank.com.bd
SATKHIRA BRANCH	Plot No. 12266-8, Bara Bazar Thana Road, Satkhira Sadar, Satkhira	Phone: 0471-63647 Fax: 0471-63647	satkhira@dhakabank.com.bd
SIRAJGONJ BRANCH	Chamber House (1 st floor), Holding No. 55, Plot No. SA - 486, SS Road, Sirajgonj	Phone: 01922101053	sirajgonj@dhakabank.com.bd
JESSORE BRANCH	7/A, R.N. Road (1 st Floor), (Near Notun Bazar), Jessore	Phone: 0421-68102, 01730-704990	jessore@dhakabank.com.bd

OFF-SHORE BANKING UNIT

Branch Name	Address	Phone/ Fax	E-mail
OFF-SHORE BANKING UNIT, DEPZ	Zone Service Complex, Room No. 48-51, DEPZ, Ganakbari, Savar, Dhaka	Phone: 7788861, 7789671 Fax: 7789672	depz@dhakabank.com.bd
OFF-SHORE BANKING UNIT, CEPZ	Zone Service Buliding, Chittagong Export Processing Zone, South Halishahar, Chittagong	Phone: 031-741613 Fax: 031-741614	cepz@dhakabank.com.bd

SME SERVICE CENTRES

Branch Name	Address	Phone/ Fax	E-mail
GORAN, DHAKA	179, North Goran (1 st floor), Khilgaon, Dhaka	Phone: 01730-097259 Fax: 7213476	zubayed.ashra@dhakabank.com.bd
SHEWRAPARA, DHAKA	Holding No. 1036 (1 st floor), Shewrapara, Mirpur, Dhaka	Phone: 01730-336987, 90000336	asrafuzzaman.mia@dhakabank.com.bd
CEPZ, CHITTAGONG	Zone Service Building, Chittagong Export Processing Zone, South Halishahar, Chittagong	Phone: 031-741613 Fax: 031-741614	cepz@dhakabank.com.bd



Head Office: Biman Bhaban, 100 Motijheel C/A, Dhaka-1000

Notice of the 17th Annual General Meeting

Notice is hereby given to all Members of Dhaka Bank Limited that the **17th Annual General Meeting** of the Members of the Company will be held on **Thursday, March 29, 2012 at Bashundhara Convention Centre 2, Umme Kulsum Road, Bashundhara Residential Area, Baridhara, Dhaka at 11 a.m.** to transact the following business:

AGENDA

1. To receive, consider and adopt the Profit and Loss Account of the Company for the year ended 31st December, 2011 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, 2011 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.

February 14, 2012.

By order of the Board
Sd/-

Arham Masudul Huq
Senior Executive Vice President & Company Secretary

NOTES :

- a. The '**Record Date**' shall be on Tuesday, **February 28, 2012**.
- 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 of Tk.10.00 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** have completed 2 (two) years as Auditors of the Bank. They are eligible for re-appointment as per section 1.0 (KA) of BCD Circular Letter No. 33 dated December 23, 1992 of Bangladesh Bank.
- 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 will be dealt in terms of Articles of Association of the Company and relevant rules/circulars in force.



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 17th
Annual General Meeting of the Company to be held on Thursday, March 29,2012 at Bashundhara Convention
Centre-02, Block-C, Umme Kulsum Road, Bashundhara R/A, Baridhara, Dhaka -1229 at 11:00 a.m. or at any
adjournment thereof.

Signed thisday of....., 2012.

Signature of Proxy

Revenue Stamp Tk.10.00

Signature of Shareholder

BO ID: [grid]

Folio No

No. of Shares.....

N.B. Important

- 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 17th Annual General Meeting of the Company being held on Thursday,
March 29, 2012 at at Bashundhara Convention Centre-02, Block-C, Umme Kulsum Road, Bashundhara R/A,
Baridhara, Dhaka -1229.

Name of Member/Proxy

BO ID: [grid]

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.

