



**TOGETHER WE**  
PROSPER

**ANNUAL REPORT 2018**

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

**DHAKA BANK**  
L I M I T E D  
EXCELLENCE IN BANKING



The very fundamental and organic component of human evolution is the sense of “Togetherness”. This trait is seen across almost every living creatures in the world, regardless of species. As the consequences of our co-existence we, as Earthlings, have reached a point of excellence in various segments such as urban practices, civic establishments, peace missions, and wealth management. Today as social animals, we happen to manage our wealth using various tools including modern Banking.

This year, we tried to develop a cover visual for our Annual Report, which signifies a bundled core essence of Togetherness, Bonding and Human Co-existence broadly.

# LETTER OF TRANSMITTAL

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

Dear Sir(s),

## **Annual Report of Dhaka Bank Limited for the year ended December 31, 2018**

We are pleased to enclose a copy of Annual Report along with the audited financial statements including consolidated and separate balance sheet, profit and loss account, cash flow statement, statement of changes in equity, liquidity statement for the year ended December 31, 2018 along with notes thereto of Dhaka Bank Limited (the Bank) and its subsidiaries - Dhaka Bank Securities Limited and Dhaka Bank Investment Limited for your kind information and record. We have also enclosed separate financial statements of Islamic Banking Branches and Off-Shore Banking Unit (OBU) of the Bank.

Financial statements of the Bank comprise those of Conventional and Islamic Banking Branches and Off-Shore Banking Unit while consolidated financial statements comprise financial statements of the Bank and its subsidiaries.

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

Best regards,

Yours truly,



**Arham Masudul Huq**  
Company Secretary

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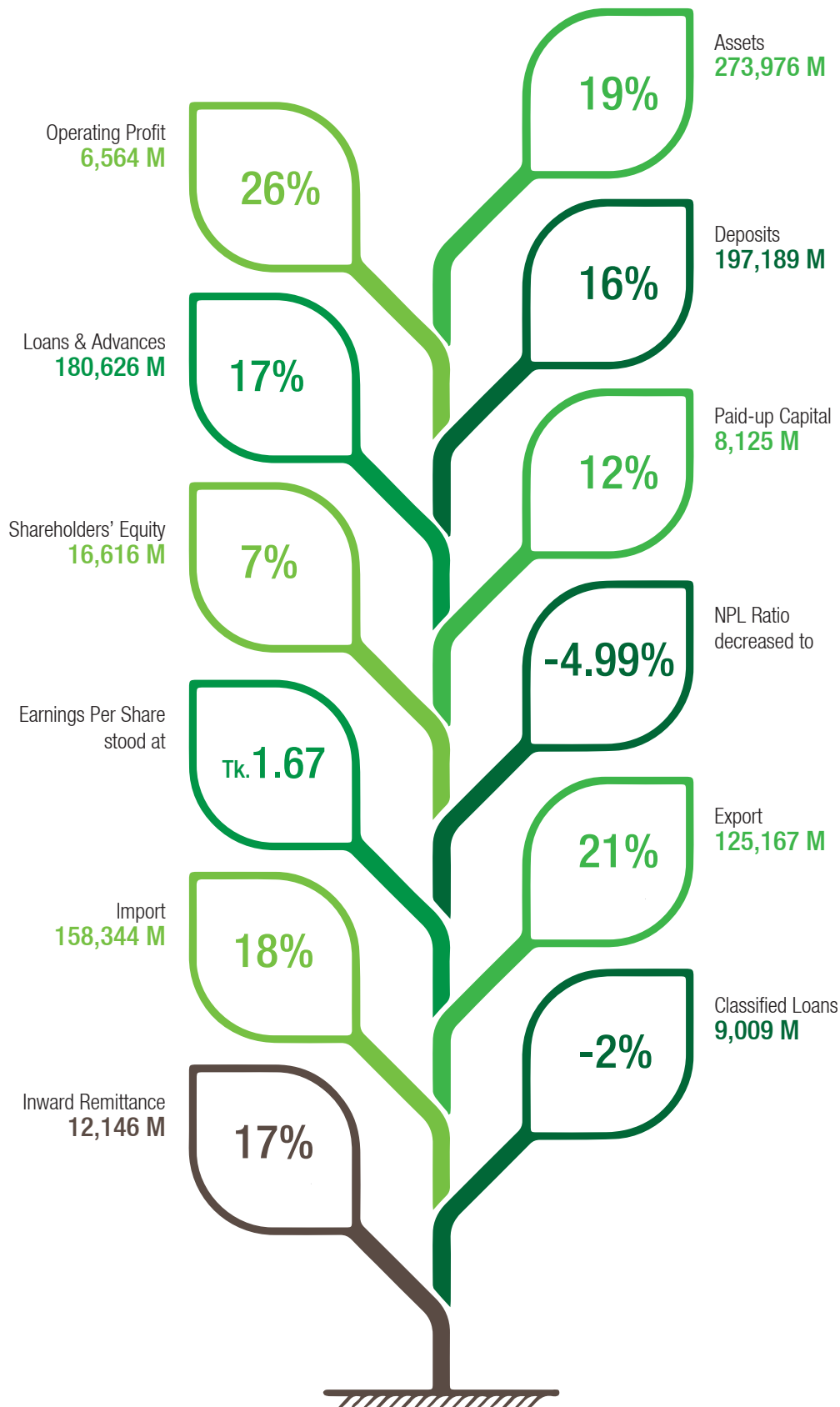
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# 2018 PERFORMANCE HIGHLIGHTS -- THE BANK

## Core Business Growth

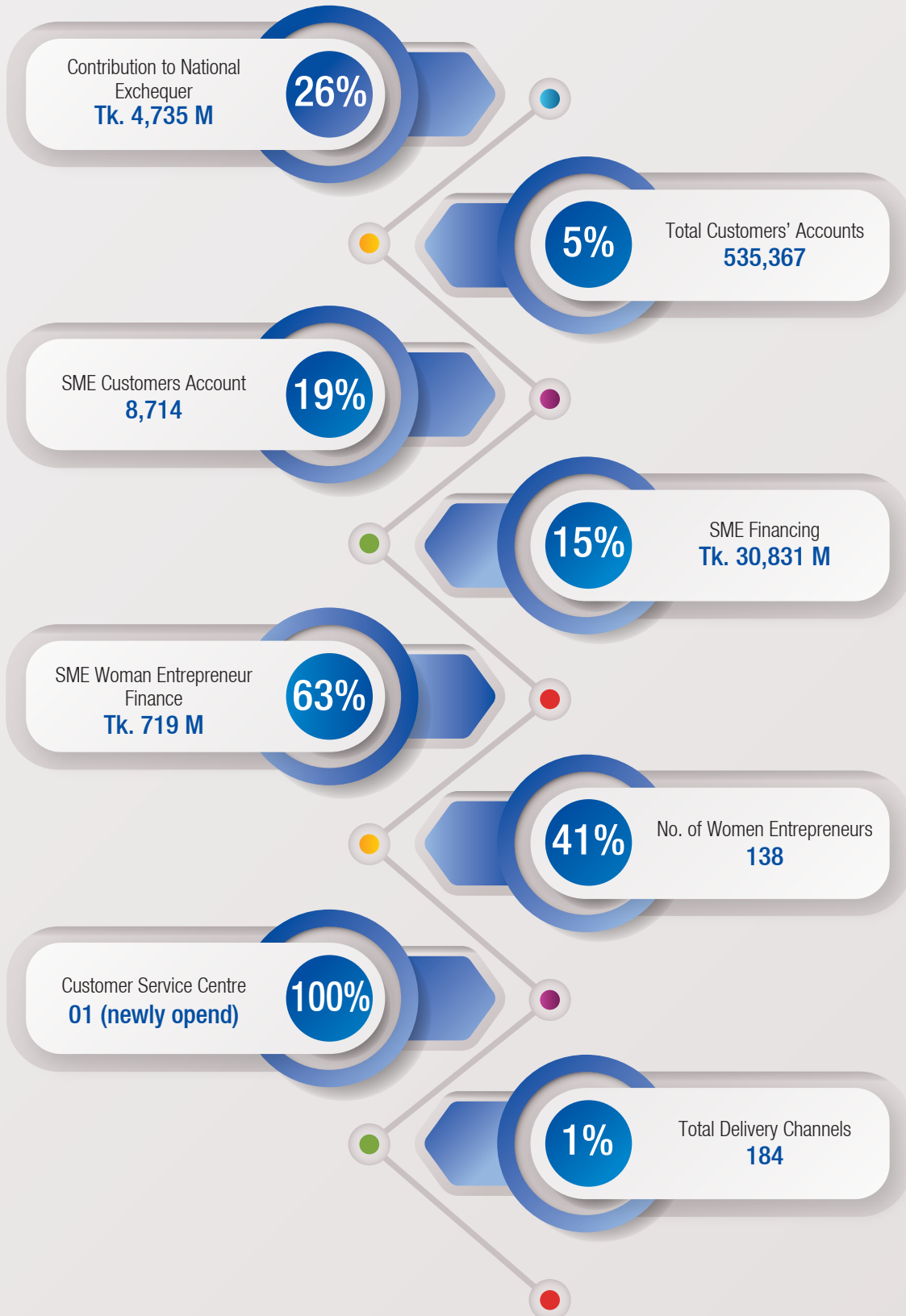
Amount in Taka



# 2018 PERFORMANCE HIGHLIGHTS -- THE BANK

Continued

## Financial Inclusion Growth (direct & indirect)



# BANK'S PROFILE

## About the Bank

Dhaka Bank Limited is the brainchild of a host of committed entrepreneurs and farsighted dreamers of Banking excellence. Established in July 5, 1995, the Bank is now an admired provider of financial services and has positioned itself as a strong brand in the mind of Customers. 'Excellence in Banking' is our motto and to become the best performing bank in the country is our mission. As a leading private commercial bank in Bangladesh, our eminence is backed by quality products and services, superior technology and highly motivated personnel to realize your dream. We are recognized for our good governance practices, compliance with Regulatory guidelines, flexibility to growing needs and adaptability to the changing world.

## Our strategy & achievement

Customer centricity is our main strategic focus. The ultimate goal is to maximize investors' wealth by running business efficiently and ethically. To protect investors' interest, the Bank constantly pursues strategies for sustainable growth and wider financial integration. Key businesses are diversified into Corporate Banking, SME, Agriculture, Consumer Banking and Islamic Banking. Business is run on a viable platform backed by other functions such as Business Operations, IT, R&D, Marketing, HR, Procurement & Logistics, Risk Management, Compliance, Internal Audit, Financial Administration and so forth. Moreover, the Bank group has two subsidiaries namely Dhaka Bank Securities Limited to look after capital market and brokerage service and Dhaka Bank Investment Limited to conduct merchant Banking operations (this company is yet to start operations). The Bank gathers strength from its growing Customer base, skilled workforce, superior technological platform & process and a company-wide culture that binds us together. Tailored products and services facilitated by real-time online Banking have become the right solution for every Customer need. The Bank keeps on channel expansion by enhancing value chain, centralization & automation, payment system, etc so that Customers find our service more accessible and comfortable. Our Customers can send and receive money to/from any Branch, any bank included in the system under Real Time Gross Settlement (RTGS) recently implemented by the Bank. We build systems as user-friendly to free up time for Customers that in turn adds better values to our relationship. Enhanced risk management system, compliance culture and anti money laundering platform guard us strong against the evils of mismanagement.

Our effort, strategy and action put together have made our footprint stronger in 2018 with 101 Branches, 3 SME Service Centres, 1 Business Kiosk, 2 Offshore Banking Units, 1 Customer Service Centre along with 56 ATMs and 20 ADMs. Total Assets of DBL is around Tk. 273,976 million, equivalent to USD 3,280 million as at the close of 2018. With a total of 535,367 Customer-base (accounts), Tk. 197,189 million in Deposits and Tk. 180,625 million in Advances, Dhaka Bank turns out to be a change agent to contribute to the stand-out economic growth of Bangladesh.

## Capital Adequacy and Economic Capital

The Bank has stepped in the regime of Basel-III compliance since January 2015 as an enhanced regulation for capital and liquidity strength. The Bank is engaging with Basel III to position itself competitively in the new post-crisis global financial risk and Regulatory landscape. To keep up capital adequacy as per Basel-III requirement, the Bank issued Non Convertible Subordinated Bond to strengthen the capital base in line with the newly introduced Capital Adequacy Guidelines under BASEL-III Accord. As a result, DBL's Regulatory capital as on December 31, 2018 stood at Tk. 29,094 million, whereas, the Capital to Risk Weighted Assets Ratio (CRAR) was 13.84% under Basel-III, as per Central Bank's minimum capital requirement of 11.87%.

The concept of economic capital has come up to act as a safety cushion for the Bank, particularly in the wake of the global credit crisis. Year 2018 still saw the effect of unanticipated losses of banks from credit risks and extent of market volatility. Under such a market it becomes imperative to manage the Banking business in a risk-sensitive economic capital framework. So we are carefully considering the potential unexpected losses and thus, bringing up the concept of economic capital that is associated with each individual activity to minimize the risks of the Balance Sheet and safeguard the interest of the stakeholders.

## Our concern for people & environment

We are committed to making a better society by working and donating in different sectors such as, education, health, disaster management, sports and some other sectors having national priority. Significant CSR involvement alongside our financial integration over long 24 year journey is a true reflection of our concern for people. On the other side, we have incorporated sustainability principles into day-to-day activities of the Bank. Green Banking Cell has been formed with the task of developing policies, products, planning and overseeing the overall green financing activities of the bank. Green Banking considers all the social and environmental factors along with financial priorities with an aim to protect the environment as well as to foster the economic development in a more environment friendly way. In addition, our policy harmonizes green Banking initiatives in its in-house management and participating in environment protecting activities.

## Commitment towards wider financial inclusion

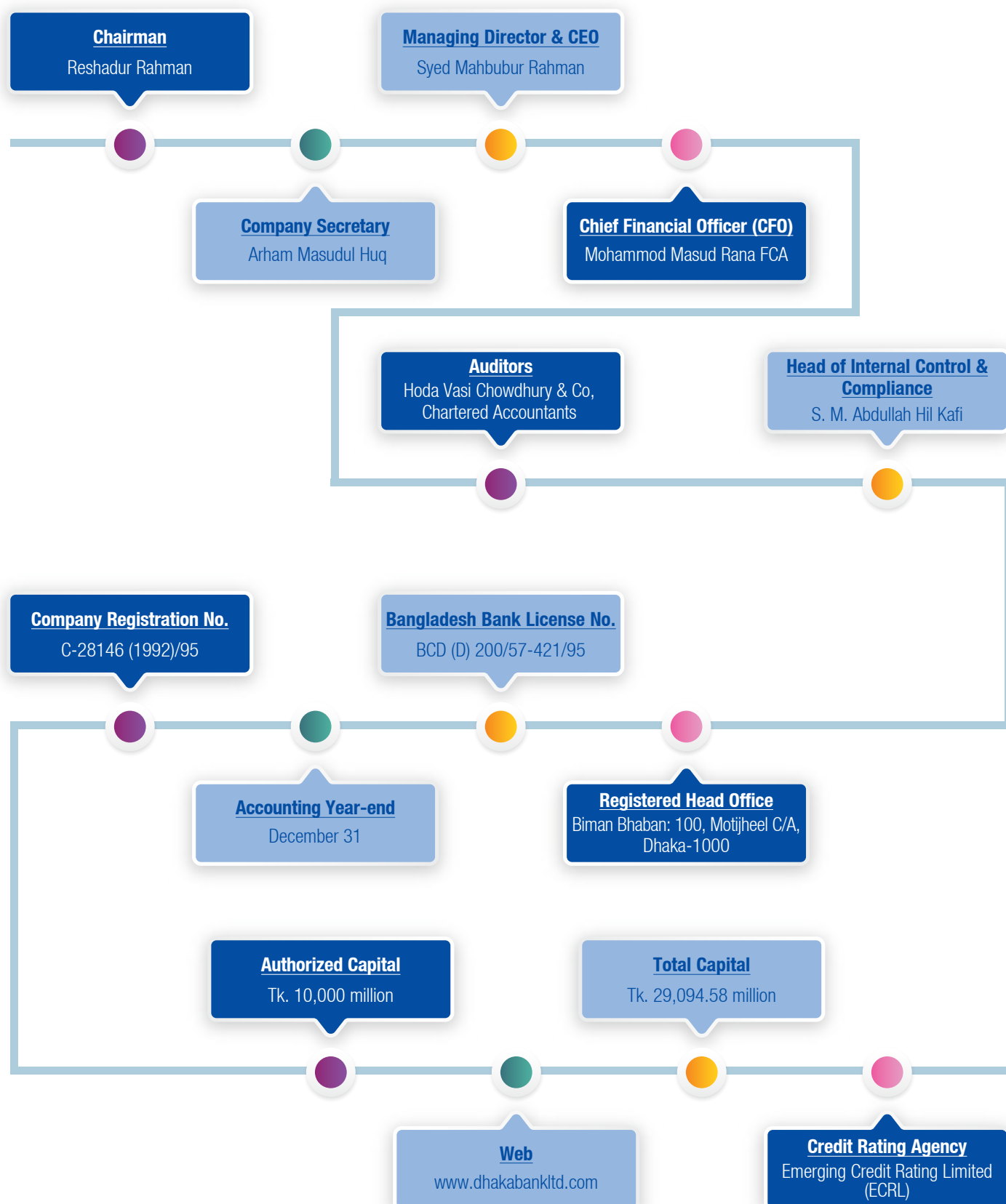
Our voyage across the industry picks up momentum every day one more account enters our Book. It's like opening a new chapter in the world of prosperity. The way the digital age has fired up endless potentials of every human being, just an access to Banking domain can unleash the fountains of economic benefit. To cite an example, the wishful eyes of a student swiping card at our ATM may grow into the wisdom of a financial planner ahead. Monthly savings of a housewife turns up an economic face of household labour. Harvesting farmer under our finance gives a secured look of the country's agricultural development. Our woman entrepreneur who now can afford better schooling of her children is a sign of social equality. With this commitment towards wider financial inclusion, we keep weaving the dream for every individual in the society. Thus we with the industry together feel proud to be a partner of the country's awe-inspiring economic growth over a decade.



# BANK'S PROFILE

Continued

## Other information




# BANK'S PROFILE

Continued

## Credit Rating Report

Dhaka Bank Limited was rated by Emerging Credit Rating Limited (ECRL) on the basis of audited Financial Statements as on 31 December 2018.

### Rating summary:

2018				2017	2016
	Long Term	<b>AA</b>	A very strong capacity to meet its financial commitments, and is generally in a position to withstand adverse developments in the economy, and in business and other external conditions. Typically poses a good track record and have no readily apparent weakness.	AA	AA
	Short Term	<b>ST-2</b>	Strong capacity to meet its financial commitments in timely manner. However, it is somewhat susceptible to adverse developments in the economy, and in business and other external conditions.	ST-2	ST-2
	Outlook	<b>Stable</b>	Indicates that a rating is likely to remain unchanged.	Stable	Stable

## Brand DBL

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

# DHAKA BANK LIMITED WINS 'THE BANKER AWARD-2018' OSCAR OF THE BANKING INDUSTRY



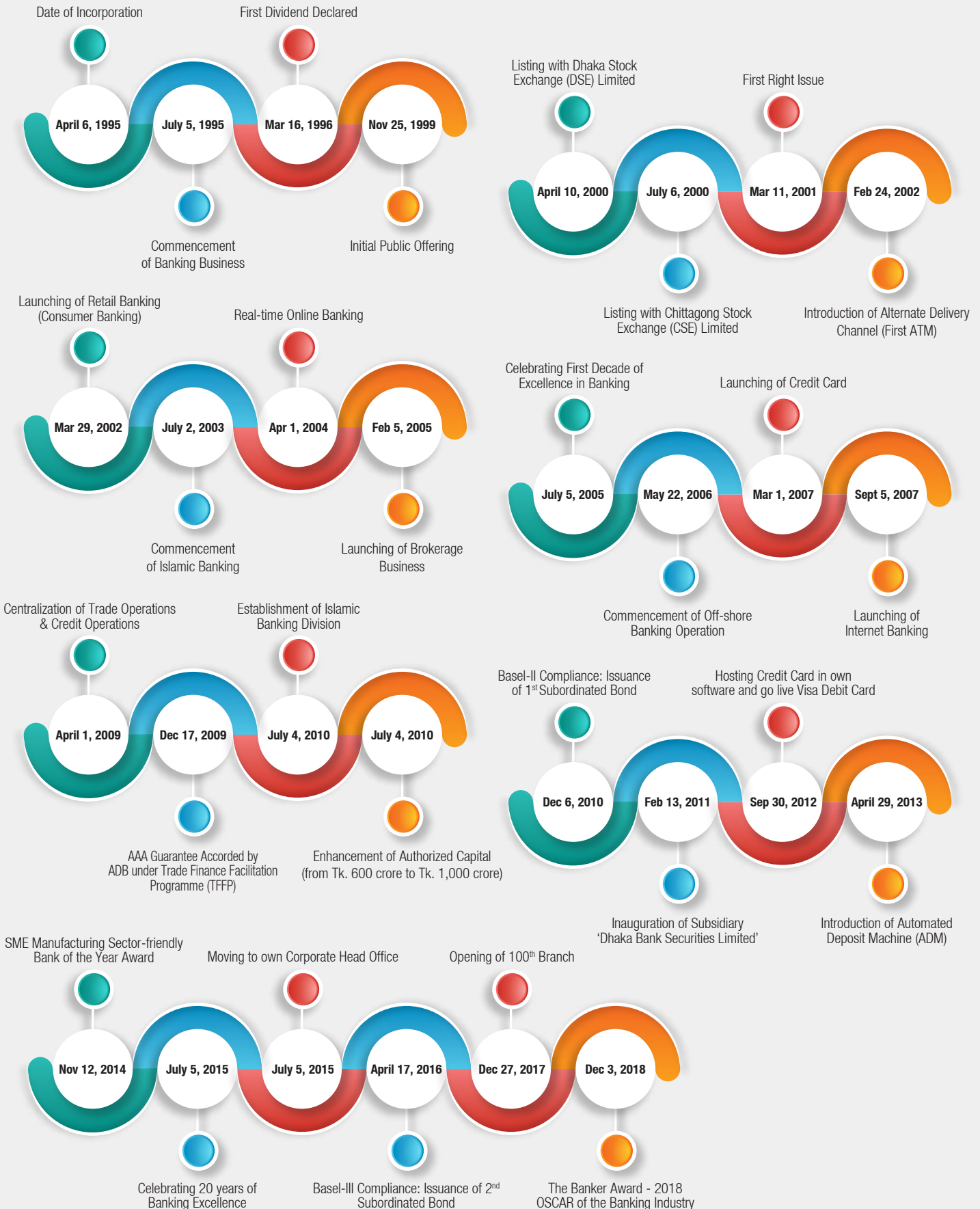
*Cheerful Colleagues Celebrate Conquest MD & CEO with the Pricey Prize*

Dhaka Bank Limited has been accredited as 'Bank of the Year - 2018 in Bangladesh' for Banking excellence from THE BANKER. THE BANKER's Bank of the Year Awards are regarded as the OSCARS of the Banking Industry. For the last 92 years, THE BANKER has been the world's leading monthly international financial affairs magazine owned by The Financial Times Ltd, UK.

The Banker Awards Ceremony was attended by more than 350 Bank Chairpersons, CEO's, CFO's and other senior managers from over 120 countries. During the Ceremony, Award Winning Crest was handed over to Mr. Syed Mahbubur Rahman, Managing Director & CEO of Dhaka Bank Limited.

The recognition of being named as 'Bank of the Year - 2018 in Bangladesh' by the world's longest running international Banking title is testament to the strong management, sound business model, Banking innovations and prudent risk approach of Dhaka Bank Limited.

# MILESTONES



# 2018 RESULTS SUMMARY

Figure in million

Segmented Results of 2018	Dhaka Bank Limited			Subsidiary		Consolidated
	On-shore	Off-shore	Islamic Banking	Dhaka Bank Securities Ltd.	Dhaka Bank Investment Ltd.	
Operating Income	9,895	630	351	174	6	11,056
Operating Profits	5,734	563	267	92	5	6,661
Assets	239,508	20,483	9,573	5,535	298	275,397
Liability	239,508	20,483	9,573	5,535	298	275,397
<b>Note:</b> While consolidating segmented results under the Bank group, inter-company adjustments have been made.						
<b>Shareholders' Value – Consolidated</b>				<b>2018</b>	<b>2017</b>	<b>% Change over 2017</b>
Earnings per Share (EPS)				1.73	1.98	(13%)
Price Earning Ratio				8.19	11.11	(26%)
Dividend (%)				5% (Cash)	0% (Cash)	500%
				5% (Stock)	12.50% (Stock)	(60%)
Net Asset Value (NAV) - million				17,249	15,828	9%
NAV per Share				21.23	19.48	9%
<b>Profitability &amp; Performance Ratio – The Bank</b>				<b>2018</b>	<b>2017</b>	<b>% Change over 2017</b>
Return on Assets (ROA) (%)				0.54	0.69	(22%)
Return on Equity (ROE) (%)				8.18	9.21	(11%)
Return on Investment (ROI) (%)				8.66	12.97	(33%)
Operating Profit per Employee - million				3.42	2.94	16%
Assets per Employee - million				142.92	129.56	10%
<b>Balance Sheet Focus – The Bank</b>				<b>2018</b>	<b>2017</b>	<b>% Change over 2017</b>
Balance Sheet Size				273,976	229,453	19%
Shareholders' Equity				16,616	15,245	9%
Total Deposits				197,189	170,035	16%
Total Loans & Advances				180,626	154,017	17%
Classified Loans				9,009	9,209	(2%)
<b>Capital Adequacy – The Bank</b>				<b>2018</b>	<b>2017</b>	<b>% Change over 2017</b>
Tier-I Capital Ratio				7.33	7.95	(8%)
Capital to Risk Weighted Assets Ratio (CRAR)				13.84	11.96	16%
Total Eligible Capital				29,094	21,884	33%



MISSION

VISION

CORPORATE  
VALUES

# MISSION VISION & CORPORATE VALUES

## MISSION

**T**o 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.

## VISION

**A**t 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.

## CORPORATE VALUES

**C**ustomer Focus  
Integrity  
Quality  
Teamwork  
Respect for the Individual  
Responsible Citizenship

# STRATEGIC OBJECTIVES & ETHICAL PRINCIPLES

## STRATEGIC OBJECTIVES

- Our objectives are to conduct transparent and high quality business operation based on market mechanism within the legal and social framework spelt in our mission and reflected in our vision.
- Our greatest concerns are our Customers to provide them continually efficient, innovative and high quality products with excellent delivery system.
- Our motto is to generate profit with qualitative business as a sustainable ever-growing organization and enhance fair returns to our Shareholders.
- We are committed to our community as a corporate citizen and contributing towards the progress of the nation as our corporate social responsibility.
- Our Employees are our backbone. We promote their wellbeing through attractive compensation package, promoting staff morale through training, development and career planning.
- We strive for fulfilment of our responsibility to the government through paying entire range of taxes and duties and abiding by the other rules.
- We are cautious about environment and climatic change and dutiful to make our homeland a green and clean soil.

## ETHICAL PRINCIPLES

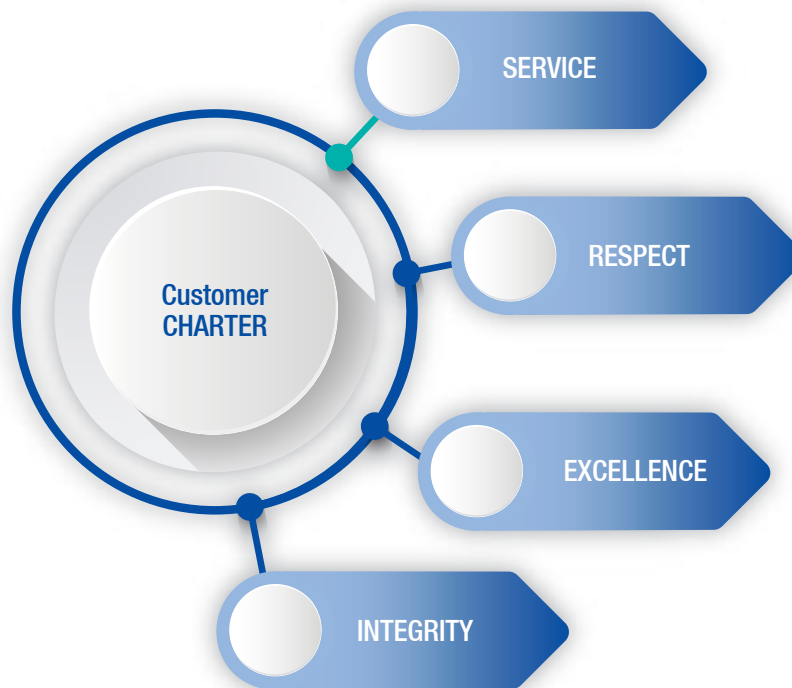
- We are compliant to our country's laws and regulations.
- We reject bribery and corruption.
- We avoid compromised gifts and entertainment.
- We speak up if we suspect any actual, planned or potential behaviour that may breach any laws and regulations.
- We are compliant to Anti Money Laundering guidelines 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 bond.





# 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.

# OUR STRENGTH & OUR CONFIDENCE

## OUR STRENGTH

- A dynamic and vibrant Board of Directors.
- A strong and resilient capital base.
- Highly qualified team of management professionals.
- Forward looking strategies and management policies.
- Cutting-edge tools and technologies to support real time on-line Banking.
- Well-diversified line of business.
- A good risk management and compliance culture.
- Deep focus on quality control.
- And a dedicated line of human resources.

## OUR CONFIDENCE

- Ability to lead the competition in a changing business environment.
- A solid business growth to create sustainable Shareholder value.
- Spirit to learn, adopt and adapt to the changes around us.
- Right collection of products and services to meet financial needs.
- Enhancement of Customer responsiveness by leveraging financial advice.
- Rigorous teamwork to bring out synergy for optimum benefits.
- Strong compliance of the laws and regulations of the state and Regulatory bodies.
- Trust by the community as a part of their lives.
- A rewarding work environment for our dedicated Employees.
- High ethical standard in all level of operations under a corporate culture par excellence.

# OUR STORY

## A JOURNEY TO HISTORY HERITAGE AND BUSINESS

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

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

The Bank has stood out for its financial strength and operational craftsmanship marking its position as the potential market player in all core areas of Banking in the country. It got listed in DSE and CSE in 2000. Alongside a lasting bond with the corporate world, DBL has got hold of a countrywide reach through a larger network of Branches, ATMs, SME channels, agricultural outreach and mobile Banking. The Bank is now expanding far and wide to higher market share and big surge in assets. A great total of 535,367 Customers' accounts now we serve and seek to make them better-off as best as we can. Strong with 184 delivery centres, the Bank is still going strong with more expansion and inclusive Banking programmes. Opening many gateways for financial freedom and services, DBL has made its vibrant presence at 101 locations (including 2 Islamic Banking Branches), 2 Off-shore Banking Units, 3 SME Service Centers, 1 Business Kiosk, 1 Customer Service Centre, 56 ATMs and 20 ADMs across the country. Catering to the needs of Capital Markets, the Bank has established a subsidiary company named 'Dhaka Bank Securities Ltd.' having 6 countrywide Branches. Another subsidiary in the name of 'Dhaka Bank Investment Limited' is yet to start operation. This has strengthened its capital base to Tk. 29,094 million with a Capital to Risk weighted Assets Ratio (CRAR) of 13.84%. Sailing past all odds and uncertainties in 2018, DBL posted an operating profit of Tk. Tk. 6,564.16 million.

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

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

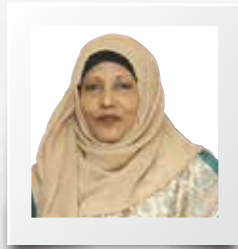


# BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD

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.



# BOARD OF DIRECTORS



## Chairman

Mr. Reshadur Rahman

## Vice Chairman

Mr. Md. Amirullah

## Directors

Mr. Abdul Hai Sarker  
 Mrs. Rokshana Zaman  
 Mr. Altaf Hossain Sarker  
 Mr. Mohammed Hanif  
 Mr. Abdullah Al Ahsan  
 Mr. Khondoker Monir Uddin  
 Mr. Tahidul Hossain Chowdhury  
 Mr. Jashim Uddin  
 Mr. Khondoker Jamil Uddin  
 Mr. Mirza Yasser Abbas  
 Mr. Amanullah Sarker  
 Mrs. Manoara Khandaker

## Independent Directors

Mr. M. A. Yussouf Khan  
 Mr. Md. Muzibur Rahman  
 Mr. A.S. Salahuddin Ahmed\*  
 (\*Appointed on January 01, 2019)

## Managing Director & CEO (ex-officio)

Mr. Syed Mahbubur Rahman

# EXECUTIVE COMMITTEE OF THE BOARD



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## Chairman

Mr. Abdul Hai Sarker

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## Members

Mr. Altaf Hossain Sarker

Mr. Mohammed Hanif

Mr. Abdullah Al Ahsan

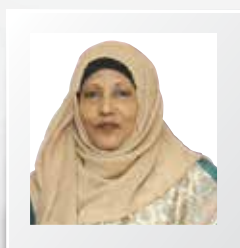
Mr. Jashim Uddin

Mr. Khondoker Jamil Uddin

Mr. Mirza Yasser Abbas

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# AUDIT COMMITTEE OF THE BOARD



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## Chairman

Mr. M. A. Yussouf Khan

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## Members

Mrs. Rokshana Zaman

Mr. Tahidul Hossain Chowdhury

Mrs. Manoara Khandaker

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# RISK MANAGEMENT COMMITTEE OF THE BOARD



## Chairman

Mr. Khondoker Monir Uddin



## Members

Mr. Reshadur Rahman  
Mrs. Rokshana Zaman  
Mr. Amanullah Sarker  
Mr. M. A. Yussouf Khan

# SHARI'AH SUPERVISORY COMMITTEE



## Chairman

M. Azizul Huq

## Members

Prof. Mowlana Mohammad Salah Uddin (Absent in the picture)  
Md. Fariduddin Ahmed  
Dr. Mohd. Haroon Rashid  
Hafej Mawlana Abdul Gaffer  
Barrister Omar Sadat

## Member ex-officio

Syed Mahbubur Rahman, Managing Director & CEO

## Member Secretary (Acting)

Md. Kamaruzzaman, VP

# SPONSOR SHAREHOLDERS

## OUR GRATITUDE TO THE ARCHITECTS OF DHAKA BANK

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. Mainul Islam

**Mr. Mirza Abbas Uddin Ahmed**  
Founder

(Mr. Mainul Islam expired in 2008 and Mrs. Kamala Khatun expired in 2011).



# CHRONICLE OF A RARE VISIONARY

## Mirza Abbas Uddin Ahmed

The Founder

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

The Founder of Dhaka Bank was born in 1951 in a respectable Muslim family in Kishoreganj. He had his schooling in the local educational institutions and finally obtained B.Com. Degree from Dhaka University. Then he associated himself with his family business named Mirza Enterprize, Dhaka that flourished on his long attachment for 34 years. He was also the Advisor of Dhaka Bank Limited.

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

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

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



**Mirza Abbas Uddin Ahmed**

The Founder

# DIRECTORS' PROFILE



**Reshadur Rahman**

Mr. Reshadur Rahman is a prominent industrialist in Bangladesh. As a successful business entrepreneur, he has many achievements to his credit. His able leadership has become more vibrant in Banking where Dhaka Bank is an epitome of his continued success. Mr. Rahman is now leading the Bank as Chairman. He was elected the Chairman of the Board of Directors in the 243<sup>rd</sup> Meeting of the Board of Directors of Dhaka Bank held on May 13, 2015 and was lastly re-elected Chairman in the 328<sup>th</sup> Board Meeting held on June 28, 2018. He was also the Chairman of the Board of Directors during the tenure 2010-2013. Having accomplished his graduation, Mr. Rahman resolved on making a start in the line of business and succeeded in new ventures one after another over more than three decades of his career. His business grew as an enormous group and diversified into numerous worthy areas. He is also the Chairman of RR Aviation Ltd., Trade Hub Bangladesh Ltd. and Dhaka Bank Securities Ltd.; Managing Director of RR Holdings Ltd.; Proprietor of RR Trading & Co., RR Shipping Lines, RR Architecture & Engineering Co. and National Traders; and Shareholder of Alliance Deep Sea Fishing Ltd., Alliance Bags Ltd., Quality Breeders Ltd. and Quality Grains Ltd. Mr. Reshadur Rahman has membership in professional organization namely Dhaka Chamber of Commerce & Industry and all elite clubs in Dhaka and Chittagong. He is equally active in many community development and social services programmes. Time and again, he has remained an honourable Donor to BIRDEM Hospital, Cancer Hospital, SEID Trust and a good number of educational institutions. He is the honorary Consul General of the Republic of Poland in Dhaka.



**Md. Amirullah**

Mr. Md. Amirullah is a seasoned businessman in the country. He has considerable experience in business extending over above 49 years. His long attachment and commitment to business is something worth considering in the pace of economic development of the country. He started young in business and ended up with many achievements to be proud of. He is one of the pioneers in Bangladesh to initiate export of Video Cassettes worldwide. There is high recognition to his credit as a large exporter of chemicals in the international market. He had long been associated with HP Chemicals Ltd. and Orient Craft Ltd. He is one of the Directors of Dhaka Bank Investment Ltd. Mr. Amirullah associated himself with Banking entrepreneurship as a Sponsor Director of Dhaka Bank. He still continues with the Bank as Director and has retained his position for several terms after required intervals. He is now the Member of the Executive Committee of the Board. He has also widened his contribution to education setting through up a university in Dhaka. He has life membership with almost all elite clubs. He was elected the Vice Chairman of the Board of Directors in the 328<sup>rd</sup> Meeting of the Board of Directors of Dhaka Bank held on June 28, 2018.



**Abdul Hai Sarker**

Mr. Abdul Hai Sarker is the Founder Chairman and one of the most experienced Board Members of Dhaka Bank Limited. He was the key architect to set the pace of this great corporate voyage for excellence. Today's Dhaka Bank manifests his crusading zeal for a sound Banking institution that would be a shining example for all and the best choice of the new generation. Most importantly, he is a big name in the domain of business and industry. He led the Bank as a Chairman for several times. He is now the Chairman of Executive Committee of the Board. Born in a respectable Muslim family of Sirajgonj District, Mr. Hai accomplished his Post Graduation Degree (M.Com.) from the University of Dhaka in 1970. Soon he involved himself in international trade & business and became a reputed industrialist in the country. His sincere effort and dynamic leadership culminated in a large business conglomerate in the name of Purbani Group. He is the Chairman & CEO of Shohagpur Textile Mills Ltd. & Purbani Synthetic Spinning Mills Ltd., Purbani Fabrics Ltd., Karim Textile Ltd., Karim Spinning Mills Ltd., Purbani Yarn Dying Ltd., Purbani Agro Processing Ltd., Purbani Rotor Spinning Ltd. and Purbani Fashions Ltd.; Proprietor of Purbani Traders and Purbani Fisheries and Director of Dhaka Bank Securities Ltd. He is also the Chairman of Education, Science, Technology and Cultural Development Trust (ESTCDT) of Independent University, Bangladesh (IUB). Mr. Abdul Hai Sarker is the former Vice Chairman of Bangladesh Association of Banks (BAB), the former President of Bangladesh Textile Mills Association (BTMA) and a former Director of Federation of Bangladesh Chamber of Commerce and Industries (FBCCI). Mr. Hai is the Founder Trustee of Independent University, Bangladesh, Founder Member of the Board of Trustees of Bangladesh Enterprise Institute (BEI) and was an Associate Director of International Cotton Association based in Liverpool, UK. Besides being a leading business personality, he has been playing commendable role in social welfare and community development. Many organizations have awarded him for his outstanding contribution to the society. He has also been accorded Commercially Important Person (CIP) status by the Government.

# DIRECTORS' PROFILE

Continued



**Rokshana Zaman**

Mrs. Rokshana Zaman is an experienced business person and a prominent woman entrepreneur in the country. She has exposure in the line of business for more than 18 years. She is the Proprietress of Dhaka Enterprise, a reputed business firm in Bangladesh and M/S. Manehor Fisheries and Director of Dhaka Bank Securities Ltd. Mrs. Zaman first involved herself in Banking business as an Alternate Director of the Bank back in 1996. Subsequently she was appointed a Director on June 29, 2004. She became the Chairperson of the Board of Directors on June 29, 2004 and continued her tenure till March 28, 2006. She is now a Member of the Audit Committee as well as Risk Management Committee of the Board. Since long, she has been associated with various CSR initiatives.



**Altaf Hossain Sarker**

A seasoned industrialist Mr. Altaf Hossain Sarker is an admired name in the arena of business in Bangladesh. His brilliance and business foresight has added a new dimension to the industrial revolution in Bangladesh. As his brainchild, many enterprises are there to be named, which in turn have become a change maker not only in the heartland of Sirajgonj where he was born but also around the country as a whole. In his mid twenties, he started off as a businessman with an academic accomplishment of Bachelor of Commerce (B.Com.). The following years saw his sparks of business growth in diversified areas of business. Mr. Sarker is the CEO of Rahmat Group, a renowned business conglomerate. He is the Chairman of Rahmat Spinning Mills Ltd., Belkuchi Spinning Mills Ltd., China Plastic (BD.) Ltd., Rahmat Plastic and Accessories Ltd. and Rahmat Rotors Ltd.; Managing Director of Rahmat Textiles Ltd. and Rahmat Knit Dyeing & Finishing Ltd.; Director of Rahmat Fashion Wear Ltd., and Dhaka Bank Securities Ltd. and Advisor of Logos Apparels Ltd. Textile and Garment products under Rahmat Group have captured an international market. Most importantly, many of his products have become a part of our everyday life being excellent items for clothing and adornment. Mr. Altaf Hossain is now Director of Dhaka Bank and also a member of Executive Committee of the Board. He is also a sponsor Shareholder of the Bank that began its Banking operation in 1995. Earlier, he led the Bank as Chairman being elected in the 134<sup>th</sup> Board Meeting held in April 2008. His interest has an extra focus on education and social organizations. He is a Member Trustee of Independent University, Bangladesh (IUB) and Director of Bangladesh Textile Mills Association (BTMA). Mr. Sarker is founder Member of Board of Trustees of Dhaka Bank Foundation. Besides, he is a regular sponsor to different social activities, honourable Donor to BIRDEM Hospital, Cancer Hospital, SEID Trust and a good number of educational institutions.



**Mohammed Hanif**

An experienced businessman Mr. Mohammed Hanif is a renowned industrialist in the country. He has made remarkable contribution towards business and Banking in Bangladesh. The seasoned industrialist has a business career that extends over as long as 54 years. He is the Managing Director of Hanif Steels Ltd., Hanif Spinning Mills Ltd. and National Foundry & Engineering Works (Pvt.) Ltd. Mr. Hanif is a Sponsor Director and one of the long serving Board Members of Dhaka Bank Limited. He was elected the Vice Chairman of the Bank in the 134<sup>th</sup> Board Meeting held in April 2008. He was first appointed a Director of the Board on April 6, 1995. He is also a Founder Member of the Board of Trustees of Dhaka Bank Foundation and an erstwhile member of Audit Committee of the Bank. He is associated with different socio-cultural activities.

# DIRECTORS' PROFILE

Continued



**Abdullah Al Ahsan**

Mr. Abdullah Al Ahsan, Director of Dhaka Bank has a prolific business background. For more than 33 years, his contribution to industry and commerce has remained vibrant. Academically he has completed M.Com. He is also a Sponsor Director of Dhaka Bank. His first appointment as a Director took place in April 6, 1995. As a business entrepreneur, he has made worthy contribution to Agro Industry, well-recognized as a thrust sector in Bangladesh. He is the Director of Aroma Poultry and Aroma Fisheries Ltd. He has widely travelled across the globe on business trips. He is associated with Gulshan Club, Chittagong Golf & Country Club and Chittagong Seniors Club Ltd. He was pro-VC of USTC.



**Khondoker Monir Uddin**

A passionate entrepreneur and a perceptive businessman, Mr. Khondoker Monir Uddin is a Director of Dhaka Bank Limited. He is also one of the admired Sponsor Directors who envisioned Dhaka Bank as a house of corporate excellence. He is now the Chairman of the Risk Management Committee of the Board. Born and educated in Dhaka, he obtained B.Com. (Hons) and M.Com. degree from the Department of Accounting, University of Dhaka. On achieving academic feat, Mr. Monir set out his venture in business in 1985. The succeeding years saw his scintillating entrepreneurship in diverse fields of business spanning Readymade Garment (RMG), Real Estate, Chemicals, Business Equipment & Machine Supply, Banking, Health Care, Education and Brokerage Services, etc. With his visionary and proven business record, Mr. Monir has acquired a good entrepreneur image in the country. He puts indelible mark of perfection in whatever areas he works. For example, with his visionary leadership and keen business knowledge, Shanta Holdings Limited, a powerful portfolio of the country's most distinctive and selective developments, drives forward to demonstrate unparalleled foresight by developing projects which are the epitome of modern architecture and comfortable living. He is the Managing Director of Shanta Apparel Ltd., Shanta Medical Centre Ltd., Universal Business Machines Ltd., STS Holdings Ltd., Shanta Holdings Ltd., GDS Chemical Bangladesh (Pvt.) Ltd. and Shanta Securities Ltd.

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

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



**Tahidul Hossain Chowdhury**

Mr. Tahidul Hossain Chowdhury is a sponsor Director and one of the long serving Members of the Board of Dhaka Bank Limited. He is now holding the position of Director of the Bank. He is also a Member of the Audit Committee of the Board. His first appointment as Director dated April 6, 1995 while his last re-appointment took place on May 11, 2009. Academically, he is a Bachelor of Arts and his professional experience in business extends over more than 39 years.

Mr. Chowdhury has earned a name as a prominent business personality in the country having stakes in diverse fields of business. He is the Chairman of Riotex Ltd. and Jerat Shirt Ltd.; Managing Director of Jerat Fashion Ltd. and Hotel Victory Ltd. and Director of Central Hospital Ltd., HURDCO International School and Dhaka Bank Investment Ltd. Besides, he is well-connected to various social initiatives and has a good travel record around the world on business and personal trip.

# DIRECTORS' PROFILE

Continued



**Jashim Uddin**

Mr. Jashim Uddin, Director of Dhaka Bank Limited is a prominent businessman of the country. He is also a Sponsor Director of the Bank. Academically, he is a Bachelor of Arts and by profession. He is an established businessman having more than 34 years of experience. He is involved in myriad fields of business comprising Banking Services, Insurance, Stock Brokerage, HR Development, Trading and others. He is now the Chairman of Impel Shares & Securities Ltd.; Director of HURDCO International School and Proprietor of Rafid Enterprise and Shareholder of Dhaka Imperial Hospital Ltd.

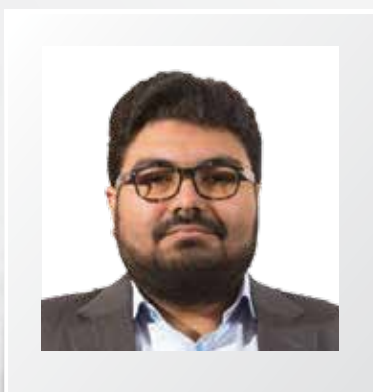
Widely travelled, Mr. Jashim is involved with many social and educational initiatives and earned recognitions from a number of organizations. He is Life Member of Bhatiyar Golf and Country Club, Red Crescent Society, Kidney Foundation, Chittagong and Diabetic Association, Chittagong. As a Donor Member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



**Khondoker Jamil Uddin**

Mr. Khondoker Jamil Uddin is a Director and one of the long serving Board Members of Dhaka Bank Limited. He is also a Member of Executive Committee of the Board. Born in a respectable Muslim family in Dhaka, Mr. Jamil accomplished his B.S.S. (Hons), M.S.S. and MPhil from the Department of Sociology, University of Dhaka. He embarked on business in 1995 and the later years proved most prolific earning him the reputation of a distinctive industrialist in Bangladesh. His sincere effort and dynamic leadership culminated in a large business conglomerate in the name of Shanta Group and other renowned business houses. He is the Chairman of JAAZ Concerns Ltd., Executive Attire Ltd., Green Field Tea Estate Ltd., OK Mobile Ltd., Dhaka Bank Investment Ltd. and Shanta Garments Ltd.; Director of STS Holdings Ltd., GDS Chemical Bangladesh (pvt.) Ltd., Universal Business Machines Ltd. and Citizen Securities Ltd. and Sponsor Director of Apollo Hospitals Dhaka Ltd., International School Dhaka., Delhi Public School and STS Education Group Ltd.

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



**Mirza Yasser Abbas**

Mr. Mirza Yasser Abbas, a youthful entrepreneur, is the Director of Dhaka Bank Limited. He is also a Member of Executive Committee of the Board. Mr. Abbas has an excellent academic records. He has attained his international MBA from Arcadia University, PA, USA and earned worthy expertise on business management affairs. He has been associated with Mirza Enterprise and family business over the last 16 years; and applies his rich experience as the Chairman of LOUD Limited and Managing Director of Predictable Process Limited. He is also the Director of Dhaka Bank Investment Limited.

Mr. Mirza Yasser Abbas was appointed Member of the Board of Directors of Dhaka Bank on May 3, 2012. Since his joining, he has been spearheading many development and restructuring initiatives in the Bank on behalf of the Board.

As an impressive and eloquent Speaker, he advances impactful ideas and meaningfully motivates youths, especially Corporate Freshers, with examples drawn mostly from his own multihued life.

Apart from business, he has admirable social affiliation. He is an Associate Member of Gulshan Club, Dhaka. He has travelled widely across Asia, Europe and North America on business and personal trips. With a convincing compassion for the underprivileged, Mr. Abbas is involved in various philanthropic works in the community.

# DIRECTORS' PROFILE

Continued



**Amanullah Sarker**

Mr. Amanullah Sarker is Director of Dhaka Bank Limited. He was appointed a Member of the Board of the Bank with effect from April 18, 2013. Having an excellent business background for 28 years, he is associated with Rahmat Group, a renowned business group which is one of the leading manufacturers of textiles, spinning, weaving, plastic and accessories in the country.

Mr. Sarker was born on May 18, 1964 and belongs to a respectable Muslim family. He is the son of Alhaji Mohammad Ali Sarker and Mrs. Amina Khatun. Academically he has earned B.A. (Hons) and M.A. degree from the University of Dhaka. Having accomplished his academic feat, he set out as a promising business entrepreneur in the eighties. Over the next two decades, his career grew on his continuous success leading up to the formation of Rahmat Group. He is the Managing Director of Rahmat Spinning Mills Limited, Chairman of Logos Apparels Limited and Director of Rahmat Textiles Ltd., Belkuchi Spinning Mills Ltd., China Plastic (BD) Limited and Rahmat Sweaters (BD) Limited.

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



**Manoara Khandaker**

Mrs. Manoara Khandaker has been nominated as Director of Dhaka Bank Limited in June 2018. Born in Cumilla, she completed her Bachelors of Arts Degree from Cumilla Government Women's College. Mrs. Khandaker is one of the pioneers in Shopping Bag Industry in the country. She is the Director of M/S Bari and Pack Plast Limited, Rajarbag, Dhaka, since 1998.

She is also a Proprietress of M/S Total Pack and Packaging, a concern of Bari Group of Companies, which came into operations in 2014 as the only manufacturer of Stretch Wrap Film in Bangladesh.



**M. A. Yussouf Khan**

Mr. M. A. Yussouf Khan is a seasoned Banking expert and held the office of the Chief Executive Officer consecutively for three leading private commercial Banks from 1989 to 2004. He started his career with National Bank of Pakistan in 1960. He served Eastern Banking Corporation (later renamed as Uttara Bank), Pubali Bank and United Commercial Bank.

In 1989 Mr. Khan joined the City Bank as its Managing Director and led the Bank to a breakthrough success. Later he led UCB as its President and Managing Director. In 1999 he led the formation and commencement of the Premier Bank and served as its founding Managing Director. Mr. Khan was Chairman of BAFEDA for two terms. He has received many awards. As a philanthropist, he is associated with a number of social and charitable organizations.

# DIRECTORS' PROFILE

Continued



**Md. Muzibur Rahman**

Mr. Md. Muzibur Rahman has been appointed Independent Director of Dhaka Bank Limited on November 28, 2018.

Mr. Md. Muzibur Rahman was an Official of Bangladesh Government where he served for more than three decades. He Joined Directorate of Agricultural Marketing in 1968 as a Research Officer. Then he moved to Ministry of Planning and served other Ministries too. He retired in 2002 as Joint Chief of the Ministry of Planning. Made Economic & Financial Analysis; Monitoring & Evaluation of Projects, Periodical Review of implementation of Projects with Government of Bangladesh and Asian Development Bank. Prepared Annual Development Plan and 5-year Plan of Ministry; Working Paper and Summary of Projects for Executive Committee of the National Economic Council [ECNEC] etc.; and also ones for the Approval of the Minister.

Attended a number of Local and Foreign Trainings on advanced Issues e.g. Development Project Management in Indonesia [sponsored by ESCAP]; Structural Adjustment and Poverty [IMF S'pore RTI] etc. Prepared many an important Reports e.g. Country Report on Economic & Human Resources Development of Bangladesh for a Seminar at Hankuk University of Foreign Studies, Republic of Korea.

Did his MA in Economics from the University of Dhaka; and MSc in Agricultural Economics at University of London, UK.



**A.S. Salahuddin Ahmed**

Mr. A.S. Salahuddin Ahmed has been appointed Independent Director of Dhaka Bank Limited on January 01, 2019.

Mr. Ahmed joined the then East Regional Laboratories of Pakistan Council of Scientific Research as Research Assistant in Dhaka in 1964, worked there till 1967. Then he joined the then East Pakistan Industrial Development Corporation [EPIDC] as Chemist and in course of time became General Manager [Project Head] in 1973. He served as Project Head of Sugar Mills under Bangladesh Sugar and Food Industries Corporation [BSFIC]. Moreover, he was Secretary of BSFIC for 3 years. He was the Member of the Board of Directors of the Corporation and held important positions like Director Marketing, Director Planning & Development and Director Production & Engineering for 7 years. He became Chairman of Bangladesh Sugar and Food Industries Corporation [BSFIC] and retired in February 2000.

From 2001 to 2008, he was Executive Director [Sugar]/Advisor of Nitol Niloy Group.

Mr. A.S. Salahuddin Ahmed completed his M.Sc. in Chemistry from University of Dhaka, Bangladesh. Mr. Ahmed did his Post Graduate Diploma in Management from RVB, Delft, the Netherlands; and received Training on Management both inside and outside the country. He attended Training on Accounting & Management at Institute of Business Administration, University of Dhaka.

Mr. Ahmed is involved in many acclaimed Social Activities. He held many positions like the District Governor, District-315B1, Lions Club International, Vice Chairman & Acting Chairman of Bangladesh Chemical Society, Member, Board of Governors of Bangladesh Institute of Chemists & Chemical Technologists and so on. He is the Chairman of the Lions Magazine, Bangladesh Edition, an International Publication of Lions Clubs International.



**Syed Mahbubur Rahman**

Mr. Syed Mahbubur Rahman joined Dhaka Bank Limited as the Managing Director & CEO on November 08, 2015. He has 32 years of experience in Banking Services and Credit related arena. Prior to joining DBL, he was the Managing Director & CEO of BRAC Bank Limited.

Mr. Rahman worked in various roles with some of the biggest names in the financial sector of Bangladesh such as Prime Bank Limited, Citibank NA, Standard Chartered Bank, ANZ Grindlays Bank, IDLC Finance Limited etc. before moving to BRAC Bank Limited in 2008. He started his career in Saudi Bangladesh Agricultural & Industrial Investment Co. [SABINCO]. He also served as the Director for BRAC EPL Investments Ltd., BRAC EPL Stock Brokerage Ltd., BRAC Saajan Exchange Ltd., bKash Ltd., BRAC IT Services Ltd. and IIDFC Securities Ltd. Mr. Rahman is also Chairman of the Board of Governors at Association of Bankers, Bangladesh Limited. He was accorded with the prestigious 'The Asian Banker Leadership Achievement Award' for Bangladesh for the period 2011-2013.

He obtained his Masters in Business Administration [MBA] from Institute of Business Administration [IBA], University of Dhaka. During his career, he attended numerous trainings, seminars and workshops on different aspects of Banking held in the country and abroad.

# CHAIRMAN'S STATEMENT



**Reshadur Rahman**  
Chairman, Board of Directors

In the year 2018, Bangladesh achieved the highest-ever GDP growth. Foreign Investors found Bangladesh to be a very profitable place to invest in. They invested not only in the RMG Sector but also in the Power, Gas, Telecommunication and Banking.

In spite of a few ups and downs in the Economy of Bangladesh, Dhaka Bank Limited achieved a remarkable growth. My special thanks to all Employees of Dhaka Bank, who delivered the best Services to our valuable Customers.

I also express my deepest gratitude to Bangladesh Bank, Ministry of Finance, Bangladesh Securities and Exchange Commission, Government Authorities and other Regulatory Agencies on behalf of the Board Members.



# CHAIRMAN'S STATEMENT

Continued

## Dear Shareholders,

We convey our gratitude to you for investment in your Bank; and trust on us. I gladly present to you the Annual Report 2018. The Annual Report displays the significant achievements of Dhaka Bank Limited in 2018.

The year 2018 was a very significant year for Banking Sector. 85% of the Banks implemented Digital Transformation Programme as a Business priority in 2018. Despite some economic uncertainties, Dhaka Bank portrayed remarkable achievement throughout 2018 as a part of its continuous promise to the attainment of its Strategic Goals.

Due to US-China Trade War, the World Economy went through some significant ups and downs, thus strengthening economic power of China and India; Rohingya Crisis and other geo-political concerns were too some significant factors. In 2018, China imposed Tariffs on \$200 billion of US Imports. As per IMF, growth projections have been marked down for the Euro Area and the United Kingdom due to some unanticipated activities in early 2018. Global growth forecast was 3.0% for 2018-19. Despite a few challenges, the trend of relatively easier financial conditions helped World Economy to maintain the growth momentum.

In 2018, the GDP growth of Advance economies fluctuated significantly. The real GDP of US increased by 2.7% compared to that of the year 2017. While the real GDP of Euro Area increased by 2.1% and Japan by 1.0% compared to year 2017, US Dollar has strengthened by about 6.5% in real effective terms since February 2018, which refers widening interest rate and expected growth differentials.

In the year 2018 unemployment rate had declined in the US and Euro Area. Inflation also did not increase much, which indicates that, Policymakers might have found the "sweet spot" in the tradeoff between Unemployment and Inflation. As per The World Bank future prediction a sudden reassessment of the pace of wage growth in advanced economies can help to a jump in long term yields.

The real GDP of the emerging markets and developing economies was forecast to be changed by 4.5% in the year 2018, which was 4.3% in 2017. Due to high oil price the growth prospects of many energy exporters have been lifted for emerging market and developing economies. The Organization of Petroleum Exporting Countries [OPEC] and non-OPEC oil producers agreed to raise oil production by about 1 million barrels per day from current levels. As per International Monetary Fund [IMF] forecast, China and a number of Asian economies are projected to experience weaker growth in 2019 due to some country specific factors like tighter financial conditions, geographical tensions and higher oil import price growth revised down for many emerging economies like Argentina, Brazil, Iran and Turkey.

Among Asian countries, real GDP growth in China was 6.4% in 2018, as per World Bank's Report on Global Economic Prospects 2018. Chinese growth is projected to edge down in 2019 to 6.3% as policies tighten; and average 6.25% in the next couple of years. Long term fundamental drivers of potential growth point to a further slowdown in China's growth

over the next decade, as population aging is expected to depress labour supply. China is currently focused on some development activities like rebuilding the 'Silk Road' under its 'One Belt One Road' initiative. This initiative will have the surrounding Regions comprising of the Middle East, the Mediterranean, parts of Europe and South Asia.

Excluding China, growth in the East Asia and Pacific Region is forecast to moderate from 5.4% in 2018 to 5.3% in 2019 as a cyclical economic recovery matures. In Europe and Central Asia Region the growth was projected to be 3.2% for the year 2018. However, it will decrease slightly in 2019, as per the forecast of the World Bank. Growth in the Middle East and North Africa Region is projected to strengthen to 3% in 2018 and to 3.3% in 2019. Oil importing economies are forecast to see stronger growth as Business and Consumer confidence gets a lift from Business Climate reforms and improving external demand.

The Global Banking System is performing at its best over the last decade. According to The Banker's Top 1,000 World Banks Ranking for 2018, Total Assets reached \$124 trillion, while Return On Assets [ROA] stood at 0.9%. Moreover Tier-1 Capital Ratio as a proportion of Assets rose to 6.7% which is significantly higher than the year 2008. US Banking Sector is performing better than their European counterparts. US Banks are performing better due to recent favourable GDP growth, Tax cuts and rising rates. In the Asia Pacific [APAC] Region, the growth of Chinese Banks has seen the most stunning development in the last 10 years. In terms of size Chinese Banking Industry has surpassed that of the European Union [EU]. As per Banking and Capital Market Outlook 2019, world's four largest Banks in 2018 are Chinese.

Although there were some economic disruptions and National Elections, Bangladesh has achieved the highest-ever 7.86% GDP growth in the 2017-18 fiscal, widely surpassing the growth of 7.65%, the estimated mark, according to the Bangladesh Bureau of Statistics [BBS]. Bangladesh Government has undertaken various infrastructure projects and if they are implemented, the growth will accelerate further. The Consumer Price Index [CPI] Inflation Rate in FY2017-18 was 5.78% at national level, which was 5.44% in FY2016-17. Due to satisfactory domestic production, favourable domestic environment, low Budget Deficit and prudent Monetary Policy coupled with low Fuel and Commodity prices in the international markets contributed to subdue Inflation level. The Per Capita Income stood at \$1,751 in FY2017-18, increasing significantly from the FY2016-17.

Bangladesh remains a profitable destination for Foreign Investors. Besides Ready-Made Garments [RMG] Industry, Foreign Investors have been continuously involved in Bangladesh's Power, Gas, Telecommunication, and Banking Sectors. Government is providing many an incentives to Foreign Investors for investing in the Economic Zones and Export Processing Zones.

Flow of Remittance recovered impressively growing 17.1% in FY18, after successive declines in two previous years. Different countries including GCC, UK, US etc helped to recover the Remittance flow.

# CHAIRMAN'S STATEMENT

Continued

The rise in Crude Oil price, increase in the number of Bangladeshis working abroad, change in Policies in Saudi Arabia [a rise in the minimum wage and a change in the Akama system, for example], depreciation of Taka, and effective action against illegal Money Transfers are likely to have contributed to the recovery.

In the year 2018, Dhaka Bank delivered a commendable set of financial results to create long-term value for all Stakeholders. Our progress is the result of the best effort of the Employees and continued strong Business performance. Tk 6.5 billion of Operating Profit was earned by your Bank this year. Dhaka Bank introduced some new Digital Services this year to serve Customers better. Recently, we have launched "i-Khata" the first-ever Automated Solution in the country, "Bills to Cash" the Supply Chain Finance Window. To recognize good SME Borrowers, Pay Master Programme was introduced to promote good payment behaviour of Customers. Our new MSME Deposit Product DBL Shukti is also drawing commendable attention. Moreover, Dhaka Bank always support disadvantaged Business Community. Recently, we have financed some physically challenged Women in Barguna to help them have a better livelihood.

In the end, I express my deepest gratitude to the Board of Directors, our valued Customers, Business Partners and Shareholders for their continuous support and trust. My special appreciation goes to the entire Dhaka Bank Team for their passion, commitment and dedication.

Finally I sincerely thank the Bangladesh Bank, Ministry of Finance, Bangladesh Securities and Exchange Commission, Government Authorities and other Regulatory Agencies for the continuous supervision and support that help us move forward to reach the expected level of Excellence in Banking Industry.



**Reshadur Rahman**  
Chairman, Board of Directors  
Dhaka Bank Limited



# চেয়ারম্যানের বার্তা

## মান্যবর শেয়ারহোল্ডারবৃন্দ,

আপনাদের বিনিয়োগ এবং আমাদের ওপর আস্থা রাখার জন্য আমরা আপনাদের কাছে কৃতজ্ঞ। ২০১৮ সালটি ঢাকা ব্যাংক লিমিটেড-এর জন্য ছিল অনেক সফলতায় উজ্জ্বল একটা সময়, যা আমাদের দক্ষ কর্মীদের অক্লান্ত প্রচেষ্টাতেই অর্জন সম্ভব হয়েছে। আমি সানন্দে আপনাদের সামনে বার্ষিক প্রতিবেদন ২০১৮ উপস্থাপন করছি। এতে আমরা আপনাদের প্রিয় প্রতিষ্ঠান এই ঢাকা ব্যাংকের উল্লেখযোগ্য অর্জনসমূহ তুলে ধরেছি।

ব্যাংকিং খাতের জন্য ২০১৮ বেশ উল্লেখযোগ্য একটা বছর। ৮৫ শতাংশ ব্যাংক এসময়ে ব্যবসায় অগ্রাধিকার হিসেবে Digital Transformation Programme বাস্তবায়ন করে। কিছু অর্থনৈতিক অস্থিরতা সত্ত্বেও ২০১৮ সালে ঢাকা ব্যাংক কৌশলগত লক্ষ্য অর্জনের পথে অনেক উল্লেখযোগ্য উন্নতি করে।

মার্কিন যুক্তরাষ্ট্র ও চীনের মধ্যে বাণিজ্য যুদ্ধের কারণে বিশ্ব অর্থনীতি অনেক উত্থান পতন লক্ষ্য করে। ২০১৮ সালে চীন মার্কিন যুক্তরাষ্ট্র থেকে আমদানিকৃত পণ্যের ওপর ২০০ বিলিয়ন ডলার কর ধার্য করে। আন্তর্জাতিক মুদ্রা তহবিলের মতে, ইউরোপীয় ইউনিয়ন ও যুক্তরাজ্যের উন্নতি লক্ষ্যমাত্রা কম নির্ধারণ করা হয়। ২০১৮-’১৯ অর্থবছরে বিশ্ব অর্থনৈতিক প্রবৃদ্ধি ৩ শতাংশ নির্ধারণ করা হয়।

২০১৮ সালে মার্কিন যুক্তরাষ্ট্রের প্রকৃত জিডিপি ২.৭ শতাংশ বৃদ্ধি পায়। একই সময়ে ইউরোপীয় ইউনিয়ন ও জাপানের প্রকৃত জিডিপি যথাক্রমে ২.১ ও ১ শতাংশ বৃদ্ধি পায়। ২০১৮ সালে মার্কিন যুক্তরাষ্ট্র ও ইউরোপীয় ইউনিয়নে বেকারত্বের হার কমে যায়। এই সময়ে মুদ্রাস্ফীতিও খুব বেশি বৃদ্ধি পায়নি। ২০১৮ সালে উন্নয়নশীল অর্থনীতির দেশসমূহের প্রকৃত জিডিপি প্রবৃদ্ধি ৪.৫ শতাংশ পরিবর্তন হবে বলে ধারণা করা হয়, যা ২০১৭ সালে ৪.৩ শতাংশ ছিল। তেলের মূল্যবৃদ্ধির ফলে জ্বালানী রপ্তানিকারক অনেক দেশের উন্নতি হয়। পেট্রোলিয়াম রপ্তানিকারক সংস্থার অন্তর্ভুক্ত দেশসমূহ ও অন্তর্ভুক্ত নয় এমন দেশসমূহ বর্তমানের চেয়ে প্রতিদিন ১ মিলিয়ন ব্যারেল বেশি তেল উৎপাদন করতে সম্মত হয়েছে। আন্তর্জাতিক মুদ্রা তহবিলের মতে, কঠোর আর্থিক অবস্থা, ভৌগলিক অস্থিরতা এবং তেলের আমদানি মূল্য বৃদ্ধির ফলে ২০১৯ সালে চীন ও এশিয়ার কিছু দেশে ক্ষীণতর উন্নতি পরিলক্ষিত হবে।

বিশ্ব ব্যাংকের তথ্যমতে, ২০১৮ সালে এশিয়ার দেশসমূহের মধ্যে চীনের প্রকৃত জিডিপি প্রবৃদ্ধি ৬.৪ শতাংশ ছিল। কঠোর নীতির কারণে ২০১৯ সালে চীনের প্রকৃত জিডিপি প্রবৃদ্ধি কম হবে বলে ধারণা করা হয়। চীন ছাড়া পূর্ব এশিয়া ও প্রশান্ত মহাসাগরীয় অঞ্চলের দেশসমূহের প্রবৃদ্ধি ২০১৮ সালে ছিল ৫.৪ শতাংশ, যা ২০১৯ সালে ৫.৩ শতাংশ হবে বলে ধারণা করা হয়। বিশ্ব ব্যাংকের মতে, ২০১৯ সালে ইউরোপ ও মধ্য এশিয়া অঞ্চলের প্রবৃদ্ধি সামান্য কমবে, যা ২০১৮ সালে ৩.২ শতাংশ ছিল।

বিশ্ব ব্যাংকিং খাত বিগত দশক জুড়ে সবচেয়ে ভালো করছে। The Banker এর মতে, ২০১৮ সালে বিশ্বের সেরা ১,০০০ ব্যাংকের সম্পদের পরিমাণ ১২৪ ট্রিলিয়ন মার্কিন ডলারে দাঁড়ায়। এছাড়াও সম্পদের সাথে Tier-1 মূলধনের অনুপাত ৬.৭ শতাংশ বৃদ্ধি পায় যা বিগত দশকের তুলনায় উল্লেখযোগ্য হারে বেশি।

২০১৭-’১৮ অর্থবছরে বাংলাদেশ ৭.৮৬ শতাংশ জিডিপি প্রবৃদ্ধি অর্জন করে যা এযাবৎকালের মাঝে সবচেয়ে বেশি। বাংলাদেশ পরিসংখ্যান ব্যুরোর মতে, বাংলাদেশ সরকার যেসব উন্নয়ন পরিকল্পনা হাতে নিয়েছে, তা বাস্তবায়ন করতে পারলে প্রবৃদ্ধি আরও বাড়বে। ২০১৭-’১৮ অর্থবছরে মাথাপিছু আয় ২০১৬-’১৭ অর্থবছরের তুলনায় উল্লেখযোগ্য হারে বৃদ্ধি পেয়ে ১,৭৫১ মার্কিন ডলারে দাঁড়ায়। বিদেশী বিনিয়োগকারীদের জন্য বাংলাদেশ একটি লাভজনক গন্তব্য। তৈরি পোশাক শিল্প ছাড়াও বিদেশী বিনিয়োগকারীরা বাংলাদেশের বিদ্যুৎ, গ্যাস, টেলিযোগাযোগ ও ব্যাংকিং এর মত খাতে বিনিয়োগ করছেন। সরকার বিদেশী বিনিয়োগকারীদের অর্থনৈতিক অঞ্চল ও রপ্তানি প্রক্রিয়াকরণ অঞ্চলে বিনিয়োগের জন্য অনেক প্রণোদনা দিচ্ছে।

বিগত ২ বছর জুড়ে বৈদেশিক মুদ্রা প্রবাহ কম থাকলেও ২০১৮ সালে তা ১৭.১ শতাংশ বৃদ্ধি পায়। যুক্তরাষ্ট্র, যুক্তরাজ্যসহ অন্যান্য দেশসমূহ বৈদেশিক মুদ্রা প্রবাহ বৃদ্ধিতে অনেক অবদান রাখে।

২০১৮ সালে ঢাকা ব্যাংক সম্মানিত স্টেইকহোল্ডারদের সাথে দীর্ঘমেয়াদী সম্পর্ক স্থাপনের ফলে প্রশংসনীয় আর্থিক ফলাফল আনতে সক্ষম হয়েছে। গ্রাহকগণকে উন্নত সেবা প্রদানের লক্ষ্যে এই বছর ঢাকা ব্যাংক অনেক নতুন ডিজিটাল সেবা চালু করে। ২০১৮ সালে আমরা i-Khata চালু করি, যা দেশের সর্বপ্রথম স্বয়ংক্রিয় সমাধান। এছাড়াও আমরা Bills to Cash চালু করি। আমাদের নতুন MSME আমানত পণ্য DBL Shukti প্রশংসনীয় সাড়া পেয়ে যাচ্ছে। এছাড়াও ঢাকা ব্যাংক সবসময় পিছিয়ে পড়া সম্প্রদায়ের পাশে থাকে। আমরা কিছুদিন আগে বরঙনায় শারীরিকভাবে সমস্যাক্রান্ত নারীদের একটু ভালভাবে বেঁচে থাকার জন্য পুঁজি যোগান দিয়েছি।

পরিশেষে আমি আমাদের পরিচালনা পর্ষদ, আমাদের সম্মানিত গ্রাহকগণ, ব্যবসা সহযোগী ও শেয়ারহোল্ডারদের প্রতি তাঁদের আস্থা ও নিরবচ্ছিন্ন সমর্থনের জন্য আন্তরিক কৃতজ্ঞতা জানাচ্ছি। পুরো ঢাকা ব্যাংক টিমকে জানাই অভিনন্দন। সবশেষে আমি বাংলাদেশ ব্যাংক, অর্থ মন্ত্রণালয়, বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন, সরকারি সংস্থাসমূহ এবং অন্যান্য রেগুলেটরদের প্রতি আন্তরিক ও স্কৃতজ্ঞ ধন্যবাদ জানাই। তাঁদের সহায়তা ও নির্দেশনা আমাদেরকে ব্যাংকিং খাতে কাজিত উচ্চতায় পৌঁছাতে সাহায্য করেছে।



রেশাদুর রহমান

চেয়ারম্যান, পরিচালনা পর্ষদ

ঢাকা ব্যাংক লিমিটেড

# STATEMENT OF THE MANAGING DIRECTOR & CEO

The World Economy portrays a significant Growth in the year 2018. If compared with the previous year, Real GDP growth in the United States was quite satisfactory. Moreover, in Emerging Markets & Developing Economies inflation dropped very significantly.

Despite some uncertainties, Dhaka Bank Limited marked a significant performance in the year 2018. Our Operating Profit grew by 26%. Most remarkable achievement of ours is the increase of Inward Remittance. We tried our level best to deliver better experience to our Stakeholders by introducing various new services.

Gratitude to our Board of Directors and Regulators for proper guidance and directions, thanks to distinguished Stakeholders, Clients and Teammates for all-out support.

**Syed Mahbubur Rahman**  
Managing Director & CEO



# STRATEGIC REVIEW OF THE MANAGING DIRECTOR & CEO

## Respectable Shareholders,

It is a matter of joy as I got the opportunity to present to all of you the annual performance of our Bank in the form of Annual Report 2018. The Brand Value of your Bank stands high as the Bank has successfully passed another significant year of its journey towards attaining strategic goals braving some turmoil. We have, moreover, made remarkable improvement in taking our journey of Excellence in Banking farther ahead.

In 2018, World Economic Growth was satisfactory. Global Growth is projected 3.7% for the period of 2018-19. Among advanced Economies, US witnessed a notable growth in terms of Real GDP in 2018 compared to the previous year. As per the World Bank, US Economy grew 2.9%, up 0.2% from previous projections. As per the expectations of the Marketeters, the Federal Reserve raised the target range of the Federal Funds Rate to 1.75%-2% in June 2018. Unemployment Rate has fallen in the US in 2018 to an almost 50-year low. Approximately 2,00,000 jobs are being added every month in the United States; and are being filled in by new Entrants. Emerging Market and Developing Economies [EMDEs] have achieved a remarkable decline in Inflation, from 17.3% in 1974 to about 3.5% in 2018.

In the Euro Area and Japan, Core Inflation remains weak at about 1% and 0.3% respectively. In the EMDE Group, Core Inflation remains contained at about 2% in China, as China's domestic demand has slowed in response to financial Regulatory tightening. In Brazil and Mexico Core Inflation has declined to about 2.5% and 3.5% respectively. It reflects moderations in activity and improved anchoring of expectations. In the year 2018, Core Inflation in Russia has dropped. It averaged less than 2% until May 2018.

The Economy of our country went through some interesting shifts in the year 2018. Due to the National Elections, there were some economic uncertainties. Despite these challenges, our National Economy grew at a Rate of 7.86% in financial year 2017-18, satisfactorily up from 7.28% growth in FY2016-17. During the period broad Agriculture Sector registered a growth of 4.19%, up by 1.22% compared to the previous year -- due to the better performance of most of its Sub-Sectors. In terms of the Manufacturing Sector, Large and Medium scale Manufacturing Sector grew at a pace of 14.26%, compared to the growth of 11.20% in the preceding year. As per the World Bank, investment GDP Ratio increased to 31.23% in FY2017-18, from 30.51% in previous fiscal year. Remittances posted 17% increase to reach \$14.9 billion after declining for two consecutive years. In FY2017-18, satisfactory growth has been achieved in Revenue Receipts. During this period, revised target for Revenue Receipt was set at about Tk 2,594 billion, which is about 11.53% of our total GDP.

As per the predictions of the World Bank, Output Growth in FY19 is projected at 7% and will be driven by Industry and Services on the Supply Side and Private Consumption and Investment on the Demand Side. The pace of Public Investment will remain strong in the upcoming year as the implementation of Mega Projects gain further momentum. In the year 2018, the performance of Ready-Made Garment [RMG] Sector was satisfactory. The Growth performance exceeded the Annual Target of 7.1% set for the Sector.

Despite the economic uncertainties, Dhaka Bank Limited performed very well. Our Operating Profit grew by 26% in 2018. We hope to continue to deliver our best in the days ahead as well. In 2018, our Base Deposit grew 16%, while the previous year the progress here was only 5%. Advance upped 19% as against 14% last year. The Guarantee Business saw a tremendous rise of 23%, which was not even 1% the year before. More pleasing was the increase in Inward Remittance: from 23% in the preceding year, it rose by 17%. Our Credit ratings for 2018 are ST2 for Short Term and AA for Long Term period. We, at Dhaka Bank, tried our level best to add value to the Real Economy of Bangladesh by helping Small, Medium and Large Businesses to grow. We must mention with pride, that Dhaka Bank was rewarded as 'The Bank of the Year 2018 in Bangladesh' for Banking Excellence by THE BANKER, a UK Magazine owned by The Financial Times. This Award is regarded as the OSCAR in Banking industry.

We brought some new and exciting features to serve our Customers. In the areas of Retail & Cards, we successfully launched some landmark Products & Services like EMV Chip based Contactless Credit Card. We introduced 2FA/OTP for e-commerce transaction, Key-International Airport Lounge Access [1,000+ Airports in 130 countries] with Signature and Platinum Card for the first time in Bangladesh. New 100+ Card and EMI Merchants have tied up with us. With all these, we exceeded Card Business Operating Profit Target of Tk 50 million in the year 2018. In 2018, Retail FD/DDS & SDS observed significant growth of Tk 6.8 billion.

Dhaka Bank continues its voyage towards expanding its Services. We are the first-ever Bank to integrate with bKash for Bank to bKash Fund Transfer. Also we included 3 renowned Universities, namely United International, IUBAT and Presidency, under our Automated Tuition Fees Collection System. During 2018, Corporate Banking Division booked 10 New to Bank Relationships, against which a total Limit of Tk 5,217 million was sanctioned. Our Cash Management Unit [CMU] booked 40 Clients in 2018. Here Average Daily Fund Retention [Float] was Tk 420 million. The Automated Payment Portal [Dhaka Bank C Solution] took Dhaka Bank to a leading height in the Industry, in terms of providing Automated Cash Management Solution for the Corporate Clients' Bulk Transactions.

# STRATEGIC REVIEW OF THE MANAGING DIRECTOR & CEO

Continued

In 2018 Dhaka Bank opened a new Branch at Sonargaon Janapath, Uttara. Now we are delivering our Services through 101 Branches, 56 ATMs, 20 ADMs and 3 SME Service Centres. We are committed to deliver superior Services to our valued Customers through our excellent Team of Professionals.

All of these achievements were made possible by the combined effort of all the Teammates of Dhaka Bank. The whole Dhaka Bank Team intends to deliver their best in order to provide more to the Customers we serve; and to our respected Stakeholders. Our diverse and experienced Board of Directors has also provided independent oversight to ensure diversity and strength; and monitor Corporate Governance so that we always adopt the best practices in the Industry; and make positive changes when necessary.

The year 2018 was quite remarkable for Dhaka Bank Limited. We convey our gratitude to our Customers as they relied on us. I, on behalf of the Management Team, express thanks to the Board of Directors for their guidance and continued support during this span of 24 years. Working with, and for, an Organization of such extensive inheritance is a matter of esteem to me also. I express my own gratitude to all the fellow Employees of our Bank for their continuous support for achieving the goal of the Organization.



**Syed Mahbubur Rahman**  
Managing Director & CEO  
Dhaka Bank Limited



# ব্যবস্থাপনা পরিচালক ও প্রধান নির্বাহী কর্মকর্তার বার্ষিক

## সম্মানিত শেয়ারহোল্ডারবৃন্দ,

এটা অত্যন্ত আনন্দের বিষয় যে, আমি বার্ষিক প্রতিবেদন ২০১৮-এর মাধ্যমে আমাদের ব্যাংকের বার্ষিক কর্মকাণ্ড আপনাদের কাছে তুলে ধরতে পারছি। বেশ কিছু বাধা সত্ত্বেও আপনাদের ব্যাংক তার কৌশলগত লক্ষ্য অর্জনের পথে সফলতার সাথে আরেকটি তাৎপর্যময় বছর অতিক্রম করে এর সুনাম অক্ষুণ্ণ রাখতে পেরেছে।

২০১৮-'১৯ অর্থবছরে বিশ্ব অর্থনীতির প্রবৃদ্ধি ৩.৭ শতাংশ নির্ধারণ করা হয়েছে। উন্নত অর্থনীতির মাঝে মার্কিন যুক্তরাষ্ট্রে প্রকৃত জিডিপি ক্ষেত্রে বিগত বছরের তুলনায় ০.২ শতাংশ বেশি প্রবৃদ্ধি অর্জন করেছে। ২০১৮ সালে মার্কিন যুক্তরাষ্ট্রে বেকারত্বের হার বিগত ৫০ বছরের মধ্যে সবচেয়ে কম ছিল। সেখানে প্রতিমাসে প্রায় ২০০,০০০ নতুন চাকুরী যুক্ত হয়; এবং নতুনদের দ্বারা সেগুলো পূরণ করা হয়।

ইউরোপীয় ইউনিয়ন এবং জাপানে মূল মুদ্রাস্ফীতি কম ছিল, যা যথাক্রমে ১ শতাংশ এবং ০.৩ শতাংশ। চীনে মূল মুদ্রাস্ফীতি ছিল ২ শতাংশ, কারণ তাদের অর্থনৈতিক ব্যবস্থা নিয়ন্ত্রণের ফলে অভ্যন্তরীণ চাহিদা কমে গিয়েছিল। ২০১৮ সালে রাশিয়ায় মূল মুদ্রাস্ফীতি কমে যায়, যা মে ২০১৮ পর্যন্ত গড়ে ২ শতাংশের নিচে ছিল।

২০১৮ সালে আমাদের অর্থনীতিতে অনেক লক্ষণীয় পরিবর্তন দেখা গেছে। জাতীয় নির্বাচনের কারণে এই বছরে কিছু অনিশ্চয়তা ছিল। এসব সত্ত্বেও ২০১৭-'১৮ অর্থবছরে আমাদের জাতীয় অর্থনীতির প্রবৃদ্ধি ছিল ৭.৮৬ শতাংশ, যা ২০১৬-'১৭ অর্থবছরের প্রবৃদ্ধি বিবেচনায় সন্তোষজনক। বিশ্ব ব্যাংকের মতে ২০১৭-'১৮ অর্থবছরে বিনিয়োগ জিডিপি অনুপাত ৩১.২৩ শতাংশ পর্যন্ত বৃদ্ধি পায়, যা বিগত অর্থবছরে ছিল ৩০.৫১ শতাংশ। এই সময়ে রাজস্ব আয়ের লক্ষ্যমাত্রা প্রায় ২,৫৯৪ বিলিয়ন টাকা নির্ধারণ করা হয়, যা আমাদের জিডিপি ১১.৫৩ শতাংশ। আগামী অর্থবছরে সরকারী বিনিয়োগ অনেক শক্তিশালী হবে, কারণ অনেক সু-বৃহৎ প্রকল্পের কাজ খুব দ্রুত এগুচ্ছে। ২০১৮ সালে তৈরি পোশাক শিল্পের উন্নতি অনেক সন্তোষজনক ছিল। এই শিল্পের উন্নতি লক্ষ্যমাত্রা ৭.১ শতাংশ অতিক্রম করেছে।

নানান প্রতিকূলতা সত্ত্বেও আমাদের ব্যাংক অনেক উন্নতি করেছে। ২০১৮ সালে আমাদের পরিচালন মুনাফা ২৬ শতাংশ বৃদ্ধি পায়। আমরা ভবিষ্যতেও আমাদের এই ধারা বজায় রাখার জন্য সর্বদা সচেষ্ট। ২০১৮ সালে আমাদের মূল আমানত ১৬ শতাংশ বৃদ্ধি পায়, যা বিগত বছরে ছিল মাত্র ৫ শতাংশ। ২০১৮ সালে আমাদের ঋণ প্রদানের পরিমাণ ১৯ শতাংশ বৃদ্ধি পায়। রেমিট্যান্স প্রবাহ ছিল ঢাকা ব্যাংকের সবচেয়ে সন্তোষজনক দিক। ২০১৮-তে আমাদের দীর্ঘ ও স্বল্পমেয়াদি ক্রেডিট রেইটিং ছিল যথাক্রমে 'AA' এবং 'ST2'। আপনাদের অত্যন্ত আনন্দের সাথে জানাচ্ছি যে, ২০১৮ সালে ঢাকা ব্যাংক THE BANKER নামক যুক্তরাজ্য-ভিত্তিক একটি ম্যাগাজিনকর্তৃক The Bank of the Year 2018 in Bangladesh অ্যাওয়ার্ড পেয়েছে, যা ব্যাংকিং জগতে OSCAR হিসেবে স্বীকৃত।

গ্রাহকগণের সুবিধার্থে ঢাকা ব্যাংক লিমিটেড অনেক নতুন এবং আকর্ষণীয় সেবা চালু করেছে। কার্ড সেবার ক্ষেত্রে আমরা অনেক নতুন সেবা ও পণ্য বাজারে নিয়ে এসেছি। এসব নতুন সেবা দিয়ে আমরা আমাদের কার্ড ব্যবসা থেকে পরিচালন মুনাফা লক্ষ্যমাত্রা ৫০ মিলিয়ন টাকা অতিক্রম করেছি।

ঢাকা ব্যাংক এর সেবার পরিধি বৃদ্ধি করেই চলেছে। আমরাই প্রথম ব্যাংক যারা বিকাশের সাথে ব্যাংক থেকে বিকাশে তহবিল স্থানান্তর করার চুক্তি করেছি। ২০১৮ সালে আমাদের Cash Management Unit [CMU] 40 জন গ্রাহককে চুক্তিবদ্ধ করে। অনলাইন Cash Management পোর্টাল C Solution ব্যাংকিং খাতে ঢাকা ব্যাংককে এক অনন্য উচ্চতায় নিয়ে গিয়েছে। এর ফলে আমাদের কর্পোরেট গ্রাহকগণ বেশি পরিমাণে অর্থ লেনদেন করতে পারেন।

২০১৮ সালে আমরা সোনারগাঁও জনপথ, উত্তরা, ঢাকাতে একটি নতুন শাখা চালু করি। এখন আমরা আমাদের সেবাসমূহ ১০১টি শাখা, ৫৬টি এটিএম, ২০টি এডিএম, ৩টি এসএমই সেবা কেন্দ্রের মাধ্যমে গ্রাহকগণের কাছে পৌঁছে দিচ্ছি। এর পেছনে রয়েছে আমাদের দক্ষ কর্মীদের অসামান্য অবদান।

পুরো ঢাকা ব্যাংক টিম তাদের সেরা সেবাটি আমাদের সম্মানিত গ্রাহকগণের কাছে পৌঁছে দিতে অঙ্গীকারবদ্ধ। আমাদের দক্ষ এবং নানামুখী অভিজ্ঞতাসম্পন্ন পরিচালকবৃন্দ স্বাধীন মতামত ও পরামর্শ দিয়ে আমাদের প্রাতিষ্ঠানিক সুশাসন নিশ্চিত করছেন।

২০১৮ সালটি ঢাকা ব্যাংকের জন্য ছিল একটি সফলতার বছর। আমাদের ওপর আস্থা রাখার জন্য গ্রাহকগণের কাছে আমরা কৃতজ্ঞ। ব্যবস্থাপনার পক্ষ থেকে আমি আমাদের পরিচালনা পর্ষদের প্রতি কৃতজ্ঞতা জানাই। তাঁরা তাঁদের মূল্যবান দিকনির্দেশনা দিয়ে আমাদের বিগত ২৪ বছরের চলার পথকে অনেক মসৃণ ও যাত্রাকে সহজ করে দিয়েছেন। আমি বিশেষভাবে কৃতজ্ঞ আমার ব্যাংকের সকল কর্মীদের কাছে, যাঁদের অক্লান্ত পরিশ্রম আমাদের লক্ষ্য অর্জনের পথে এগিয়ে নিয়ে যাচ্ছে।

সৈয়দ মাহবুবুর রহমান

ব্যবস্থাপনা পরিচালক ও প্রধান নির্বাহী কর্মকর্তা  
ঢাকা ব্যাংক লিমিটেড

# REPORT OF THE AUDIT COMMITTEE OF THE BOARD

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

## Composition

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

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

The Board Audit Committee of Dhaka Bank Limited was lastly reconstituted on June 28, 2018. The particulars of the members of the Audit Committee and their attendance in Meetings in the year 2018 are as under:

Sl. No.	Name	Status with the Bank	Status with the Committee	Educational Qualification	No. of Meetings held in 2018	No. of Meetings Attended	Remarks
01.	Mr. Syed Abu Naser Bukhtear Ahmed*	Independent Director	Chairman (Till 13.07.2018)	MBA	07	03	The directors, who could not attend any meeting, were granted leave of absence
02.	Mr. Reshadur Rahman	Chairman	Member (Till 27.06.2018)	Graduate	07	03	
03.	Mrs. Rokshana Zaman	Director	Member	Intermediate	07	07	
04.	Mr. Tahidul Hossain Chowdhury	Director	Member	Bachelor of Arts	07	02	
05.	Mr. M.A. Yussouf Khan	Independent Director	Member (Till 08.10.2018) & Chairman (with effect from 09.10.2018)	Bachelor of Arts	07	06	
06.	Mrs. Manoara Khandaker	Director	Member (With effect from 28.06.2018)	Bachelor of Arts	07	03	

\*The tenure of 2<sup>nd</sup> term of his Office as Independent Director of the Bank expired on 13.07.2018.

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

## Duties and responsibilities

### Internal control

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

### Disclosure of financial report

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

### Internal Audit

- Review if internal control management is able to conduct its operation independent of bank management;



# REPORT OF THE AUDIT COMMITTEE OF THE BOARD

Continued

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

## External Audit

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

## Adherence to existing laws, rules and regulations

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

## Meeting of the committee

According to applicable rules and regulations, 07 (Seven) Meetings of the Committee were held in the year 2018. The committee from time to time invited the Managing Director & CEO, the Head of Internal Control and other responsible officials entrusted with internal control activities or any other personnel to participate in their meeting, as deemed necessary. All the recommendations/ observations of the committee were recorded in minutes form.

## Key Activities in 2018

The Audit Committee of the Board, in their 07 (Seven) Meetings held during the year 2018, mainly dealt with the following issues:

- Submission of Latest Compliance Status of Audit Reports of Different Branches of Dhaka Bank Limited, Audits conducted from January to December, 2017.
- Submission of Latest Compliance Status of Audit Reports of Different Branches of Dhaka Bank Limited, Audits conducted from January to December, 2016.
- Half Yearly (July to December, 2017) Statement of Self-Assessment of Anti-Fraud Internal Controls under DOS Circular Letter No.10 Dated May 09, 2017 of Bangladesh Bank.
- Audited Consolidated Financial Statement of the Company and Financial Statements of the Bank for the year ended 31<sup>st</sup> December 2017.
- Quarterly statement of Loan Classification and Provisioning (CL) of the Bank for the period ended December 31, 2017.
- Quarterly statement of Loan Classification and Provisioning (CL) of the Bank for the period ended March 31, 2018.
- Un-audited Quarterly Consolidated Financial Statements of the Company and Financial Statements of the Bank for the period ended 31<sup>st</sup> March, 2018.

- Movement of Classification from January, 2017 to December, 2017.
- Updated Status of Investigation.
- Deviations in Quarterly Operations Report for the Quarter Ended March, 2018.
- Material Pending issues of Internal Audit of Head Office Division/Units of the year 2017.
- Information Memo on Core Banking Data Migration and subsequent Reconciliation.
- Re-appointment of External Auditors of the Bank for the year 2018.
- Half Yearly (January-June, 2018) Statement of Self-Assessment of Anti-Fraud Internal Controls under DOS Circular Letter No.10 dated May 09, 2017 of Bangladesh Bank.
- Un-audited Half Yearly Consolidated Financial Statements of the Company and Financial Statements of the Bank for the period ended 30th June, 2018.
- Quarterly statement of Loan Classification and Provisioning (CL) of the Bank for the period ended June 30, 2018.
- Un-audited Quarterly Consolidated Financial Statements of the Company and Financial Statements of the Bank for the period ended 30th September, 2018.
- Facility allowed under Exception.
- Quarterly statement of Loan Classification and Provisioning (CL) of the Bank for the period ended September 30, 2018.
- Annual Health of Dhaka Bank Limited for the year 2017.
- Material and significant issues of Bangladesh Bank Inspection reports on Agrabad and Khatungonj Branch as on 31.12.2017 as well as Special Inspection on Globe International Ltd.
- Special Inspection (Surprise) Report on Dhaka Bank Limited, Bhulta Branch Carried out by Bangladesh Bank, Dhaka Inspection Team on 15.07.2018.
- Compliance and responses of 20th Comprehensive Bangladesh Bank Inspection Report on Dhaka Bank Limited, Head Office as on 31.12.2017.

## Recommendation for Approval of Financial Statements

The Audit Committee reviewed and examined the Bank's Annual Financial Statements for the year ended December 31, 2018 prepared by the Management and audited by External Auditors M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants with recommendation to the Board for consideration and approval.

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



**M. A. Yussouf Khan**  
Chairman  
Audit Committee of the Board

# REPORT OF THE SHARI'AH SUPERVISORY COMMITTEE

All praise be to Almighty Allah the Lord of the Universe and peace and blessing of Allah be upon the Prophet Muhammad (peace be upon him) and upon his all other descendants and companions.

During the year 2018 under review the Shari'ah Supervisory Committee met in 3 Meetings and reviewed various operational issues including those referred to by the Board of Directors and the Bank Management. The Committee gave opinion & provided necessary guidelines and suggestions that they considered relevant for smooth functioning of Islamic Banking business. As part of their responsibilities the Committee reviewed Islamic Banking activities of the Bank through discussion sessions and sharing opinions of participating members and the Committee provided suggestions & recommendations on Shari'ah related issues of the operations of Islamic Banking business. The responsibilities of the Management of the Bank is to implement those suggestions and recommendations.

The Management has taken initiative to expand Islamic Banking business gradually. In the year 2018 they organized several programs which were participated by the Branch Managers, Operation Managers & Front Desk officials. The Shari'ah Supervisory Committee has also approved Mudaraba Cash Waqf Deposit product Guidelines during the year under review.

Shari'ah Audit/Inspection by the Muraquib of the Shari'ah Supervisory Committee of Islamic Banking Branches on sample and test basis has been completed during the year 2018. The report was discussed in the Shari'ah Supervisory Committee meeting and necessary guidelines were provided to the management.

## Opinion of the Shari'ah Supervisory Committee on overall activities:

The opinions and observations of the Shari'ah Supervisory Committee on the activities of Islamic Banking operations are given below:

1. The Bank has observed Shari'ah principles in conducting Islamic Banking business.
2. Awareness about the Compliance of Shari'ah among the Employees has increased.
3. Profit has been distributed to the Mudaraba Depositors in accordance with the Shari'ah principles.
4. Management has assured the Committee in respect of non-recurrence of shari'ah lapses.
5. Shari'ah Audit to be conducted at least twice in a year.

## Recommendations to improve Shari'ah practices.

1. Dissemination of Shari'ah based Banking knowledge in all tiers of Bank Employees through regular training and development program.
2. Careful implementation of Shari'ah principles in every investment transaction and related business operations.

3. Strict adherence to the procedures of Islamic Banking operation manual.
4. Holding of meetings, seminars, workshops and symposiums for clients and patrons to develop awareness.
5. Recruitment, training & placement of personnel having adequate skill in shari'ah principles to be made to create congenial work environment for business growth.
6. Proper Implementation of instructions contained in Islamic Banking guidelines circulated by Bangladesh Bank vide BRPD Circular No. 15 dated 9th November 2009.
7. Expansion of Islamic Banking activities to more Branches/Windows.

May Allah give us Tawfique to achieve His satisfaction through implementation of Shari'ah in every sphere of our life.

Ameen,



**Md. Kamaruzzaman**  
Member Secretary (Acting)



**M. Azizul Huq**  
Chairman

# DHAKA BANK MANAGEMENT COMMITTEE



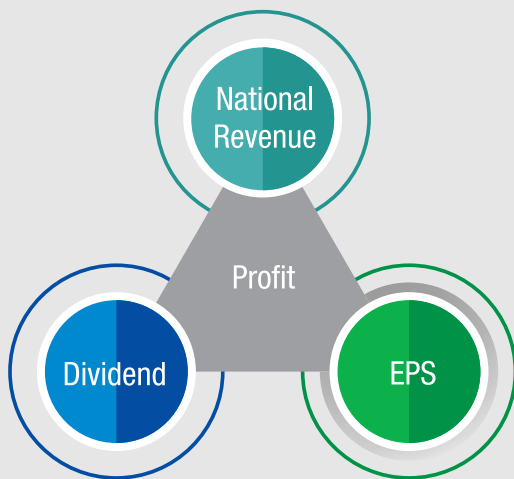
## Management Committee

- Mr. Syed Mahbubur Rahman, Managing Director & CEO
- Mr. Enamrul Huq, Additional Managing Director
- Mr. Md. Shakir Amin Chowdhury, Deputy Managing Director (Operations)
- Mr. Mohammad Abu Jafar, Deputy Managing Director (International Business)
- Mr. A K M Shahmawaj, Deputy Managing Director (Risk Management)

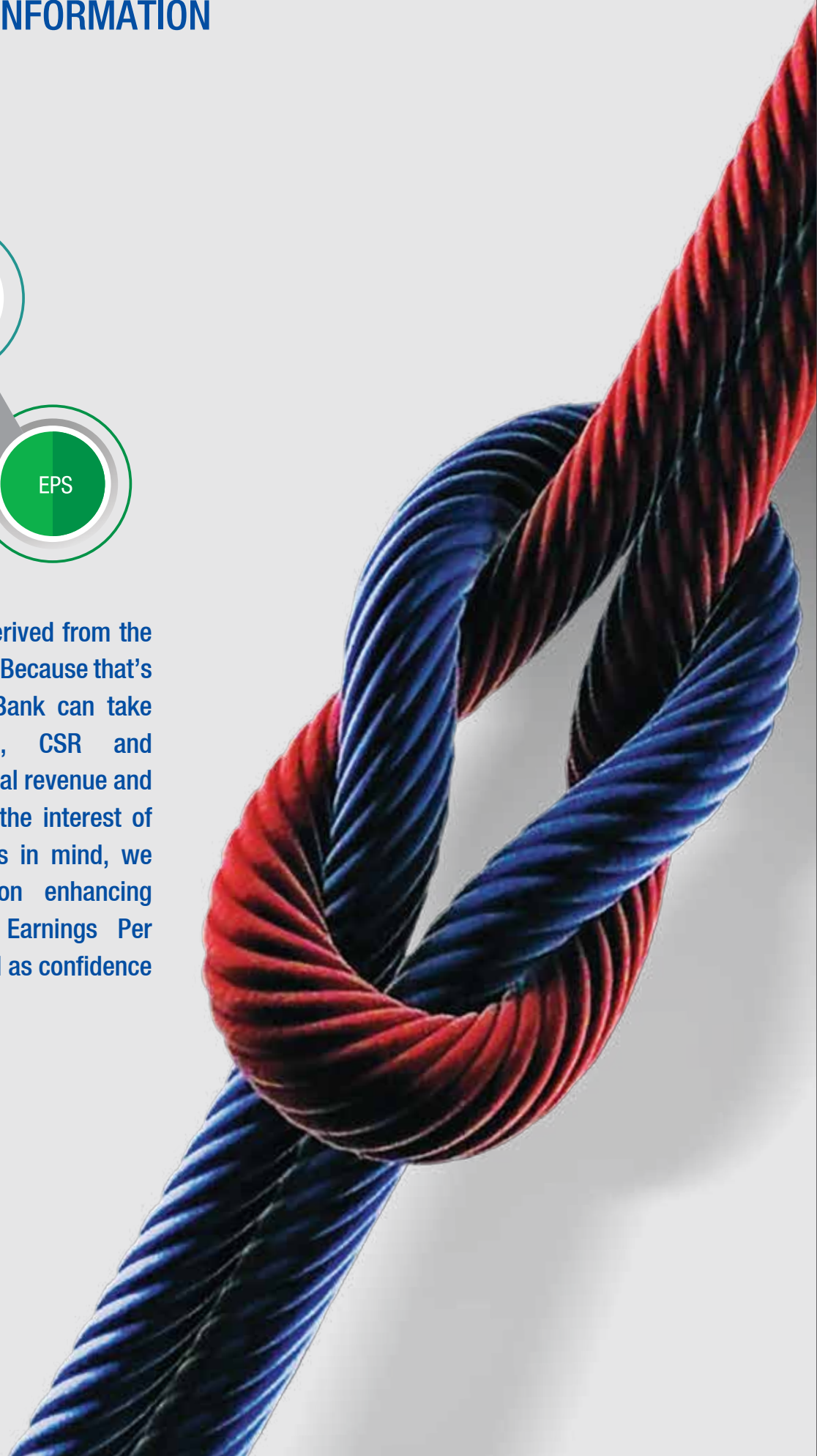
- Mr. Arham Masudul Huq, SEVP & Company Secretary
- Mr. A M M Moyeen Uddin, SEVP & Head of Information Technology Division
- Mr. Md. Shafquat Hossain, SEVP & Head of Consumer Banking Division
- Mr. Darashiko Khasru, SEVP & CFO
- Mr. Mohammad Masud Rana FCA, SEVP & CFO

- Mr. S. M. Abdulliah Hii Kafi, SEVP & Head of Internal Control Compliance Division
- Mr. Md. Abdul Matin, EVP & Head of Credit Risk Management
- Mr. M Rezaur Rahman, SVP & Head of Human Resources Division
- Mr. K.M. Faisal Faruqui, VP & Head of Treasury Division

# SHAREHOLDERS' INFORMATION



All our activities are derived from the thrust of making profit. Because that's the only way Dhaka Bank can take care of employees, CSR and contribute to the national revenue and economy; can secure the interest of shareholders. With this in mind, we always concentrate on enhancing profitability to raise Earnings Per Share, Dividend as well as confidence of the shareholders.



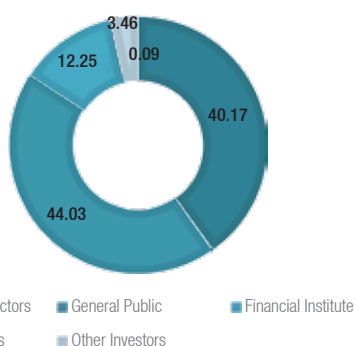
# SHAREHOLDERS' INFORMATION

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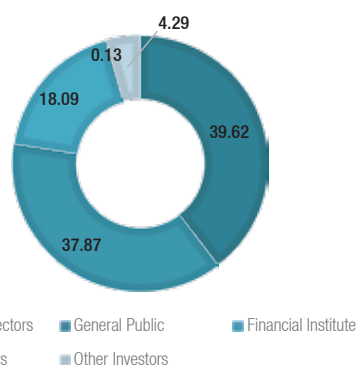
## Distribution of Shareholdings in 2018

Shareholders' Group	December 31, 2018			December 31, 2017		
	No. of Shares	% of Shareholding	Value of Shares in BDT	No. of Shares	% of Shareholding	Value of Shares in BDT
Sponsors & Directors	326,427,614	40.1716	3,264,276,140	286,138,928	39.6152	2,861,389,280
General Public	357,774,191	44.0292	3,577,741,910	273,509,701	37.8668	2,735,097,010
Financial Institutions	99,524,340	12.2479	995,243,400	130,647,021	18.0877	1,306,470,210
Foreign Investors	735,100	0.0904	7,351,000	926,085	0.1282	9,260,850
Others	28,121,440	3.4609	281,214,400	31,073,985	4.3021	310,739,850
<b>Total</b>	<b>812,582,685</b>	<b>100</b>	<b>8,125,826,850</b>	<b>722,295,720</b>	<b>100</b>	<b>7,222,957,200</b>

Shareholding Position 2018



Shareholding Position 2017



## Dividends-2017

Particulars		Date
23 <sup>rd</sup> Annual General Meeting	Notice Date	April 24, 2018
	Record Date	May 21, 2018
Holding of 23 <sup>rd</sup> Annual General Meeting	Held on	June 28, 2018
Stock Dividend	Date of Disbursement	July 08, 2018

## Stock Details

Particulars	DSE	CSE
Stock Symbol	DHAKABANK	DHBNK
Company Code	11118	22014
Year of listing	2000	2000
Market Lot	1	1
Market Category	A	A
Electronic Share	Yes	Yes
Face Value	Tk. 10.00	Tk. 10.00
Market Value as on 27.12.2018*	Tk. 14.20	Tk. 14.20

\*This year Bank Closing was 27.12.2018

## Financial Calendar 2018

Quarterly Results	As of	EPS
Unaudited result for 1st quarter	31.03.2018	0.55
Unaudited result for 2nd quarter	30.06.2018	0.74
Unaudited result for 3rd quarter	30.09.2018	1.26

# SHAREHOLDERS' INFORMATION

Continued

## Information Sensitive to Share Price

Particulars	Disclosure
Corporate Disclosure for approval of Financial Statements for the year 2018, Recommendation of Dividend, Record Date for Dividend entitlement of 24 <sup>th</sup> AGM of DBL	Date of AGM: Monday, May 20, 2019 at 11:00 a.m. 5% Cash & 5% Stock Record Date: Sunday, May 5, 2019

## Accessibility of Annual Report 2018

Dhaka Bank Annual Report 2018 and other information about DBL has been made available on Bank's website [www.dhakabankltd.com](http://www.dhakabankltd.com). The Bank has also dispatched Annual Report 2018 through leading Courier Service Companies to respective addresses of the Shareholders as per Regulatory timeframe. DBL has submitted a required set of copies of Annual Reports to the Securities and Exchange Commission, Bangladesh Bank, Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange(CSE) for their reference. Respectable Shareholders and other Stakeholders may read them at the public reference room or library.

## Market Price Information for the year 2018:

Month	DSE High (Tk.)	DSE Low (Tk.)	CSE High (Tk.)	CSE Low (Tk.)	Volume DSE (No. of shares)
Jan-18	22.40	19.10	22.20	19.00	33,512,706
Feb-18	19.40	17.00	19.20	17.40	29,773,143
Mar-18	17.70	15.60	17.10	16.50	26,541,398
Apr-18	18.30	15.90	18.50	16.30	33,501,569
May-18	16.70	14.20	16.50	14.30	19,011,218
Jun-18	15.00	14.10	15.00	13.00	8,467,736
Jul-18	14.30	12.30	14.20	13.00	26,383,859
Aug-18	17.20	12.90	17.50	16.50	85,945,620
Sep-18	16.60	13.80	16.50	14.40	49,809,970
Oct-18	15.20	13.90	14.80	14.30	38,466,902
Nov-18	14.40	13.60	14.50	14.10	14,583,222
Dec-18	14.60	13.70	14.30	14.00	11,898,976

# SHAREHOLDERS' INFORMATION

## Continued

### Redressal of Investors' Complaints

DBL always maintains a good relation with investors. Investors play a vital role in building a sustainable brand image among all the stakeholders. We care for our investors with a commitment so that they may carry out the flag of DBL in the front line and thus help us achieve our vision. With this view in mind, we have proper arrangement to hear the voice of investors. Investors have free access to Bank and can collect available published information. Our Share Division is always ready to meet the statutory requirement of investors. Any query received from the investors is treated equitably, efficiently and fairly. Queries and complaints from investors are dealt with courtesy and in a timely manner. Our ways and avenues to redress Investors' Complaints:

- Our corporate website ([www.dhakabankltd.com](http://www.dhakabankltd.com)) contains a Complaint Box where respective Officials' contact numbers are given to attend to the investors' queries and complaints.
- The Bank has designated email address ([info@dhakabank.com.bd](mailto:info@dhakabank.com.bd)) where investors can email their complaint which is logged on daily basis and replies are made to the investors.

- Investors can also make a written complaint through letter which is taken care of sincerely and proper actions are taken based on the merits of the complaints.
- As the complaints are received from the investors, responsible Officials are asked to explain the reason and proper actions are taken to address the problem properly.
- Serious complaints are referred to Company Secretary and event to Managing Director of the Bank if so warrants.

### For Queries and Complaints

#### Board Secretariat & Share Division

Dhaka Bank Limited

Corporate Office:

71 Purana Paltan Lane, Dhaka - 1000

Phone: 02-58314424-30

Fax: 88-02-58314419

Email: [info@dhakabank.com.bd](mailto:info@dhakabank.com.bd)

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

### Directors' Shareholding Status

Sl.	Name of Directors with Designation	2018		2017	
		No. of share	Value of share (Tk.)	No. of share	Value of share (Tk.)
1	Mr. Reshadur Rahman, Chairman	27,427,125	274,271,250	24,379,667	243,796,670
2	Mr. Md. Amirullah, Vice-Chairman	16,253,583	162,535,830	14,447,630	144,476,300
3	Mr. Abdul Hai Sarker, Director	18,533,376	185,333,760	16,029,668	160,296,680
4	Mrs. Rokshana Zaman, Director	19,906,041	199,060,410	17,694,260	176,942,600
5	Mr. Altaf Hossain Sarker, Director	22,661,678	226,616,780	20,143,714	201,437,140
6	Mr. Mohammed Hanif, Director	24,751,768	247,517,680	22,001,572	220,015,720
7	Mr. Abdullah Al Ahsan, Director	16,254,980	162,549,800	14,448,872	144,488,720
8	Mr. Khondoker Monir Uddin, Director	23,336,282	233,362,820	20,743,363	207,433,630
9	Mr. Tahidul Hossain Chowdhury, Director	16,319,791	163,197,910	14,506,481	145,064,810
10	Mr. Jashim Uddin, Director	16,253,732	162,537,320	14,447,762	144,477,620
11	Mr. Khondoker Jamil Uddin, Director	16,253,507	162,535,070	14,447,562	144,475,620
12	Mr. Mirza Yasser Abbas, Director	29,927,817	299,278,170	26,602,504	266,025,040
13	Mr. Amanullah Sarker, Director	16,253,587	162,535,870	14,447,633	144,476,330
14	Mrs. Manoara Khandaker, Director	16,282,332	162,823,320	-	-
15	Mr. M.A. Yussouf Khan, Independent Director	Nil	Nil	Nil	Nil
16	Mr. Md. Muzibur Rahman, Independent Director	Nil	Nil	Nil	Nil
17	Mr. A.S. Salahuddin Ahmed*, Independent Director	Nil	Nil	Nil	Nil
	<b>Total</b>	<b>280,415,599</b>	<b>2,804,155,990</b>	<b>248,805,241</b>	<b>2,488,052,410</b>

(\*Appointed on January 01, 2019)

## 5-year Financial Highlights

(BDT in million unless mentioned otherwise)

Particulars	2014	2015	2016	2017	2018	% change over 2017
<b>INCOME STATEMENT</b>						
Interest Income	13,705	12,135	13,166	13,715	18,985	38%
Interest Expense	10,879	10,116	9,453	10,336	13,409	30%
Net Interest Income	2,826	2,018	3,713	3,379	5,577	65%
Investment Income	2,542	3,003	3,238	2,884	2,200	-24%
Commission, Exchange and Brokerage	1,127	1,316	1,517	2,877	2,900	1%
Operating Income	6,857	6,709	8,739	9,376	10,877	16%
Operating Expenses	3,049	3,205	3,336	4,171	4,313	3%
Operating Profit (profit before provision and tax)	3,808	3,504	5,404	5,205	6,564	26%
Provision for Loans, Investments and other Assets	587	1,128	2,656	2,365	3,621	53%
Profit Before Tax	3,221	2,376	2,748	2,839	2,944	4%
Tax Including Deferred Tax	1,192	938	1,282	1,344	1,585	18%
Profit After Tax	2,029	1,437	1,466	1,495	1,359	-9%
<b>BALANCE SHEET</b>						
Authorized Capital	10,000	10,000	10,000	10,000	10,000	0%
Paid-up Capital	5,685	6,254	6,879	7,223	8,126	12%
Shareholders' Equity	12,746	13,389	14,446	15,245	16,616	9%
Deposits	124,854	139,068	157,162	170,035	197,189	16%
Borrowings	9,414	10,635	11,297	21,534	26,680	24%
Loans & Advances	103,132	117,840	134,689	154,017	180,626	17%
Investments	19,699	20,799	21,306	23,182	27,620	19%
Fixed Assets	3,958	4,100	4,194	4,263	4,906	15%
Earning Assets	124,462	144,962	165,096	187,004	223,630	20%
Total Assets	158,748	176,362	202,192	229,453	273,976	19%
Total Liabilities	146,002	162,974	187,746	214,208	257,360	20%
Total Off-balance Sheet Items	48,675	52,255	72,926	98,122	136,871	39%
<b>FOREIGN EXCHANGE BUSINESS</b>						
Import Business	79,774	76,060	101,909	134,068	158,344	18%
Export Business	60,435	69,590	88,050	103,043	125,167	21%
Inward Foreign Remittance	25,770	22,486	13,963	10,400	12,176	17%
Guarantee Business	10,731	15,284	27,466	27,585	37,731	37%
<b>CAPITAL MEASURES</b>						
Risk Weighted Assets	137,842	147,343	159,790	182,954	210,240	15%
Core Capital (Tier-I)	12,035	12,643	13,770	14,540	15,402	6%
Supplementary Capital (Tier-II)	3,403	2,765	8,072	7,345	13,692	86%
Total/Regulatory Capital	15,439	15,408	21,841	21,884	29,094	33%
Statutory Capital (paid up capital and statutory reserves)	10,510	11,554	12,729	13,641	15,133	11%
Capital Adequacy Ratio—solo (Regulatory capital/RWA)	11.20	10.46	13.67	11.96	13.84	16%
Tier-I Capital Ratio	8.73	8.58	8.62	7.95	7.33	-8%
RWA to Total Assets	87%	84%	79%	80%	77%	-4%



# SHAREHOLDERS' INFORMATION

Continued

## 5-year Financial Highlights

(BDT in million unless mentioned otherwise)

Particulars	2014	2015	2016	2017	2018	% change over 2017
<b>CREDIT QUALITY</b>						
Volume of Non-performing Loans	5,657	5,491	5,403	9,209	9,009	-2%
NPL to Total Loans and Advances (%)	5.49	4.66	4.01	5.98	4.99	-17%
Provision for Unclassified Loans	1,449	2,342	3,832	3,372	4,636	37%
Provision for Classified Loans	2,120	1,903	2,409	4,407	4,252	-4%
<b>SHARE DISTRIBUTION</b>						
Earnings Per Share (Taka)	3.57	2.3	2.13	1.84	1.67	-9%
Number of Shares Outstanding	568.51	625.36	687.90	722.30	812.58	12%
Number of Shareholders	41,797	32,798	28,388	26,997	26,819	-1%
Net Assets Value (NAV) Per Share (Taka)	22.42	21.41	21.68	18.76	20.45	9%
Market Price Per Share (Taka)	18.30	19.70	17.90	22.00	14.20	-35%
Price Earnings Ratio	5.13	8.57	8.40	11.95	8.49	-29%
Price Equity Ratio	0.82	0.92	0.83	1.17	0.69	-41%
<b>DIVIDEND PER SHARE</b>						
Cash Dividend (%)	14%	6%	10%	0%	5%	500%
Bonus Share (%)	10%	10%	5%	12.5%	5%	-60%
Dividend Cover Ratio	4.17	6.25	3.91	2.17	1.67	-23%

<b>PROFITABILITY &amp; PERFORMANCE RATIO</b>	2014	2015	2016	2017	2018	Growth %
Net Interest Margin (NIM)	4.44	4.02	4.58	3.90	3.79	-3%
Credit to Deposit Ratio	81.26	84.74	83.87	82.64	82.79	0%
Gross Profit Ratio	28%	29%	30%	26%	27%	4%
Return on Capital Employed	22%	15%	13%	13%	10%	-22%
Cost to Income Ratio	44.47	47.77	38.17	44.49	39.65	-11%
Cost of Fund	8.83	9.57	7.88	7.35	7.85	7%
Return on Assets (ROA)%	1.34	0.86	0.77	0.69	0.54	-22%
Return on Equity (ROE)%	15.92	10.74	10.15	9.21	8.18	-11%
Current Ratio	2.66	2.65	2.51	0.47	0.42	-10%
Cash Reserve Ratio (at the close of the year)	6.63	6.53	6.57	6.58	5.78	-12%
Statutory Liquidity Ratio (at the close of the year)	17.64	17.14	14.27	13.51	13.60	1%
Operating Profit Per Employee (million)	2.53	2.3	3.24	2.94	3.42	16%
Operating Profit Per Branch	47.01	40.28	57.49	52.05	64.99	25%
<b>OTHER INFORMATION</b>						
Number of Branches	81	87	94	100	101	1%
Number of ATMs	47	53	54	56	56	0%
Number of ADMs	15	19	20	20	20	0%
Number of Deposit Accounts	407,929	419,620	435,152	477,827	505,286	6%
Number of Loan Accounts	18,801	19,924	25,566	29,759	30,081	1%
Number of Employees	1,503	1,524	1,668	1,771	1,917	8%
Number of Foreign Correspondents/Banks	565	563	542	527	523	-1%

## 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.

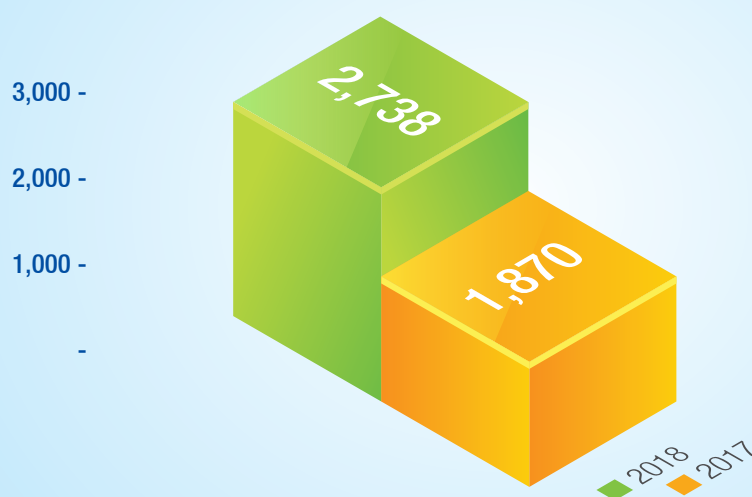
### Economic Value Added (EVA) Statement for the year ended December 31, 2018

Amount in Taka

Particulars	2018	2017
Shareholders' Equity	16,615,976,094	15,245,245,785
Add: Provision for Loans and Advances	8,887,631,501	7,779,475,833
	25,503,607,594	23,024,721,617
Average Shareholders' Equity	24,264,164,606	21,855,916,645
<b>Earnings</b>		
Profit after Taxation	1,359,130,376	1,495,371,858
Add: Provision made during the year	3,620,508,288	2,365,327,422
	<b>4,979,638,664</b>	<b>3,860,699,280</b>
Average cost of Equity ( based on weighted average rate of 10 years Treasury Bond issued by Bangladesh Government) plus 2% risk premium	9.24%	9.11%
Average cost of Equity (in Taka)	2,242,008,810	1,991,074,006
<b>Economic Value Added</b>	<b>2,737,629,854</b>	<b>1,869,625,274</b>
<b>Economic Value Added (Taka in million)</b>	<b>2,738</b>	<b>1,870</b>

### Economic Value Added (EVA)

Taka in million



# SHAREHOLDERS' INFORMATION

Continued

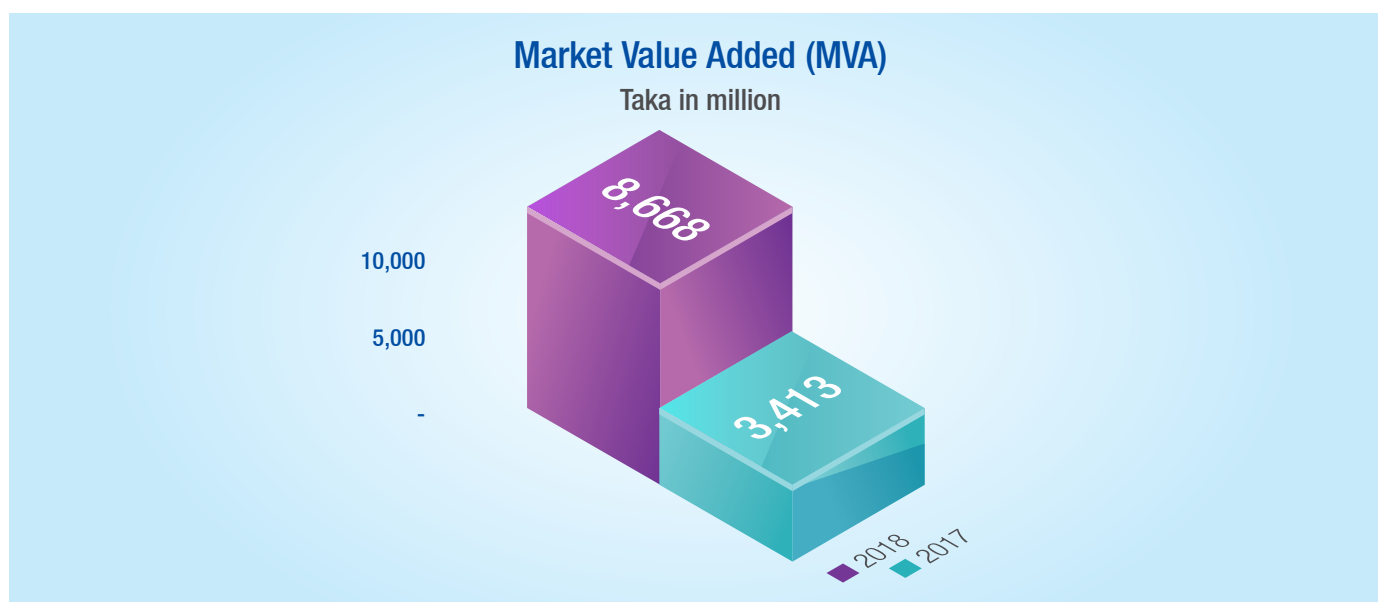
## Economic Impact Report

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 December 31, 2018

Amount in Taka

Particulars	2018	2017
Face Value per share	10	10
Market Value per share	14.2	22
Number of shares outstanding	812,582,685	722,295,720
Total market capitalization	11,538,674,127	15,890,505,840
Book value of paid up capital	8,125,826,850	7,222,957,200
<b>Market Value Added</b>	<b>3,412,847,277</b>	<b>8,667,548,640</b>
<b>Market Value Added (Taka in million)</b>	<b>3,413</b>	<b>8,668</b>



## Contribution to National Exchequer

Dhaka Bank has contributed significantly to the government's effort of revenue collection. As a corporate entity, the Bank pays tax and VAT on its own income according to prevailing laws of the country. Besides, the Bank deducts income tax, VAT and excise duty at source from Customers and suppliers and deposits the same to the national exchequer. During the year 2018, the Bank contributed Tk. 4,735 million to national exchequer.

### CONTRIBUTION TO NATIONAL EXCHEQUER

Million Taka

Particulars	2018	2017
Income tax payment on Bank's earnings	1,580	1,373
Income tax, VAT, and Excise duty deducted at source from various payment and services by the Bank	3,074	2,301
Income tax payment by the Employees	81	81
<b>Total Payment</b>	<b>4,735</b>	<b>3,755</b>

## Economic Impact Report

### Value Added Statement

Value added statement is an informative report which shows a detailed account of total value addition and the disbursement of the value created by the organization. Dhaka Bank adds value by creating wealth through SME, Retail & Wholesale Banking. The Bank also contributes positively to socio-economic development through the payment of remuneration towards its staff, through the payment of consistent dividend (stock & cash) its Shareholders, through obeying Regulatory rules and regulations by paying tax and VAT while ensuring sustainability and growth.

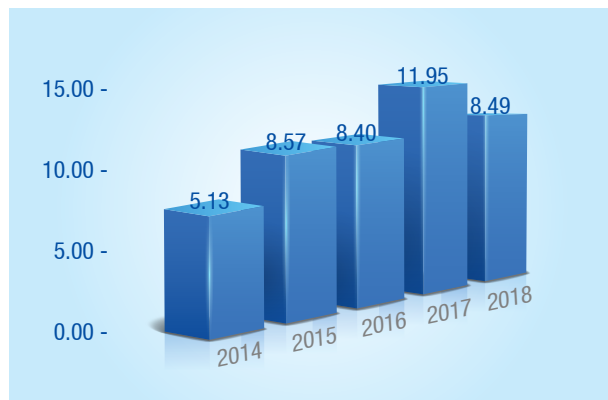
The following value added statement shows the total worth created by Dhaka Bank for the year ended 31 December 2018 and how we distributed value for the socio-economic development.

### Value Added Statement

BDT in million

Particulars	2018		2017	
	Amount	%	Amount	%
<b>Value Added</b>				
Net Interest Income	5,577	62%	3,379	49%
Commission, Exchange & Brokerage	2,900	32%	2,877	42%
Investment Income	2,200	25%	2,884	42%
Other Income	200	2%	236	3%
Management Expenses Excluding Salaries & Allowances, Depreciation	(1,795)	(20%)	(1,742)	(25%)
Provision for Doubtful Losses	(142)	(1%)	(759)	(11%)
<b>Total Value Added by the Company</b>	<b>8,940</b>	<b>100%</b>	<b>6,875</b>	<b>100%</b>
<b>Distribution of value addition</b>				
<b>To Employees</b>				
<b>As salary and Allowance</b>	<b>2,184</b>	<b>24%</b>	<b>2,179</b>	<b>32%</b>
<b>To Provider of Capital</b>				
Dividend to Shareholders (cash & stock)	813	9%	903	13%
<b>To Government:</b>				
As corporate tax	1,585	18%	1,344	19%
<b>To Expansion and Growth</b>				
As retained income	4,024	45%	2,199	32%
As depreciation	334	4%	250	4%
<b>Total Distribution by the Company</b>	<b>8,940</b>	<b>100%</b>	<b>6,875</b>	<b>100%</b>

## 5 Year Essential Performance Graphs--Bank

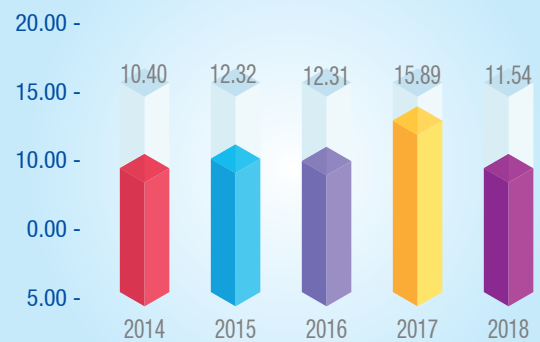


### Price Earning Ratio

Despite a steady growth in operating income and profit, reduction in P/E ratio is caused by unfavorable market price and lower EPS.

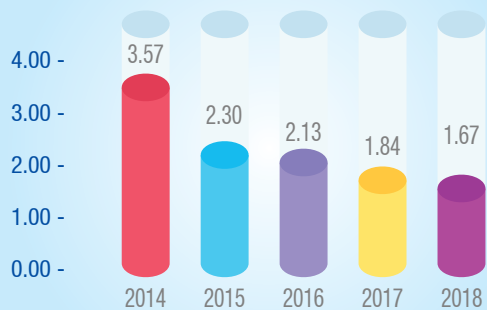
### Market Capitalization (Taka in billion)

A lower market capitalization is due to unfavorable closing market price as at year end 2018.



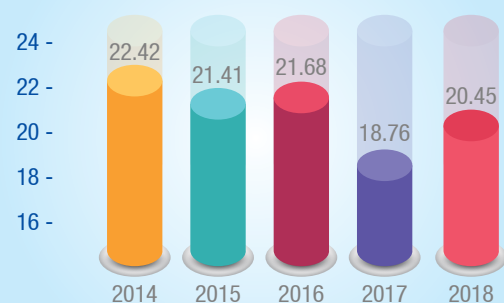
### Earning Per Share (Taka)

Incremental loan provisioning caused lower earnings in 2018.

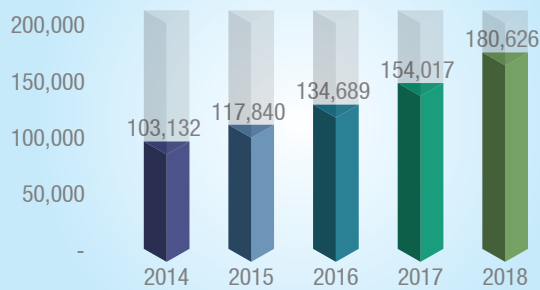


### Net Asset Value per share (Taka)

Better operating results and efficient balance sheet management in 2018.



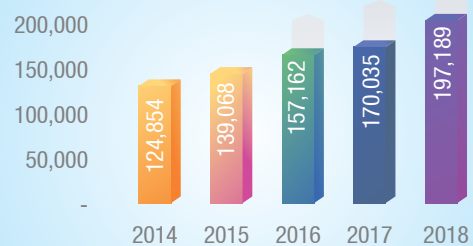
## Loans & Advances (Taka in million)



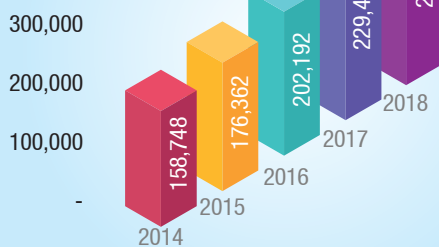
Year on year 17% growth in loans and advances emphasizing quality and balance sheet growth.

## Deposits (Taka in million)

Balance sheet growth is well supported by deposit growth which indicates the confidence on the bank and also ensure the togetherness of stakeholders.



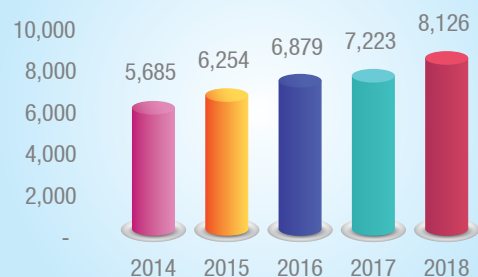
## Total Assets (Taka in million)



Consistent growth in balance sheet at 15% CAGR since 2014.

## Paid-up Capital (Taka in million)

Consistent Paid-up Capital growth in balance sheet at 9% CAGR since 2014.



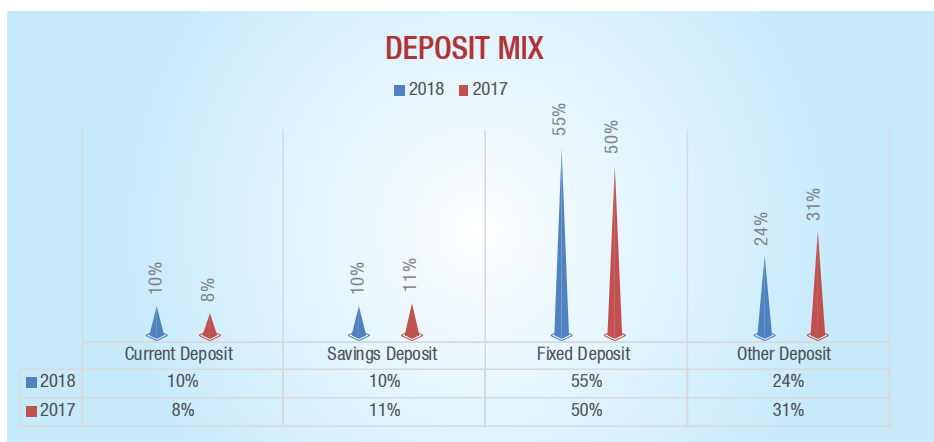
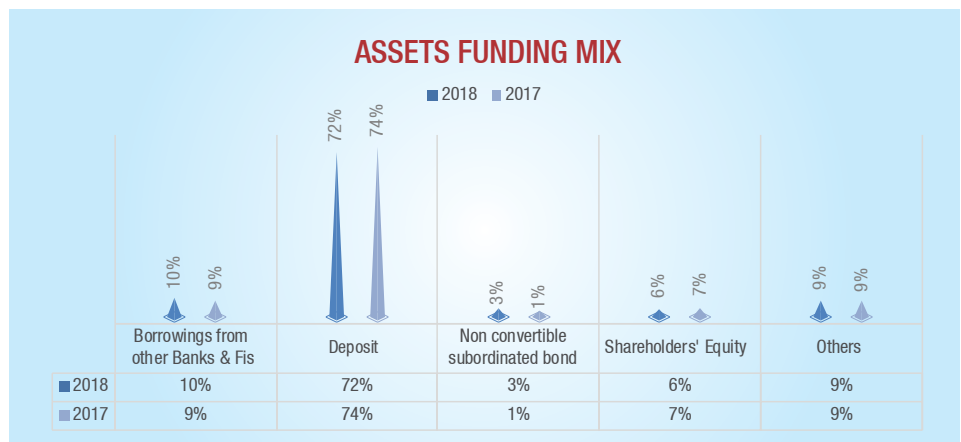
# SHAREHOLDERS' INFORMATION

Continued



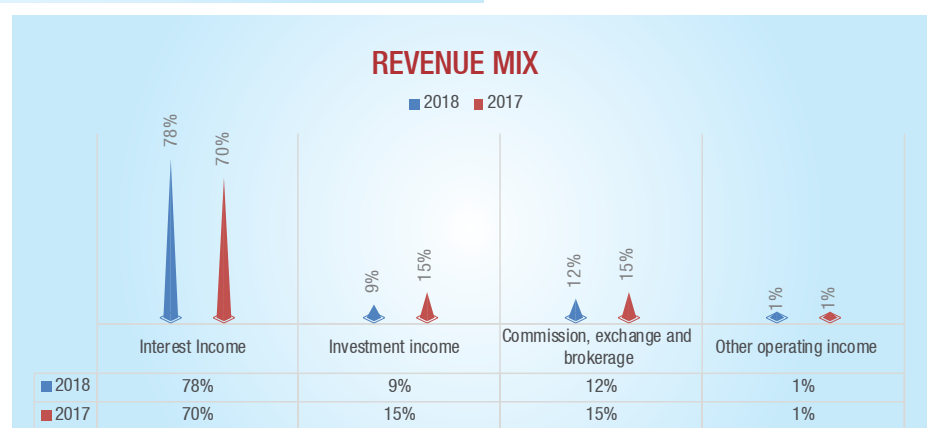
Bank is focusing on balanced growth and efficient comparison of Assets.

Emphasizing steady growth on deposit as the primary funding tool.



Heading toward an optimized mix of deposit by reducing reliance on term deposit.

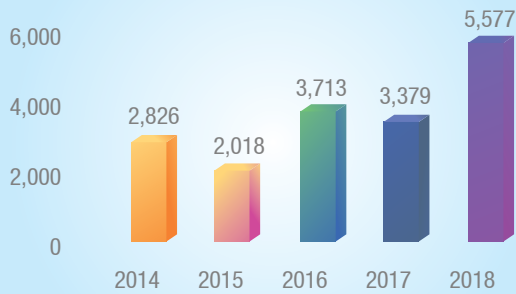
Improving quality of assets and thereby increase funded income and also focusing on a larger share of non-funded income.



# SHAREHOLDERS' INFORMATION

Continued

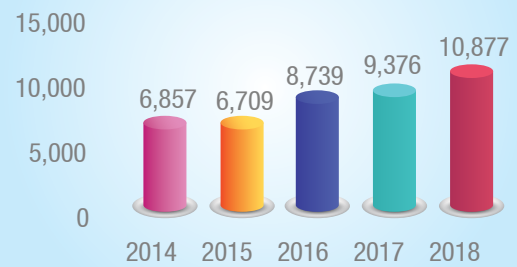
## Net Interest Income (Taka in million)



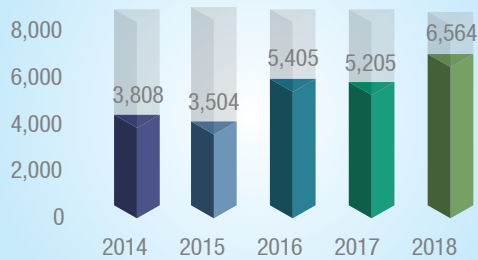
Volume driven income in 2018.

## Operating Income (Taka in million)

A better and efficient management of balance sheet resulted in higher operating income.



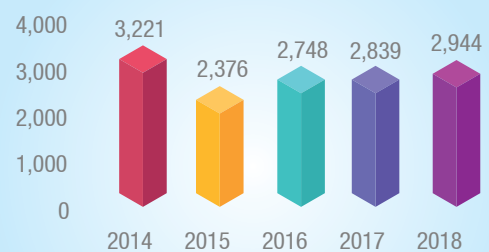
## Operating Profit (Taka in million)



Operating profit is a key number to watch for as it reflects the controllable revenue and expenses.

## Profit Before Tax (Taka in million)

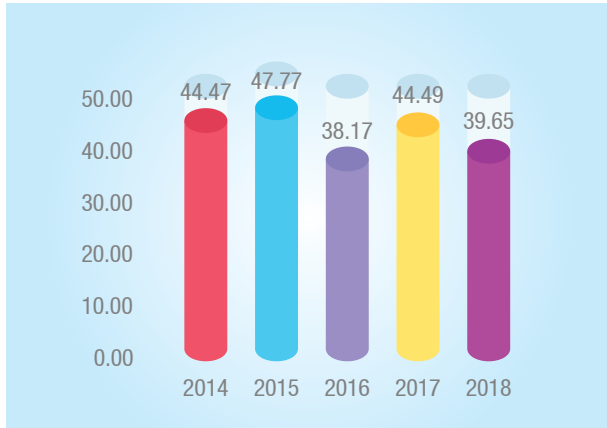
Despite a larger loan provision, Bank delivered higher profit after tax.





# SHAREHOLDERS' INFORMATION

Continued

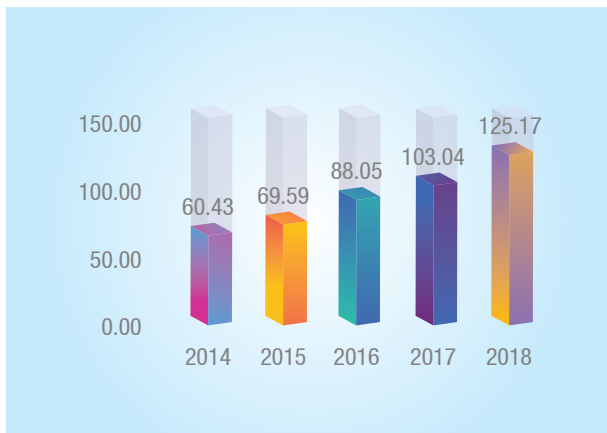


## Cost To Income Ratios

Cost-to-income ratio improves as the operating income grew keeping operating expense in check.

## Capital Adequacy (%)

Well managed capital to support the growth.

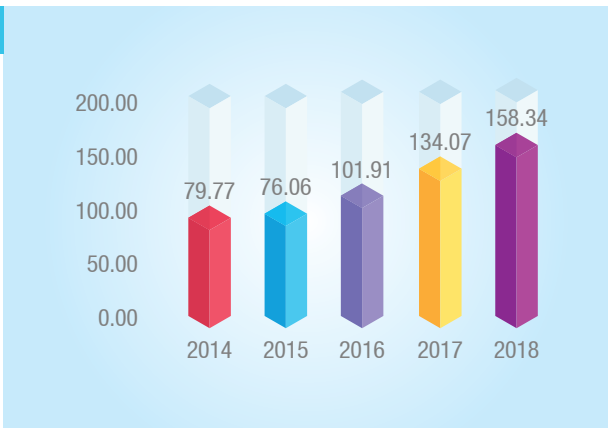


## Export (Taka in billion)

Consistent growth in export through-put indicates a higher share of Trade business.

## Import (Taka in billion)

Consistent growth in import through-put indicates a higher share of Trade business.



# SHAREHOLDERS' INFORMATION

Continued

## Glimpses of the 23<sup>rd</sup> AGM



# DIRECTORS' REPORT

**B**anking Sector, like many other Sectors of the Economy, plays a very significant role in protecting our Environment.

Responsible Banking does lead to Sustainable Development. All the Businesses, while charting Plans and moving forward, are nowadays laying more importance on various issues of environmental protection.

In the process of running our Business, we too attach priorities to Green Banking, SME Banking, Financial Inclusion; and to both our Personal & Corporate Social Responsibility.

Dhaka Bank does enjoy its admired position for taking a rare initiative: PSR or Personal Social Responsibility -- that takes care of inspiring and involving all its Members to acknowledge their individual dues to People & Planet; and pay it back through service to Society, as arranged by our PSR system.

This way, Dhaka Bank go ahead hand in hand with many others in the Society, putting its emphasis on Sustainable and Inclusive Banking to reach the space, as visualized in its Vision.

# DIRECTORS' REPORT 2018

Continued

In the beginning, we the Board of Directors, welcome you all to the 24<sup>th</sup> Annual General Meeting of Dhaka Bank Limited [DBL]. We do thank you for your continuous patronage and support in our common journey of 24 years. In presenting our Annual Report for your kind consideration and adoption, we really feel a delight. We acknowledge continuous assistance of thousands of Shareholders, who were always there for us with their trust and support. This Report contains Auditors' Report, Directors' Report, Management Analysis of Business, Audited Financial Statements of the Bank and its Subsidiary Company. Hope it will provide you with the true picture of the Bank's performance, development and Market position of the Bank in this era of stringent competition.

## Global Economic Situation

The global expansion has portrayed a steady picture. Global Growth for 2018 is estimated at 3.7%, as in the October 2018 World Economic Outlook [WEO] Forecast. The global economy is projected to grow at 3.5% in 2019.

Goldman Sachs' global GDP Forecast for 2018 is 4.0% while World Bank Forecasts global economic Growth to edge up to 3.1% in 2018. The strength in global Growth is broad-based across most Advanced and emerging economies. As a whole, developed economies are expected to get a firmer Growth in 2018.

## Indicators of Economic Activities

Global Trade Growth is set to moderate somewhat in 2018-19, at an average of 4%, in line with the projected deceleration of Capital spending in Advanced economies and China.

### • Fiscal Policy

One of the positive Growth impulses in 2018 is likely to be Fiscal Policy. The Eurozone as a whole is likely to see only a minor positive impulse at best, but Germany is likely to ease Fiscal Policy quite significantly. In the UK, where structural deficits remain high, efforts to limit them will continue. As for the US, a moderate cut in Corporate Taxes and a temporary rebate on repatriated Profits appeared likely. Overall, US Fiscal Policy could turn somewhat more expansionary in 2018.

### • Commodity

In commodity Exporters, Energy and Metals prices recovered in 2017 while Agricultural Product prices remained broadly stable. Metals prices gained 22% in 2017 partly due to robust demand from China. Agricultural Product prices are projected to remain stable in 2019.

### • Inflation

There are clearly a number of structural factors that favour disinflation: These include intense competition for goods and services on a global or national and regional level; the spread of an internet-based services economy, digitalization and robotics.

### • Financial Markets

The Fed will be under new leadership, but it might press ahead with shrinking its Balance Sheet and delivering its projected three 0.25% Rate increases in. Markets see short-term Rates in Europe and Japan staying negative through 2019. Monetary Policies are also likely to diverge across major emerging economies. It is anticipated having broadly stable Monetary Policy in China.

### • Global Trade

A cyclical rebound in investment contributed to strong Growth of Trade in Machinery, Electronics and Semiconductors. Global Trade Growth may reach 4.3.

## Developed Economies

**US:** Economy had a Growth of 2.3% in 2017. Amidst the ongoing Policy changes, US Growth is expected to reach 2.5% in 2018, above previous expectations, and then to moderate to an average of 2.1% in 2019-20.

**China:** Growth was projected to edge down in 2018 to 6.4% as Policies tighten, and average 6.3% in 2019-20. Long-term fundamental drivers of potential Growth point to a further slowdown, as population aging is expected to depress labour supply.

**Euro Area:** With inflation remaining below target, the ECB was expected to keep Interest Rates unchanged during 2018, but to gradually scale back Asset purchases. GDP Growth is foreseen to average 1.6% in 2019-20.

**Japan:** Consumption Tax hike in October 2019 is expected to have a negative effect on Growth in 2020, which is projected to slow temporarily to 0.5%. In 2019, Growth is Forecast at 0.8%, in line with average potential Growth estimates.

## Emerging Market and Developing Economies

EMDE Growth is projected to strengthen to an average of 4.7% in 2019-20, in line with June Forecasts. This outlook is predicated on improved global manufacturing activity and robust Global Trade, broadly favourable financing conditions, and firming commodity prices, amid an investment led recovery in Advanced economies. The projected acceleration for EMDEs as a whole reflects a continued recovery in commodity Exporters, as the cyclical rebound continues, and rise to an average of 3.1% in 2019-20. Domestic demand is expected to further strengthen, reflecting the positive effects of currency and price stability on consumer and business confidence.

Growth in commodity Importers is projected to remain broadly stable in 2018-20, averaging 5.7% in line with its potential Rate. A gradual slowdown in China is expected to be offset by a modest pickup in the rest of the group during the Forecast horizon. Excluding China, Growth in commodity Importers is foreseen to be 4.8% in 2018 and to accelerate to an average of 5.1% in 2019-20, reflecting the diminishing role of idiosyncratic factors weighing on activity in some large economies [e.g. India, Mexico].

# DIRECTORS' REPORT 2018

Continued

Growth in low-income countries is projected to rise to be 5.6% in 2019-20, as commodity prices firm. These Forecasts are lower than in June, and reflect a reassessment of the pace of recovery in oil -- and Metals-Exporting LICs that experienced sharp slowdowns or recession in 2016-17.

## Bangladesh Economy

Bangladesh economy has maintained sustainable Growth and achieved GDP Growth at more than 6% on an average during the last decade. According to Bangladesh Bureau of Statistics [BBS], the GDP Growth stood at 7.86% in FY2017-18.

## Monetary Policy July-December 2018

The H1 Monetary Policy stances for FY2017-18 was formulated by Bangladesh Bank with the target of keeping inflation below 6.0% as well as attaining GDP Growth Rate at 7.4%. Government borrowing from the Banking system followed downward trend in the first half of FY2017-18 owing to increase government's earning stemming from soaring revenue Income and a high receipts from net sale of National Savings Certificates.

**GDP Growth:** GDP at current Market prices stood at Tk. 22,50,479.00 crore in FY2017-18, up by 13.90% of the previous fiscal year, according to the final data of BBS. The per capita GDP increased to Tk. 1, 37,518 in FY2017-18. On the other hand, per capita national Income in FY2017-18 stood at Tk. 1, 43,789. In US dollar, per capita GNI and GDP stood at US dollar 1,751 and US dollar 1,675 respectively in FY2017-18 compared to US dollar 1,610 and US dollar 1,544 respectively in FY2016-17. On the basis of Purchasing Power Parity [PPP], calculated by UNDP, the per capita GNI stood at US dollar 4,040.

Production based estimate of GDP encompasses 3 broad Sectors which are Agriculture, Industry and Service.



**Consumer Price Index and Inflation:** The national level of inflation came down to 5.78% in FY2017-18 from 7.60% in FY2008-09 with some fluctuations over the entire period of 10 years. During FY2017-18, non-food inflation remained lower than food inflation. The Government has taken a number of initiatives to lower the price level and to keep the prices of essential commodities stable.

**Export and Import Performance:** Country's Export earnings stood at US dollar 36,668 million in FY2017-18. Export earnings increased due mainly to increases of Export of agricultural Product, ceramic Products, handicraft, cotton and cotton Products, knitwear, home textile, jute goods, chemical Products, woven garments etc.

US is the main destination of our Export. In FY2017-18, Export earnings from US stood at US dollar 5,983.31 million which is 16.32% of country's total Export earnings followed by Germany [16.06%], UK [10.88%] and France [5.47%]. The major commodities exported to US are woven garments, knitwear, home textile, cap, frozen food etc.

Country's total Import Payments [C&F] stood at US dollar 58,865 million in FY2017-18. China remained the main source of Import for Bangladesh in FY2017-18. During this period 27.07% of the total imported commodities came from China. India was the second largest source of Import [15.19%] while Japan held the third position [4.11%].

## Exchange Rate

Bangladesh Bank remains vigilant in its role in the foreign exchange Market by closely monitoring the exchange Rate movement and the buying and selling of Foreign Exchanges for stabilising Market. Bangladesh observed overall 3.77% Depreciation of Taka against US dollar in FY2017-18 due mainly to increased demand for Import payments. The weighted average inter-Bank Rate stood at Tk. 82.10 per US dollar in FY2017-18.

## Banking Sector

As on June 2018, 57 Scheduled Banks with 10,114 Branches are performing their Banking business in Bangladesh of which the numbers of Urban and Rural Branches are 5,224 and 4,890 respectively. Around 66.85% of Total Assets and 66.14% of Total Deposits are being handled by PCBs. On the other hand, SOCBs covers 26.16% of Total Assets and 27.02% of Total Deposits.

## DHAKA Bank: Thriving for Success

DBL had launched its voyage with a view to attain magnificence in Banking Sector and to provide with state of the art Banking Solutions. The Bank was incorporated as a Public Limited Company on April 6, 1995 under Companies Act, 1994. It commenced Banking operations on July 5, 1995 with a Branch at Motijheel, Dhaka. Islamic Banking window was opened in July of 2003. DBL got listed in DSE and CSE in 2000. Subsequently, we embarked on Capital Market services which amounted to the establishment of a subsidiary 'Dhaka Bank Securities Limited' in 2011. DBL opened up new avenues for foreign investors in the country by setting up Off-shore Banking Unit in 2006.

DBL is widely recognized today for its exceptional service, simplicity, proximity and cutting-edge way of delivery and operational craftsmanship marking its position as the potential Market player in all core areas of Banking in the country. Alongside a lasting bond with the Corporate world, we got hold of a countrywide reach through a larger network of

# DIRECTORS' REPORT 2018

Continued

Branches, ATMs, ADMs, SME channels and SMS Banking. As on December 31, 2018, we made our vibrant presence at 101 Branches including 2 Islamic Banking Branches, 3 SME Service Centres, 56 ATMs, 20 ADMs, 1 Business Kiosk and 2 Off-shore Banking Unit across the country.

On July 5, 2018 we passed 24 years of stride for progress. Our Balance Sheet size was Tk. 273.97 billion, Deposits of Tk. 197.18 billion and Advances of Tk. 180.62 billion with Operating Profit track of approximately Tk. 6,564.16 million as on December 31, 2018. Our Board and our Colleagues together want to make a strong positive impact in the economy of Bangladesh with superior quality Banking Services.

## Rooms for Business

We had started 2018 with usual zeal; and did splendidly in some areas. In other areas, achievement was mixed, with meagre to moderate. Our overall numbers have been reasonably well. The mode of our Banking operations includes both conventional and Islamic Banking based on Shari'ah Principles. Our Base Deposit grew 16% in 2018, while the previous year the progress here was only 5%. DBL runs its business with a country-wide reach through state-of-the-art delivery system supported by real-time online Banking. The Bank has established its own subsidiary named 'Dhaka Bank Securities Limited' which commenced its business operation on February 13, 2011 to provide brokerage services and margin Loans in the Capital Market. DBL has Off-shore Banking Unit to provide Banking Services in Non-Resident Foreign Currency denominated Assets and Liabilities. We must put our all-out energy in having a much better outcome in 2019 in all areas.

## Core areas of DBL business and Banking

- Act as secured custodian of Customers' Deposit
- Honor Cash withdrawal by Depositors on demand
- Facilitate large Corporate business by providing Credit
- Encourage and render SME financing
- Arrange Syndicated Deals and Structured Finance
- Perform Retail Business
- Finance Import and Export Business [Trade Finance]
- Conduct Project Financing
- Undertake Lease and Hire Purchase Financing
- Issue Local and International Credit Cards
- Provide Islamic Banking Services based on Shari'ah Principles
- Channel Remittance from abroad
- Render Off-shore Banking service

## Financial Performance

**Performance & Profitability:** We recorded Net Profit after Tax of Tk. 1,359.13 million in 2018 in comparison with Tk. 1,495.37 million in 2017 as a result of critical Market condition. Bank focused on protection of Shareholders' equity through building up remarkably higher Provision against Loans & Advances. Bank's performance was accomplished

mainly from downsizing of Loan loss, sticking to core Banking business, consolidation of business mix with expanded pie on SMEs, efficient Cost Management as well as appropriate strategic choice.

Overall business performance for the year 2018 suggests that our achievement particularly revenue basket was more viable than we have expected especially in the category of investment Income and fees & commission Income. We have every reason to explain our position under most difficult circumstances that Banking Sector got through in 2018. Bank's net Interest Income has been increased by 39.42%.

The Bank secured an amount of Tk. 10,877.18 million in Operating Income. On the Balance Sheet side, the Bank shaped an amazing Balance in Assets of Tk. 273.97 billion showing up an increase of Tk. 44.52 billion from Tk. 229.45 billion of 2017.

The Growth was achieved on the wings of 17% in Loans and Advances. Deposits also showed a Growth of 16%. The Bank continued to have notable Capital Adequacy at 13.84% in accordance with Basel-III requirement. Total Shareholders' Equity increased to Tk. 16.52 billion in 2018 from Tk. 15.25 billion in 2017. Liquidity maintained a comfortable position with liquid Assets [Cash, Balance with other Banks and financial institutions, money at call, treasury bonds and tradable securities] forming 22% of Total Assets. The Bank successfully improved its portfolio of Loans & Advances through increasing Loan to Deposit Ratio at 82.79% at the year-end 2018 which was 82.64% in 2017.

**Appropriation of Profit :** Profit after Tax [PAT] stood at Tk. 1,359.13 million. Profit available for distribution among Shareholders is Tk. 820.99 million after a mandatory transfer of Statutory Reserve of Tk. 588.73 million [@20% on PBT]. Directors have recommended for 5.00% Cash and 5.00% Stock Dividend for the year 2018 subject to Approval in the AGM.

**Payment of Dividend:** Optimizing Shareholders' value is our all-time priority. Bank's Dividend was mostly paid in large stocks with a marginal proportion in Cash, enhancing Bank's solvency through Capital Adequacy.

**Capital Adequacy:** Dhaka Bank is a firm follower of Guidelines of the Bangladesh Bank regarding Capital Adequacy and its Policy is to maintain Regulatory Capital at a level which is higher than the minimum required Capital. Bank's strength in Capital base is also significant in the fact that the Ratio of eligible Capital to Risk Weighted Assets [RWA], 13.84% as of Dec 31, 2018. The Bank has already entered the Basel III regime since January 2015 as an enhanced Regulation for Capital Adequacy, liquidity and stability and remains committed to compliance of the requirement in phases till 2020.

**Raising Capital:** Starting on July 5, 1995 with Authorized Capital of Tk. 1,000 million and Paid-up Capital of Tk. 100 million, DBL strengthened its Authorized Capital base in 2005 by raising the same from Tk. 1,000 million to Tk. 2,650 million and Tk. 6,000 million in 2007. Authorized

# DIRECTORS' REPORT 2018

Continued

Capital was further enhanced to Tk. 10,000 million by passing a Special Resolution in the Bank's 4th Extra-ordinary General Meeting [EGM] held on July 4, 2010. Out of the total issued, subscribed and Paid-up Capital, 1,320,000 Ordinary Shares of Tk. 100 each amounting to Tk. 132,000,000 was raised through Initial Public Offering [IPO] of shares held in February 24, 2000. The Bank increased its Paid-up Capital twice issuing 2:1 Right Share at par on April 15, 2003 and November 30, 2005 respectively.

As on December 31, 2018, equity of the Bank including Retained Earnings reflected a Balance of Tk. 16,615.97 million. Equity as a percentage of Total Assets was 6.06%. Bank's Paid-up Capital increased by Tk. 902.86 million at the year ended 2018. The Statutory Reserve also increased by Tk. 588.73 million due to transfer of 20% of pre-Tax Profit under Regulatory Compliance.

**Special Assets Management :** In 2018, NPL to Total Loans Ratio reached to 4.99% compared to 5.98% of the year 2017.

**Corporate Banking Division:** We have the first-rate Corporate exposure in the country. During 2018, Corporate Banking Division booked 10 New to Bank Relationships, against which a total limit of Tk. 5,217.00 million was sanctioned. On top of that, we also managed the enhanced utilization of the already-sanctioned Non-funded Limits in the name of various existing Clients, to the tune of some Tk. 2,500.00 million.

**Cash Management Unit:** Relatively fresher in the move, our Cash Management Unit [CMU] is doing admirable dealings. The number of booked Clients under Cash Management Services in 2018 were 40. Average daily fund retention was Tk. 42.00 crore.

## Other highlights for 2018:

- First ever Bank to integrate with bKash for 'Bank to bKash' fund transfer
- Taking Dhaka Bank Automated Payment Portal 'Dhaka Bank C Solution' to a leading height in the Industry in terms of providing automated Cash Management Solution for the Corporate Clients' bulk transactions
- Monthly average transaction volume through Dhaka Bank C Solution was around Tk. 360.00 crore

## Moves in 2019:

- Is going to bring a complete Payment Solution for the Bank. The Unit signed Agreement with ICT Division of the Government of Bangladesh to integrate with their massive payment platform. It will allow the Clients of the Bank to access all the utility companies and e-commerce channels to avail the services and/or Products available through those channels and make payments through our internet/mobile Banking

- Will continue to give better shapes to our existing Payment and Collection Solutions and will continue to excel at providing automated Cash Management Services to the maximum number of Corporate Clients with the support of our Branches.

**Syndication and Structured Finance Unit:** 2018 was a notable year for the Unit. As 'Lead Arranger', they successfully arranged a number of transactions for well reputed Business Conglomerates of the country. Some of them are as under:

- Tk. 3,210.00 million Syndicated Term Loan for BSRM Wires Limited - a concern of BSRM Group
- Tk. 1,500.00 million Syndicated Term Loan for KYCR Coil Industries Limited – a concern of KDS Group
- Tk. 700.00 million worth Preference Share Deal for Zodiac Power Chittagong Limited -- a 54 MW HFO Power Plant of Confidence Group. This was the first-ever Preference Share Deal for the Bank
- Mandated for raising country's first IPFF-backed Project Bond of US dollar 47.50 million for United Jamalpur Power Limited -- a 115 MW HFO Power Plant of United Group
- Mandated for raising Tk. 2,700.00 million Syndicated Term Loan for KSRM Power Plant Limited -- a 55.80 MW LNG based Power Plant of KSRM Group.

**Retail Banking Division:** In the areas of Retail & Cards, we successfully launched some landmark Products & Services like EMV Chip based Contactless Credit Card [EMV ensures International Standard security and being Chip based, it brings ease of transactions], 2FA/OTP for e-commerce transaction, Key-International Airport Lounge Access [1,000+ Airports in 130 countries] with Signature and Platinum Card for the first time in Bangladesh. We also coined Signature & Platinum Credit Cards and Quintuple Credit Shield Insurance Programme for Credit Cards. New 100+ Card and EMI Merchants have been tied up. With all these, we exceeded Card Business Operating Profit Target of Tk. 50.00 million. SDS Plus was introduced with Product Tenure of 13 months, posting current book size of Tk. 2.08 billion. Our Retail Deposit grew by Tk. 14.19 billion till December 2018 over 2017 base, constituting 50% of Total Deposit of the Bank. Inter-Bank Instant Fund Transfer Facility through NPSB for Dhaka Bank Go & Internet Banking users have been opened. We are the first-ever Bank to integrate with bKash for Bank to bKash fund transfer. On boarded 3 renowned Universities, namely United International, IUBAT and Presidency, under our Automated Tuition Fees Collection System.

**MSME and Agriculture Business:** The Unit emphasized to improve existing Credit assessment process, reducing Non-Performing Loans [NPL] and also developing innovative *Financial Products* with Advanced technological assistance. 'i-khata', a non-financial web based service, the first-ever automated online comprehensive Business Solution, has been launched. Bills to Cash [OD], the Supply Chain Finance [SCF], has

also been integrated with our Core Banking System to widen digitized financial services among our SME Customers, helping them to grow their respective supply-chain business in a more convenient, organized and secured manner. Alongside, new SME Deposit Products, like, Shukti Accounts [conditional Interest bearing current account] and Fixed Deposit Plus-SME Customers [Fixed Deposit Scheme under business's name, with competitive Interest Rate] have also proven to draw commendable attention across the country. Our quests to support business community having lesser scopes for obtaining Credit facility and accordingly financed *physically challenged* Women at Barguna in Barishal. SME Unit continuously supports, promotes and facilitates Fairs to strengthen its financial footprint in areas like Women Entrepreneurship as guided and organized by BB and SME Foundation. On the other hand, Pay Master Programme was arranged to promote and encourage Customers' good payment behaviour. Presently, Dhaka Bank is close to SME exposure of 25.00% of global Loan portfolio, aligned with BB Guideline. Our SME portfolio was increased by 15.07% in 2018 from the previous year, 2017. To summarize, strong supervision, monitoring, and by arranging successful NPL Management Campaign 2018, Dhaka Bank has been successful to reduce its NPL by 0.96% in 2018, contributing to financial sustainable health, globally.

## CRM Division:

- Large Loan Portfolio Analysis: We have started comprehensive analysis of Credit portfolio under different segments to identify any potential future threat. Credit Facilities are allowed in a manner so that Growth can be maintained ensuring optimum Asset quality and without compromising Bank's standard of excellence
- Industry Analysis: In-depth analysis on Major Industries to which Credit portfolio is concentrated; Major 14 Industries including Power, Edible oil, Telco, Pharma, Ceramic, Beverage, LPG & Cable have already been analyzed and updated regularly
- Establishment of Import Product Price Verification Database: A Database has been developed wherein price of Import Product is recorded, which will help to check Import Product prices in conjunction with other verification techniques
- Formation of Monitoring Unit: Strengthening Post-approval follow-up & monitoring which includes, but not limited to, early alert, documentation deferral, performance of taken-over Clients, work order Credit Rating etc.
- Capacity Building/Training: Considering continuous skill and knowledge development and awareness of Credit Norms & Principle, CRM Division has arranged several Training Sessions [including Internal Credit Risk Rating System] and Workshops for Credit Officers of different Branches and Head Office during 2018

- MIS Unit: For ensuring smooth monitoring, supervision and decision-making process, CRM Division has started to maintain various Database/Internal MIS such as; Pending List, Sanction Register, Deferral Tracker, Exception List, Credit Rating Database
- Revised Credit Risk Management Policy: Credit Risk Management Policy has been revised and updated complying recent Bangladesh Bank's CRM Policy and to ensure adequate control over Credit risk.

**Human Resource Development:** In 2018 we have put more stress than ever in HR Development, stimulating our Training efforts. Apart from HRD utilizing External Trainings, ensuring better support of IT & DBTI, we initiated e-learning Programme with Trainings on AML-CFT, Credit & Trade. Appraisers' TNA-based Training, OMEGA Performance Certification License for Credit Skill Assessment, Managers' Training on Relationship, Corporate Sales, Professional Customer Service etc were arranged with Sessions taken by country's top Session Leaders. Moreover, we introduced Refresher Training for some Employees who have successfully moved from Cash to GB. HRD has also initiated different Employee Engagement Programmes like celebrating Pahela Boishakh, Eid, and Womens' Day etc. Health Awareness Programmes with renowned Physicians were also taken. Accelerated Leadership Programme for future Leaders will begin in 2019.

**International Division:** Trade Finance business is one of the major concentration areas of DBL. In the year of 2018, IFC has arranged WCS Syndicated Loan of US dollar 50.00 million with participation from 5 Commercial Banks [ICICI Bank, Axis Bank, RAK Bank, Union National Bank and Bank Muscat]. This is the first ever syndication Loan of IFC arranged with international Commercial Banks. This fund has strengthened the capacity of Off-shore Banking Unit to finance Trade transactions of Dhaka Bank.

DBL has been awarded by International Finance Corporation [IFC] as the 'Best Issuing Bank Partner for Climate Smart Trade' recognizing its contribution to climate friendly Trade transactions. The 8th IFC Trade Awards for the year 2017 recognized the Leadership of IFC's Partners' Leadership in providing Trade Finance in Emerging Markets.

DBL has Correspondent Relationship and Agency Arrangements with internationally reputable major Banks, Financial Institutions and Exchange Houses throughout the world. At present, DBL has Agency Arrangements with total 20 Exchange Houses located in US, UAE, UK, Oman, Italy, Kuwait, France and so on to facilitate Remittance of expatriate Bangladeshis working abroad. Outlets of DBL's NGO Partners [PAGE and Padakkhep Manabik Unnayan Kendra that have more than 329 Branches] have been used significantly to facilitate Remittance Recipients located across the country.



# DIRECTORS' REPORT 2018

Continued

**Islamic Banking Division:** DBL has been providing Islamic Banking Services through two of its Branches to adhere to the Islamic values & integrity. Nowadays DBL has been providing Islamic Banking Services to the interested Customers from all the conventional Branches through online from Islamic Banking Branches. DBL is the pioneer in establishing Shari'ah-based Banking Operations through Islamic Banking Branches in the country. At the end of the year 2018, our Deposit and investment of Islamic Banking Operations stood at Tk. 8532.51 million & Tk. 5474.76 million respectively.

**Off-shore Banking Business:** We have come a long way since launching of our Off-shore Banking Operations in Dhaka Export Processing Zone in 2006. We are one of the pioneers among local Banks in Bangladesh to set up Off-shore Banking Unit [OBU]. On February 12, 2017, we set up another OBU at CEPZ, Chattogram for extending Off-shore Banking Facilities to the Industrial Units of Chattogram area.

Though the country's Off-shore Banking Market is dominated by the Foreign Banks, DBL has been able to make its strong and delightful presence by attracting a good number of Customers quickly through effective Marketing, competitive pricing and ensuring highest levels of professionalism along with excellent Customer Service backed by quality human and technical support. OBU has invested around US dollar 230.01 million in Off-shore Market as on December 31, 2018 to support Type-A Industries, local Entrepreneurs as well as to strengthen its Asset portfolios.

Our OBU extends funded, non-funded and working Capital Facilities to the Type 'A' Industries of EPZ like EXP Certifying, LC Advising, Export Bill Negotiation, Export Bill Discounting, LC Opening, LTR creation, Short Term Loan, OD for working Capital, Guarantee, NCFD Deposit, Current FC Account Deposit, FC Term Deposit, UPAS LC Financing, Suppliers, Credit Facilities, Exporters Financing etc.

## Subsidiary: Dhaka Bank Securities Limited

Our Capital Market witnessed a falling trend round the year. The benchmark index of the Dhaka Stock Exchange [DSE] registered 13.75% Negative Growth and ended to 5,385.64 points in 2018 from 6,244.52 points in 2017. The Daily Average Trade Volume in the Market fell down to Tk. 5,867.75 million in 2018 from Tk. 9,345.57 million in 2017. Despite the reverse state of the Capital Market, Dhaka Bank Securities Limited [DBSL] booked Profit after Tax in 2018 backed by the persistent effort of all the Employees of the company. DBSL faced tremendous competitive pressures and increasing Regulatory Compliances last year. But with prudent managerial capacities DBSL has done satisfactorily well to remain in Profitability. Company's Total Operating Profit is Tk. 91.58 million in 2018 which was Tk. 252.05 million in the previous year.

In response to the Market movement, DBSL was able to earn Income from Brokerage Commission of Tk. 76.15 million. Capital gain and Dividend Income from Dealer Operations was Tk. 127.06 million in 2018 compared to Tk. 210.43 million in the year 2017. Company's Net Profit stood at Tk. 46.96 million in 2018, which had been Tk. 108.07 million in the previous year.

Dhaka Bank Securities Limited continues to achieve its business Growth with sensible execution of business development strategies. The Loan

Facilities are restricted only to selection of Credit Customer with few fundamentally sound instruments in accordance with the instructions of the Regulatory Bodies. DBSL has 710 Margin Clients. The Interest Income from Margin Loan dropped due to lowering the Rate of Interest with the trend of Market competition.

As on 31 December 2018, outstanding Margin Loan provided to the Clients stood at Tk. 2,467.83 million whereas it was Tk. 2,466.22 million in 2017 and Gross Interest earned from the Margin Loan during year 2018 is Tk. 199.98 million and Interest Expenses were Tk. 222.55 million. The DBSL's Net Interest Income is expected to increase as robust effort has been taken for realization of accrued Interest. Growth in Brokerage Commission Income will be accelerated and provisions for Credit losses will remain relatively stable in 2019. It is expected that 2019 will be the year of recovery. In 2019, we expect that all Departments would experience a transformation and contribute to the overall Profitability of DBSL. We will devote our full efforts to accomplish the target to reward our Shareholders and the community in coming year.

## Business & Operational Highlights

**Information Technology [IT]:** Information technology has become the heart of Banking Sector. As the Banking Industry is moving forward swiftly from the traditional brick and mortar Banks to digital Banks, the Banking channels and models are also converting into the digital shape with the direct impact of information technology. The Internet has opened the gates towards digital transformation and innovation and completely revolutionized the Banking Industry by empowering Banks to serve their Customers in a better way thereby reducing costs and improving Banking experience. Meeting the demand of the changing scenario, DBL has already started initiatives for digitalization of its services on a focus to offer simple but secured Banking to its Customers. Some of the Important initiatives are given below:

### A. IT Infrastructure & Application

**New Core Banking System [CBS]:** Flexcube UBS12.0.3, a Product of Oracle Financial Services Software Limited [OFSS], has numerous features to confront the ongoing Market demand. It is one of the best CBS in the world using by the countless Banks. It has Conventional & Islamic Banking modules required by the Bank and supports multi country operations. Bank is using this Solution for its OBU operations also. It has interface with Debit Cards, ATM, POS, SWIFT, Internet Banking, Mobile Apps. etc. It can be used as Centralized or De-centralized model with full redundancy. It has multilayer security option.

**New Cards Management System:** TranzWare Cards Management System is a Product of Compass Plus, Russia and PA DSS certified Solution. It has all the issuing and acquiring modules and supports most of the networks like VISA, MasterCard etc.

**Identity and Access Management System:** Identity and Access Management System is for ensuring security by single sign on options. Bank procured Oracle Identity and Access Management for Identity Governance, Access Management and Directory Services.

# DIRECTORS' REPORT 2018

Continued

**Data Centre:** The Bank setup new Data Centre for its Production and DR operations. Production Data Centre has been designed as per EPI recommendations. Bank selected Cisco SDN based Solution for its Network infrastructure considering its security and flexibility. All types of redundancy and security option maintained for it as per EPI recommendation.

**Server and Storage:** The Bank implemented Oracle Sun SuperCluster M7 for its Core Banking and Cards system. Super Cluster has high-performance Architecture which is engineered for performance, security & efficiency. It has Silicon Secured Memory and Transparent Data & Network Encryption without impacting Performance. Both Production and DR site have the same hardware. In addition to the above, Bank is using EMC storage and IBM/HP/DEL servers both in Production & DR site for other Banking systems.

**Data Backup:** Bank is using EMC Data Domain system for its Server level data backup Solution which has data encryption, compression & deduplication capability and is instantly replicating data to DR site. For End-user data backup, Bank is using EMC Avamar backup and recovery system which has also data encryption, compression, de-duplication and single step data recovery capability.

## B. Process Automaton

C Solution to automate Cash Management activities where Customers can digitally send bulk payment requests to the Bank to Credit it to their beneficiaries. Trade Cloud is a web based Solution for the Trade Customers which allows them to send their LC Issue/Amendment request along with supporting documents digitally, see the current status and receive the related advice from the Bank after completion. It has maker/checker concept, 2FA option like OTP and notification system. 'i-khata' Solution is a web based digital book-keeping software, an accounting register First ever offer of such kind, it aids the CMSME Customers for better management of their daily Sales, Purchases, Payables, Receivables, Inventories etc. Bills-to-Cash to automate Invoice and Distributor financing. Under a novel arrangement, DBL Customers can enjoy fund transfer facility from personal accounts to bKash. This can be done through both 'Direct Banking' [DBL's internet Banking] and 'GO' [DBL's mobile application].

## C. Digital Banking

**Internet Banking:** Dhaka Bank Direct Banking avails EFT and NPSB fund transfer, top up facility, Credit Card & Utility Bills payment, bKash fund transfer, etc. Also Customer can see their Account/Card information, view & download Statement, Limit view. Customer must use OTP for other account transfer and getting notification after each transaction.

**Mobile Apps: Dhaka Bank GO:** Customer can see their Account/Card information, view Statement, Fund Transfer within/across the Bank, Bill payment, Airtime top up etc. At time of registration, Customer's Mobile IME number is tagged with his/her User ID and system validate it at the time of login. Customer must use OTP for other account transfer and getting notification after each transaction.

**Call Centre & IVR:** The Solution has Inward & Outward Voice Call option, Predictive Dialer, Tele-Banking and Web Chat option. Registered Customers can do Banking through IVR using their TPIN in secured way.

**Cards and ATM:** The Bank has full pledged Cards Management system, currently offering Debit, Prepaid and Credit Cards in the issuing site and ATM at the acquiring site. Customers are doing ATM, POS and e-commerce transaction using VISA/NPSB network. Currently Bank is working to launch QR code based Payment Service.

## D. Green Banking

Considering the nature of Banking processes and infrastructures, DBL is using workflow based Document Management System for the request handling and document digitization for LC Origination and Amendment, Bill Purchase/Discounting, Loan Origination, Debit Cards issuing, Credit Cards approval, Storing Digital copy of all Forms, Supporting Documents and Reports. As a part of Green Banking initiative, the Bank is also sending e-Statement and e-advice to the Customers in addition to the SMS notification.

**Research & Development:** R&D Unit provided support in content development of a large segment of Annual Report 2017. R&D publishes Dhaka Bank's Quarterly flagship Newsletter INSIGHT and distributed them to Regulatory bodies, Govt. Offices, Foreign embassies, Public & University libraries, Trade & Business bodies, all our Bank Employees. In 2018 R&D prepared Product Review Report on the most popular and least popular Products of Dhaka Bank with the reasons behind the scenario. It facilitated the decision making process on what Products to take care in which way. R&D time to time conducts different surveys as required by the Management for informed decision making.

Dhaka Bank website has been developed under the supervision of R&D Unit. It contributes the best of it on launching, revamping and updating of the Website, making sure an effective and strong online presence. Also, it plays a pivotal role in digital platforms like Facebook ensuring more Banking in terms of time.

## Meeting & Business Review

**Meeting of Shari'ah Supervisory Committee:** Meeting of the DBL Shari'ah Supervisory Committee held during 2018 to discuss the about the compliance, business and other issues.

**Quarterly Business Review:** Board Members and Bank Management at sat at quarterly intervals to evaluate Bank's position on yearly business target and discussed immediate issues that affected Banking business.

**AGM:** The 24<sup>th</sup> Annual General Meeting of the members of the Bank will be held on Monday, May 20, 2019 at the Ruposhi Bangla Grand Ball Room, InterContinental Dhaka, 1, Minto Road, Dhaka at 11:00 a.m.

**Dividend:** The Board of Directors has recommended for 5.00% Cash Dividend and 5.00% Stock Dividend for the year ended on December 31, 2018 subject to approval of Shareholders in the 24<sup>th</sup> Annual General Meeting.

# DIRECTORS' REPORT 2018

Continued

## Election of Directors

As per the Company Act 1994 and the Articles of Association of the Bank, 1/3 [one third] of the Directors of the Bank except the Independent Directors will retire in the 24<sup>th</sup> Annual General Meeting and they will be eligible for re-election, subject to approval of Bangladesh Bank.

## Appointment of Auditors

The Shareholders of DBL, in the 23<sup>rd</sup> AGM held on Thursday, June 28, 2018 re-appointed Hoda Vasi Chowdhury & Co., Chartered Accountants the Statutory Auditor of the Company for the year 2018. They will be eligible for re-appointment for the year 2019 subject to approval of the Shareholders in the AGM.

## Way forward 2019

### Challenges:

- Finding the way out of prevailing liquidity crisis with Market competitive Deposit Rate
- Ensuring sophisticated IT system towards safe and lawful Transactions
- Fighting uncertainty still prevailing in the political frontier. Economic stability is less feasible there
- Addressing NPL issue, the top challenge for Banks, bringing more hurdles in recovering Loans
- Maintaining Asset quality with decreasing Industrial Production
- Ensuring Lending Rate which is competitive in the Market.

### Opportunities

- Prudential Policies taken by Bangladesh Bank to strengthen the quality of Banks' Assets will continue in 2017 and beyond so that the progressive trend in the financial Sector can be retained, in accordance with the needs for sustained Growth and expansion
- Although the country witnessed a declining Growth Rate in Export last year, the achievement in Export proves our resilience against domestic challenges. RMG Sector registered a Growth Rate of 7.46% which is our most well-known Export Sector. Besides Export Growth in leather and pharmaceutical also seem promising for the country. Banks have high exposure in these Sectors and it can be expected that Banks will continue to earn Profit through their association with these Sectors.
- Banks will have ample scopes ahead to capture earnings from Trade Finance and channeling Remittance from abroad
- Infrastructural development like the construction of Padma Bridge definitely will make a up the investment situation in coming days
- There is also ample scope to earn Profit from Non Funded Incomes to boost by focusing more onto tuition fees, ticket revenue etc.

## Goals set for 2019

- Controlling the cost of fund by healthy Deposit mix enhancing share of low cost Deposit and refinancing from Bangladesh Bank
- Controlling the operating expenses by boosting HR Productivity, competitive bidding with the suppliers and Rational promotion of Banking business
- Controlling provisions against bad Loans by accelerating recovery mechanism both on-going and alternative.

## Asset Quality

Our main focus in the year is to reduce the NPL. We are developing in-built capacity in the Bank to help expedite Loan Recovery process. We are considering appointment of more Loan Recovery Agents and new mechanism to avoid lengthy, expensive and cumbersome procedures and excessive dependence on the Court for recovering Loans.

**Sound business mix:** Our Base Deposit grew 16% in 2018, while the previous year the progress here was only 5%. Overall Deposit Mobilisation was far from commendable, forcing us to go for Short Term Borrowing. We have to look for more CASA. So we have to make strategies for raising Core Deposit, i.e., Customers' Deposit. CASA share of 11-12% of Total Deposit should be taken up to 25% at the minimum, in 2019. Advance upped 19% as against 14% last year. The Guarantee business saw a tremendous rise of 23%, which was not even 1% the year before. More pleasing was the increase in Inward Remittance: from -23% in the preceding year, it rose by 17%.

**Internal Control & Risk Management:** We will ensure stable well-integrated operating process, new equipment to support work volume as well as strong Customer Complaint Resolution Process and Anti-money Laundering & Combating Financing of Terrorism mechanism. To control Credit losses, we will ensure appropriate Debt Rating models, rigorous monitoring of Portfolio Performance and timely and effective response to changes.

**HR Productivity & efficiency:** We are committed to give every try to achieve the target by a combination of Talent Management, including expert Bankers and brilliant chunk of business graduates, sharpening job efficiency, increasing learning curve and motivating through more reward and retribution.

**Business Ethics:** This year we will focus on building loyalty to the organization, training on ethical practices, recognizing ethical precedence in performance appraisal and transparency in all Banking operation.

**Shareholders' Value:** With our tireless endeavour, we will lead to an ultimate goal-maximization of Shareholders' value for what we exist and excel.



**Reshadur Rahman**  
Chairman of the Board of Directors  
Dhaka Bank Limited

# পরিচালকগণের প্রতিবেদন ২০১৮

ঢাকা ব্যাংকের ২৪তম বার্ষিক সাধারণ সভায় আপনাদের স্বাগতম। আপনাদের জন্য তৈরি এই 'বার্ষিক প্রতিবেদন ২০১৮' ঢাকা ব্যাংকের সকল অর্জন এবং কর্মকাণ্ড-সম্পর্কিত বিবরণী।

## বিশ্ব অর্থনীতি ২০১৮

২০১৮-'১৯ অর্থবছরে বিশ্ব অর্থনীতিতে মাঝারি মাত্রার উন্নতি পরিলক্ষিত হয়েছে। অনেক মিশ্র পরিস্থিতির মাঝেও নিম্ন আয়ের দেশগুলোর অর্থনীতি ছিল উর্ধ্বমুখী। ২০১৮ সালেও বিশ্ব অর্থনীতি বাংলাদেশ অর্থনীতির গতিপথ নির্ধারণে স্বভাবতই যথেষ্ট ভূমিকা রাখে।

## বাংলাদেশ অর্থনীতি ২০১৮

২০১৭-'১৮ অর্থবছরে বাংলাদেশ অর্থনীতি টেকসই মানের প্রবৃদ্ধি অর্জন করে। বিগত দশকে বাংলাদেশের অর্থনীতি গড়ে ৬.০০ শতাংশের বেশি প্রবৃদ্ধি অর্জন করে আসছে। ২০১৭-'১৮ অর্থবছরে বাংলাদেশ ব্যাংক মূদ্রাস্ফীতি ৬.০০ শতাংশের নিচে রাখার পরিকল্পনা করে। আমদানি এবং রপ্তানি আয়েও আশাব্যঞ্জক চিত্র দেখা গেছে। ২০১৭-'১৮ অর্থবছরে বাংলাদেশের রপ্তানি আয় ৩৬,৬৬৮ মিলিয়ন মার্কিন ডলারে দাঁড়িয়েছে। রপ্তানি আয়ের ১৬.৩২ শতাংশই এসেছে মার্কিন যুক্তরাষ্ট্র থেকে। বিগত অর্থবছরে টাকার বিনিময়মূল্য মার্কিন ডলারের তুলনায় ৩.৭৭ শতাংশ কমেছে। ২০১৭-'১৮ অর্থবছরে মাথাপিছু আয় ১,৭৫১ মার্কিন ডলারে দাঁড়ায়, যা ২০১৬-'১৭ অর্থবছরে ছিল ১,৬১০ মার্কিন ডলার।

## ঢাকা ব্যাংকঃ সমৃদ্ধিই সাফল্যের সোপান

জুলাই ৫, ১৯৯৫ তারিখে আপনাদের প্রিয় এই প্রতিষ্ঠানটি এর ব্যাংকিং কার্যক্রম শুরু করে। এরপর থেকে ঢাকা ব্যাংক নানান অঙ্গনে একের পর এক সাফল্য অর্জন করেই চলেছে।

এই সাফল্যের পেছনে রয়েছে অনেক কঠিন পরিস্থিতিতেও আমাদের ওপর সম্মানিত শেয়ারহোল্ডারবৃন্দ এবং গ্রাহকগণের অবিচল আস্থা আর অটল বিশ্বাস। তাঁরা আমাদের সামনে এগিয়ে যেতে অনুপ্রেরণা ও সাহস যুগিয়েছেন। এরই সাথে দেশজুড়ে ১০১টি শাখা, [২টি ইসলামী শাখাসহ] ৫৬টি এটিএম, ২০টি এডিএম, ৩টি এসএমই সেবা কেন্দ্র, ২টি অফশোর ব্যাংকিং কেন্দ্র, ১টি কিয়স্ক ও ঢাকা ব্যাংক সিকিউরিটিজের অধীন ১টি ব্রোকারেজ শাখার মাধ্যমে আমরা আমাদের কার্যক্রম চালিয়ে যাচ্ছি। নতুন নতুন গ্রাহককে আমাদের বহুমুখী আর্থিক সেবার আওতায় নিয়ে আসতে আমরা সর্বদাই সচেষ্ট।

## প্রতিবেদন ২০১৮ এর সারসংক্ষেপ

সকল প্রকার কর পরিশোধের পর ২০১৮ সালে ঢাকা ব্যাংকের আয় ২,২৫০.৮৭ মিলিয়ন টাকায় দাঁড়ায়, যা ২০১৭ সালে অর্জিত আয় থেকে ৫০.৫২ শতাংশ বেশি। বিগত বছরে ঢাকা ব্যাংকের সুদবাবদ আয় ৭৭.৬৪ শতাংশ বৃদ্ধি পেয়েছে। অনেক কঠিন পরিস্থিতির মধ্যেও আমাদের পরিচালন মুনাফা ছিল ১১,৩৩৪.৭৫ মিলিয়ন টাকা। বিগত

অর্থবছরে লোন ও অ্যাডভান্সের ক্ষেত্রে ১৭.২৮ শতাংশ প্রবৃদ্ধি অর্জিত হয়েছে। পরিচালকগণ ২০১৮ সালের জন্য স্টক হিসেবে ১২.৫০ শতাংশ লভ্যাংশ সুপারিশ করেছেন।

সিডিকেশন এবং স্ট্রাকচার্ড ফাইনান্স ইউনিটের জন্য ২০১৮ সালটি ছিল বড় রকম সাফল্যের সময়। ঢাকা ব্যাংক বিএসআরএম ওয়াইয়ারস লিমিটেডকে ৩,২১০.০০ মিলিয়ন টাকা সিডিকেটেড টার্ম লোন প্রদান করে। ২০১৭ সালের তুলনায় ২০১৮ সালে আমাদের এসএমই পোর্টফোলিও বৃদ্ধি পায় ১৫.০৭ শতাংশ।

ডিসেম্বর ৩১, ২০১৮ পর্যন্ত ঢাকা ব্যাংক ২৩০.০১ মিলিয়ন মার্কিন ডলার অফশোর মার্কেটে বিনিয়োগ করেছে। ২০১৮ সালে ইসলামী ব্যাংকিং-এর আমানত এবং বিনিয়োগ যথাক্রমে ৮,৫৩২.৫১ মিলিয়ন এবং ৫,৪৭৪.৭৬ মিলিয়ন টাকায় দাঁড়ায়।

## আমাদের অগ্রযাত্রা

২০১৯ সালটি নিশ্চয়ই আমাদের সামনে তুলে ধরবে নানান সম্ভাবনা; এবং স্বভাবতই একইসাথে থাকবে অনেক চ্যালেঞ্জও। সেই বাস্তবতার মধ্যেই, আমরা সবসময় আমাদের পোর্টফোলিও নানান বিন্যাসে সাজাতে সচেষ্ট থাকি। একটা টেকসই ব্যাংক হিসেবে পরিচিতি পাওয়াটা আমাদের কাছে সবসময়ই গুরুত্বপূর্ণ। উদ্যমী ও সৃষ্টিশীল কর্মীদের সঙ্গে নিয়ে একটি অত্যাধুনিক, লাভজনক ও স্থিতিশীল ব্যবসায়ের আমরা আমাদের অবিচল অগ্রযাত্রা নিশ্চিত করব।

আমাদের সকল গ্রাহক, শেয়ারহোল্ডারবৃন্দ, পরিচালনা পর্ষদের সহকর্মী, ব্যাংক ব্যবস্থাপনা ও কর্মীবৃন্দ, নিয়ন্ত্রক প্রতিষ্ঠানসমূহ, সরকারি-বেসরকারি প্রতিষ্ঠান, সংগঠন ও ব্যক্তিবর্গ; এবং অন্যান্য শুভানুধ্যায়ীদের আবারও জানাই আন্তরিক শুভেচ্ছা ও অভিনন্দন।

রেশাদুর রহমান

চেয়ারম্যান

পরিচালনা পর্ষদ, ঢাকা ব্যাংক লিমিটেড

# C

# OMPLIANCE

## REPORT ON

## BSEC'S NOTIFICATION

**A**ll our activities are derived from the thrust of making profit. Because that's the only way Dhaka Bank can take care of Employees, CSR and contribute to the national revenue and economy; can secure the interest of Shareholders. With this in mind, we always concentrate on enhancing profitability to raise Earnings Per Share, Dividend as well as confidence of the Shareholders.



# COMPLIANCE REPORT ON BSEC'S NOTIFICATION

The Bangladesh Securities and Exchange Commission (BSEC) has made it mandatory for all listed companies to report on the compliance of the conditions described in BSEC's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated August 07, 2012 on 'comply' basis.

The Notification requires that the company shall obtain a certificate from a practicing professional Accountant/Chartered Accountant/Chartered Secretary/Cost and Management Accountant regarding compliance of conditions of corporate governance guidelines of the commission. The issuer company should not engage its' External/Statutory Auditors to perform Audit/Certification Services on compliance of corporate governance as required under condition number 7. In compliance with the Notification, Dhaka Bank Limited has appointed M/s. ACNABIN, Chartered Accountants for certification in this regard.

The Board of Directors of Dhaka Bank Limited has taken appropriate steps to comply with the conditions as detailed in Annexure-I, II & III below:

## Annexure-I

25 (Twenty Five) Meetings of the Board of Directors were held from January 01, 2018 to December 31, 2018. Attendance of the Directors in these Meetings is given below:

Name of Directors	Position	Number of Meetings Held	Meetings Attended	Remarks
Mr. Reshadur Rahman	Chairman	25	25	The directors who could not attend any Meeting were granted leave of absence.
Mr. Md. Amirullah	Vice-Chairman	25	21	
Mr. Abdul Hai Sarker	Director	25	20	
Mrs. Rokshana Zaman	Director	25	20	
Mr. Altaf Hossain Sarker	Director	25	24	
Mr. Mohammed Hanif	Director	25	20	
Mr. Abdullah Al Ahsan	Director	25	23	
Mr. Khondoker Monir Uddin	Director	25	17	
Mr. Tahidul Hossain Chowdhury	Director	25	13	
Mr. Jashim Uddin	Director	25	24	
Mr. Khondoker Jamil Uddin	Director	25	24	
Mr. Mirza Yasser Abbas	Director	25	16	
Mr. Amanullah Sarker	Director	25	19	
Mrs. Manoara Khandaker	Director	25	15	
Mr. M. A. Yussouf Khan	Independent Director	25	18	
Mr. Muzibur Rahman	Independent Director	3	3	
Mr. Syed Mahbubur Rahman	Managing Director & CEO	25	25	

# COMPLIANCE REPORT ON BSEC'S NOTIFICATION

Continued

## Annexure-II

The pattern of shareholding of Dhaka Bank Limited as on 31.12.2018 as per BSEC's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 is as under:

### a) Shareholding by Parent/Subsidiary/Associated Companies and other related parties: Nil

### b) Shareholding by:

#### 1. Directors and their Spouses and minor Children:

Sl. No.	Name of Director	No. of Shares held	Name of spouse	No. of shares held	Name of minor children	No. of shares held
01.	Mr. Reshadur Rahman (Chairman)	27,427,125	Mrs. Shamsi Rahman	2,641,622	N/A	Nil
02.	Mr. Md. Amirullah (Vice-Chairman)	16,253,583	Mrs. Ayesha Amir	3,864	N/A	Nil
03.	Mr. Abdul Hai Sarker	18,533,376	Mrs. Selina Hai	1,011,233	N/A	Nil
04.	Mrs. Rokshana Zaman	19,906,041	Mr. A.T.M.Hayatuzzaman Khan	1,914,026	N/A	Nil
05.	Mr. Altaf Hossain Sarker	22,661,678	Mrs. Nilufar Hossain	1,350,000	N/A	Nil
06.	Mr. Mohammed Hanif	24,751,768	Mrs. Rowshan Ara Hanif	673,837	N/A	Nil
07.	Mr. Abdullah Al Ahsan	16,254,980	Mrs. Amena Begum	995,794	N/A	Nil
08.	Mr. Khondoker Monir Uddin	23,336,282	Mrs. Jasmin Sultana	5,488,813	N/A	Nil
09.	Mr. Tahidul Hossain Chowdhury	16,319,791	Mrs. Jesmin Sultana Chowdhury	77,430	N/A	Nil
10.	Mr. Jashim Uddin	16,253,732	Mrs. Mamtaj Begum	1,366,509	N/A	Nil
11.	Mr. Khondoker Jamil Uddin	16,253,507	Mrs. Afroza Begum	Nil	N/A	Nil
12.	Mr. Mirza Yasser Abbas	29,927,817	Mrs. Yakut Binte Sadek	Nil	Aaiza Taharat Mirza Mirza Anas Abbas	Nil Nil
13.	Mr. Amanullah Sarker	16,253,587	Mrs. Nasrin Aman	Nil	Master Ahnaf Aman Annila Aman	Nil
14.	Mrs. Manoara Khandaker	16,282,332	Mr. Khandaker Mohammad Shahjahan	11,372	N/A	Nil
15.	Mr. M.A. Yussouf Khan	Nil	Mrs. Syeda Rowsan Ara Begum	Nil	N/A	Nil
16.	Mr. Md. Muzibur Rahman	Nil	Mrs. Rowsan Ara Begum	Nil	N/A	Nil
17.	Mr. A.S. Salahuddin Ahmed*	Nil	Mrs. Sayeda Salahuddin	Nil	N/A	Nil

(\*Appointed on January 01, 2019)

- |  |     |
|--|-----|
| 2. Chief Executive Officer:                        | Nil |
| 3. Company Secretary:                              | Nil |
| 4. Chief Financial Officer:                        | Nil |
| 5. Head of Internal Control and Compliance:        | Nil |
| 6. Spouses and minor children of above Executives: | Nil |

### c) Shareholding by other Executives (Top five salaried employees):

- |   |     |
|---|-----|
| 1. Mr. Emranul Huq, Additional Managing Director:             | Nil |
| 2. Mr. Khan Shahadat Hossain, Deputy Managing Director:       | Nil |
| 3. Mr. Md. Shakir Amin Chowdhury, Deputy Managing Director:   | Nil |
| 4. Mr. Md. Shafquat Hossain, Senior Executive Vice President: | Nil |
| 5. Mr. A M M Moyen Uddin, Senior Executive Vice President:    | Nil |

### d) Shareholders holding ten percent (10%) or more shares: Nil.

# COMPLIANCE REPORT ON BSEC'S NOTIFICATION

Continued

Annexure-III

## Statement of Status of Compliance of Corporate Governance Guideline:

Status of Compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No (SEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969 is presented below:

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
<b>1</b>	<b>Board of Directors (BoD)</b>			
1(1)	Board size(number of Board members - minimum 5 and Maximum 20)	√		
<b>1(2)</b>	<b>Independent Director:</b>			
1(2)(a)	At least one fifth (1/5) of the total number of Directors shall be Independent Directors	√		According to the provision of 1.1 of the Corporate Governance guidelines of BSEC, the Board of Dhaka Bank Limited has been constituted as per section 15(9) of Bank Company Act 1991 (Amended upto 2018)
<b>1(2)(b)</b>	<b>Independent Director means a Director</b>			
1(2)(b)(i)	who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company	√		
1(2)(b)(ii)	who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or Shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company	√		
1(2)(b)(iii)	who has not been an executive of the company in immediately preceding 2 (two) financial years	√		
1(2)(b)(iv)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies	√		
1(2)(b)(v)	who is not a member, or TREC holder director or officer of any stock exchange	√		
1(2)(b)(vi)	who is not a Shareholder, director or officer of any member of stock exchange or an intermediary of the capital market	√		
1(2)(b)(vii)	who is not a partner or executive or was not a partner or an executive during the preceding 3 (three) years of the company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this code.	√		
1(2)(b)(viii)	who shall not be an independent director in more than 5 (five) listed companies	√		



# COMPLIANCE REPORT ON BSEC'S NOTIFICATION

Continued

Condition No.	Title	Compliance Status (“√” has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(2)(b)(ix)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a Bank or a Non-Bank Financial Institution (NBF)			N/A
1(2)(b)(x)	who has not been convicted for a criminal offence involving moral turpitude			N/A
1(2)(c)	Independent Director(s) shall be appointed by BoD approved by the Shareholders in the Annual General Meeting (AGM)	√		
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days	√		
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only	√		
<b>1(3)</b>	<b>Qualification of Independent Director</b>			
1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, Regulatory and corporate laws and can make meaningful contribution to business	√		
1(3)(b)(i)	Independent Director should be a Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or	√		
1(3)(b)(ii)	Independent Director should be a Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk. 100.00 million or of a listed company; or	√		
1(3)(b)(iii)	Independent Director should be a Former official of government or statutory or autonomous or Regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or Law; or	√		
1(3)(b)(iv)	Independent Director should be a University Teacher who has educational background in Economics or Commerce or Business Studies or Law		√	

# COMPLIANCE REPORT ON BSEC'S NOTIFICATION

Continued

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(3)(b)(v)	Independent Director should be a Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification	√		
1(3)(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b)	√		
1(3)(d)	In special cases the above qualifications may be relaxed subject to prior approval of Commission	N/A		
<b>1(4)</b>	<b>Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer</b>			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals	√		
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company	√		
1(4)(c)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company	√		
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer	√		
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non- executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes	√		
<b>1(5)</b>	<b>The Directors' Report to Shareholders</b>			
1(5)(i)	Industry outlook and possible future developments in the industry	√		
1(5)(ii)	Segment-wise or product-wise performance	√		
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any	√		
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin	√		As per law(s) details are discussed in the financial statements

# COMPLIANCE REPORT ON BSEC'S NOTIFICATION

Continued

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(5)(v)	Discussion on continuity of any Extra-Ordinary gain or loss	N/A		
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions	√		
1(5)(vii)	Utilization of proceeds from public issues, rights issues and/or through any other instrument	N/A		
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO) (Rights Share Offer, Direct Listing, etc	N/A		
1(5)(ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements, the management shall explain about the variance	N/A		
1(5)(x)	Remuneration to directors including independent directors	√		
1(5)(xi)	The financial statements present fairly its state of affairs, the result of its operations, cash flows and changes in equity	√		
1(5)(xii)	Proper books of account have been maintained	√		
1(5)(xiii)	A statement that 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	√		
1(5)(xiv)	A statement that International Accounting Standards (IAS)/International Financial Reporting Standard (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed	√		
1(5)(xv)	The system of Internal control is sound in design and has been effectively implemented and monitored	√		
1(5)(xvi)	Minority Shareholders have been protected from abusive actions by, or in the interest of, controlling Shareholders acting either directly or indirectly and have effective means of redress	√		
1(5)(xvii)	Going Concern (ability to continue as going concern)	√		
1(5)(xviii)	Highlight and explain significant deviations from the last year's operating results	√		
1(5)(xix)	Key operating and financial data of at least preceding 5(five) years shall be summarized	√		
1(5)(xx)	Reason for non-declaration of Dividend	N/A		

# COMPLIANCE REPORT ON BSEC'S NOTIFICATION

Continued

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend	√		
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director	√		
<b>1(5)(xxiii)</b>	<b>A report on the pattern of shareholding disclosing the aggregate number of shares(along with name-wise details where stated below) held by</b>			
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties	√		
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children	√		
1(5)(xxiii)(c)	Executives	√		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details); Explanation : For the purpose of this clause, the expression "Executive" means top 5 (five) salaried Employees of the company, other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit and Compliance	√		Nil%
<b>1(5) (xxiv)</b>	<b>The appointment or reappointment of a director, a disclosure on the following information to the Shareholders</b>			
1(5)(xxiv)(a)	A brief resume of the director	√		
1(5) (xxiv)(b)	Nature of his or her expertise in specific functional areas	√		
1(5)(xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the Board	√		
<b>1(5) (xxv)</b>	<b>A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on</b>			
1(5) (xxv)(a)	Accounting policies and estimation for preparation of financial statements	√		
1(5) (xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes	√		
1(5) (xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof	√		

# COMPLIANCE REPORT ON BSEC'S NOTIFICATION

Continued

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(5)(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario	√		
1(5)(xxv)(e)	Briefly explain the financial and economic scenario of the country and the globe	√		
1(5)(xxv)(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company	√		
1(5)(xxv)(g)	Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i(e), actual position shall be explained to the Shareholders in the next AGM	√		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No (3)3 disclosed as per <b>Annexure-A</b>	√		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No (9) disclosed as per <b>Annexure-B</b> and <b>Annexure-C</b>	√		
1(16)	The company conducted its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code	√		
<b>1(7)</b>	<b>Code of Conduct for the Chairperson, other Board members and Chief Executive Officer</b>			
1(7)(a)	The Board laid down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No( 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company		√	There is a conflict issues regarding NRC between Bangladesh Bank circular and BSEC corporate governance code. Dhaka Bank Ltd. sent a letter to BSEC on 19 December 2018 for clarification on the issue, but no feedback has yet been received by the Bank.
1(7)(b)	The code of conduct as determined by the NRC posted on the website of the company including, among others, prudent conduct and behavior, confidentiality, conflict of interest, compliance with laws, rules and regulations, prohibition of insider trading, relationship with environment, Employees, Customers and suppliers and independency		√	Do

# COMPLIANCE REPORT ON BSEC'S NOTIFICATION

Continued

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
<b>2</b>	<b>Governance of Board of Directors of Subsidiary Company</b>			
2(a)	Provisions relating to the composition of the Board of the holding company made applicable to the composition of the Board of the subsidiary company	√		
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company	√		
2(c)	The minutes of the Board meeting of the subsidiary company placed for review at the following Board meeting of the holding company	√		
2(d)	The minutes of the respective Board meeting of the holding company stated that they have reviewed the affairs of the subsidiary company also	√		
2(e)	The Audit Committee of the holding company also reviewed the financial statements, in particular the investments made by the subsidiary company	√		
<b>3</b>	<b>Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)</b>			
<b>3(1)</b>	<b>Appointment</b>			
3(1)(a)	The Board appointed a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC)	√		
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) filled by different individuals	√		
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company did not hold any executive position in any other company at the same time	√		
3(1)(d)	The Board clearly defined respective roles, responsibilities and duties of the CFO, the HIAC and the CS	√		
3(1)(e)	The MD or CEO, CS, CFO and HIAC not removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s)	√		
3(2)	The MD or CEO, CS, CFO and HIAC of the company attended the meetings of the Board	√		

# COMPLIANCE REPORT ON BSEC'S NOTIFICATION

Continued

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
<b>2</b>	<b>Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)</b>			
3(3)(a)(i)	The MD or CEO and CFO certified to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading	√		
3(3) (a)(ii)	These statements together presented a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws	√		
3(3)(b)	The MD or CEO and CFO also certified that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members	√		
3(3) (c)	The certification of the MD or CEO and CFO disclosed in the Annual Report	√		
<b>4</b>	<b>Board of Directors Committee</b>			
4(i)	Audit Committee	√		
4(ii)	Nomination and Remuneration Committee		√	BRPD Circular No. 11, dated 27 October, 2013 of Bangladesh Bank, restricts a Bank company to form NRC.
<b>5</b>	<b>Audit Committee</b>			
<b>5(1)</b>	<b>Responsibility to the Board of Directors</b>			
5(1)(a)	The Audit Committee is the sub-committee of the BoD	√		
5(1)(b)	The Audit Committee assisted the BoD in ensuring that the financial statements reflected true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business	√		
5(1)(c)	The Audit Committee is responsible to the BoD (The duties of the Audit Committee is clearly set forth in writing	√		
<b>5(2)</b>	<b>Constitution of the Audit Committee</b>			
5(2)(a)	The Audit Committee is composed of at least 3 members	√		
5(2)(b)	The BoD appointed members of the Audit Committee who is the directors of the company and included at least 1 (one) Independent Director	√		

# COMPLIANCE REPORT ON BSEC'S NOTIFICATION

Continued

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
5(2)(c)	All members of the audit committee is "financially literate" and at least 1 (one) member has accounting or related financial management experience	√		
5(2)(d)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee	√		
5(2)(e)	The Company Secretary acted as the secretary of the Audit Committee	√		
5(2)(f)	The quorum of the Audit Committee meeting is not constituted without at least 1(one) independent director	√		
<b>5(3)</b>	<b>Chairman of the Audit Committee</b>			
5(3)(a)	The BoD selected the Chairman of the Audit Committee, who is an Independent Director	√		
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No( 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes	√		
5(3)(c)	Chairman of the audit committee remained present in the AGM	√		
<b>5(4)</b>	<b>Meeting of the Audit Committee</b>			
5(4)(a)	The Audit Committee conducted at least its four meetings in a financial year	√		
5(4)(b)	The quorum of the meeting of the Audit Committee is constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must	√		



# COMPLIANCE REPORT ON BSEC'S NOTIFICATION

Continued

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
<b>5(5)</b>	<b>Role of Audit Committee</b>			
5(5)(a)	Oversee the financial reporting process	√		
5(5)(b)	Monitor choice of accounting policies and principles	√		
5(5)(c)	Monitor Internal Control Risk Management process	√		
5(5)(d)	Oversee hiring and performance of external auditors	√		
5(5)(e)	Hold meeting with the external or statutory auditors	√		
5(5)(f)	Review the annual financial statements before submission to the board for approval	√		
5(5)(g)	Review the quarterly and half yearly financial statements before submission to the board for approval	√		
5(5)(h)	Review the adequacy of internal audit function	√		
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report	√		
5(5)(j)	Review statement of significant related party transactions submitted by the management	√		
5(5)(k)	Review Management Letters/Letter of Internal Control weakness issued by statutory auditors	√		
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors	√		
5(5)(m)	Disclosure to the Audit Committee about the uses/applications of IPO funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results (Further, on an annual basis, shall prepare a statement of funds utilized for the purposes other than those stated in the prospectus		N/A	
<b>5(6)</b>	<b>Reporting of the Audit Committee</b>			
<b>5(6)(a)</b>	<b>Reporting to the Board of Directors</b>			
5(6)(a)(i)	Reporting to BoD on the activities of the Audit Committee	√		
5(6)(a)(ii)(a)	Reporting to BoD on conflicts of interests	√		
5(6)(a)(ii)(b)	Reporting to BoD on any fraud or irregularity or material defect in the internal control system		N/A	
5(6)(a)(ii)(c)	Reporting to BoD on suspected infringement of laws		N/A	
5(6)(a)(ii)(d)	Reporting to BoD on any other matter		N/A	
5(6)(b)	Reporting to BSEC (if any material impact on the financial condition & results of operation, unreasonably ignored by the management)		N/A	

# COMPLIANCE REPORT ON BSEC'S NOTIFICATION

Continued

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
5(7)	Reporting to the Shareholders of Audit Committee activities, which shall be signed by the Chairman and disclosed in the Annual Report	√		
<b>6</b>	<b>Nomination and Remuneration Committee (NRC)</b>			
<b>6(1)</b>	<b>Responsibility to the Board of Directors</b>			
6(1)(a)	The company has a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board		√	BRPD Circular No. 11, dated 27 October, 2013 of Bangladesh Bank, restricts a Bank company to form NRC.
6(1)(b)	The NRC assisted the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive		√	
6(1)(c)	The Terms of Reference (ToR) of the NRC is clearly set forth in writing covering the areas stated at the condition No( 6(5)(b)		√	
<b>6(2)</b>	<b>Constitution of the NRC</b>			
6(2)(a)	The Committee is comprised of at least three members including an independent director		√	Do
6(2)(b)	All members of the Committee is non-executive directors		√	Do
6(2)(c)	Members of the Committee is nominated and appointed by the Board		√	Do
6(2)(d)	The Board has authority to remove and appoint any member of the Committee		√	Do
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board has filled the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee		√	Do
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee		√	Do
6(2)(g)	The company secretary acted as the secretary of the Committee		√	Do
6(2)(h)	The quorum of the NRC meeting is not constituted without attendance of at least an independent director		√	Do
6(2)(i)	No member of the NRC has received, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company		√	Do

# COMPLIANCE REPORT ON BSEC'S NOTIFICATION

Continued

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
<b>6(3)</b>	<b>Chairperson of the NRC</b>			
6(3)(a)	The Board has selected 1 (one) member of the NRC to be Chairperson of the Committee, who is an independent director		√	Do
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members elected one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson is duly recorded in the minutes		√	Do
6(3)(c)	The Chairperson of the NRC attended the annual general meeting (AGM) to answer the queries of the Shareholders		√	Do
<b>6(4)</b>	<b>Meeting of the NRC</b>			
6(4)(a)	The NRC has conducted at least one meeting in a financial year		√	Do
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;		√	Do
6(4)(c)	The quorum of the meeting of the NRC is constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No( 6(2)(h)		√	Do
6(4)(d)	The proceedings of each meeting of the NRC is duly recorded in the minutes and such minutes is confirmed in the next meeting of the NRC		√	Do
<b>6(5)</b>	<b>Role of the NRC</b>			
6(5)(a)	NRC is independent and responsible or accountable to the Board and to the Shareholders		√	Do
<b>6(5)(b)</b>	<b>NRC oversees, among others, the following matters and make report with recommendation to the Board</b>			
6(5)(b)(i)	Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:		√	Do
6(5)(b)(i) (a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully		√	Do
6(5)(b)(i) (b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks		√	Do

# COMPLIANCE REPORT ON BSEC'S NOTIFICATION

Continued

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
6(5)(b)(i) (c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals		√	Do
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality		√	Do
6(5)(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board		√	Do
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board		√	Do
6(5)(b)(v)	Identifying the company's needs for Employees at different levels and determine their selection, transfer or replacement and promotion criteria		√	Do
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies		√	Do
6(5)(c)	The company has disclosed the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report		√	Do
<b>7</b>	<b>External / Statutory Auditors</b>			
7(1)(i)	Non-engagement in appraisal or valuation services or fairness opinions	√		
7(1)(ii)	Non-engagement in designing and implementation of Financial Information System	√		
7(1)(iii)	Non-engagement in Book Keeping or other services related to the accounting records or financial statements	√		
7(1)(iv)	Non-engagement in Broker-dealer services	√		
7(1)(v)	Non-engagement in actuarial services	√		
7(1)(vi)	Non-engagement in internal audit services	√		
7(1)(vii)	Non-engagement in any other services that the Audit Committee determines	√		
7(1)(viii)	Non-engagement in audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	√		

# COMPLIANCE REPORT ON BSEC'S NOTIFICATION

Continued

Condition No.	Title	Compliance Status ("√" has been put in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
7(1)(ix)	Non-engagement in any other service that creates conflict of interest	√		
7(2)	No partner or Employees of the external audit firms possesses any share of the company during the tenure of their assignment	√		
7(3)	Representative of external or statutory auditors remained present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the Shareholders	√		
<b>8</b>	<b>Maintaining a website by the Company</b>			
8(1)	The company has an official website linked with the website of the stock exchange	√		
8(2)	The company kept the website functional from the date of listing	√		
8(3)	The company made available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s)	√		
<b>9</b>	<b>Reporting and Compliance of Corporate Governance</b>			
9(1)	Obtaining certificate from a practicing Professional Accountant/Secretary regarding compliance of conditions of Corporate Governance Guidelines of the BSEC and include in the Annual Report	√		
9(2)	The professional will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the Shareholders in the annual general meeting	√		
9(3)	Directors statement in the directors' report whether the company has complied with these conditions	√		

**ACNABIN**

Chartered Accountants  
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**ACNABIN**

Chartered Accountants

## Certificate on Compliance on the Corporate Governance Code

[Issued under condition #1(5) (xxvii) of Corporate Governance Code of BSEC vide Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018]

We have examined the compliance status to the Corporate Governance Code by Dhaka Bank Limited (“the Company”) for the year ended 31 December 2018. This Code relates to the notification no. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- (a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;
- (b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- (c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- (d) The Governance of the company is satisfactory.



**M. Moniruzzaman, FCA**

Partner

ACNABIN, Chartered Accountants

ICAB Enrollment # 787

Dhaka,  
25 April 2019

# Dhaka Bank Limited

## Declaration by CEO and CFO

**Date: 10 April 2019**

To  
The Board of Directors  
Dhaka Bank Limited

### **Certification of Financial Statements by the CEO & CFO**

Pursuant to the condition No. 1(5) (xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006/158/207/Admin/80 Dated 03 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statements of Dhaka Bank Limited for the year ended on 31 December 2018 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- (3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- (6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

### **In this regard, we also certify that:**

- (i) We have reviewed the financial statements for the year ended on 31 December 2018 and that to the best of our knowledge and belief:
  - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,



**Syed Mahbubur Rahman**  
Chief Executive Officer (CEO)



**Mohammad Masud Rana FCA**  
Chief Financial Officer (CFO)

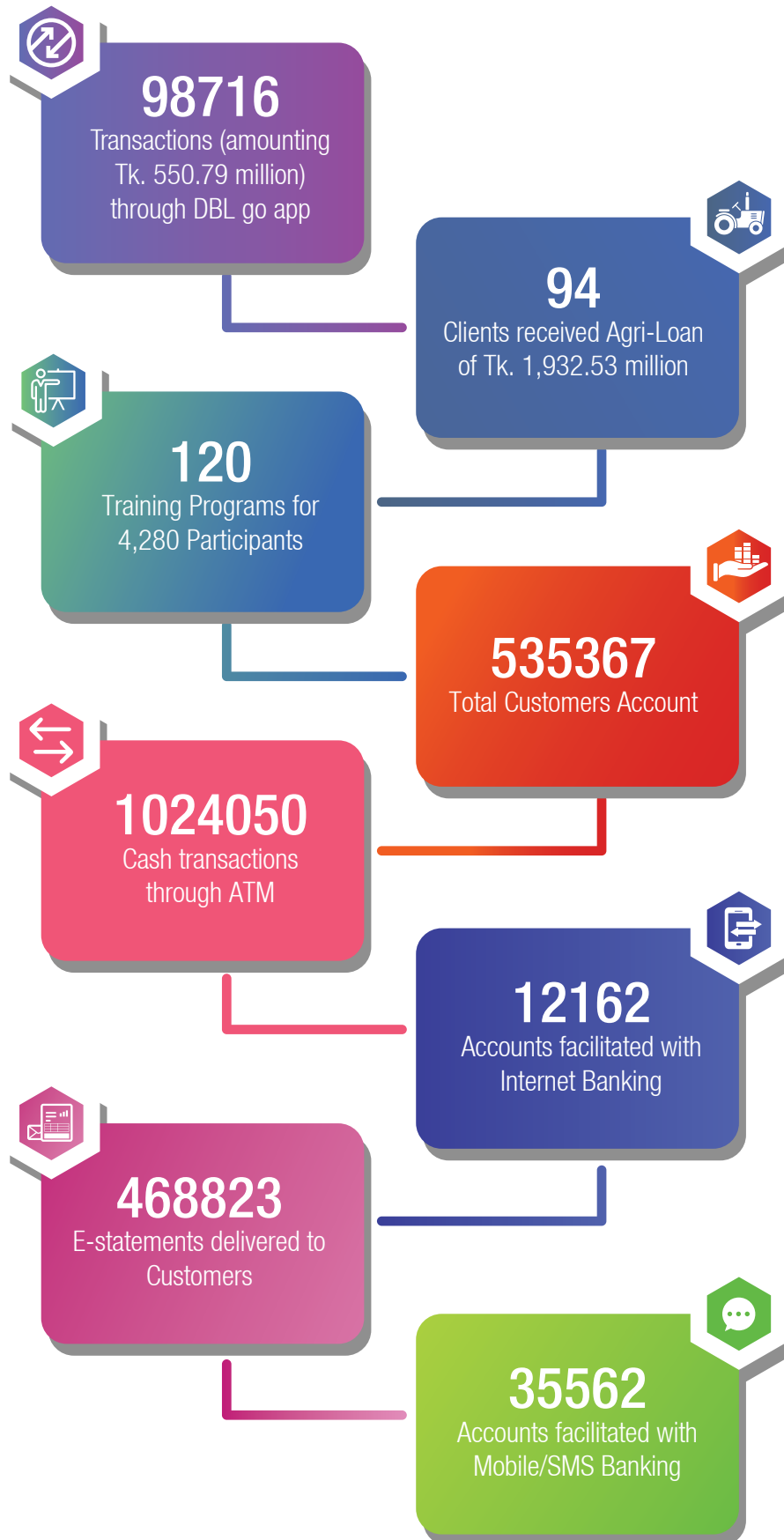
# SUSTAINABILITY OF BANKING

**S**teering the wheel for 24 years Dhaka Bank always values heritage, upholds tradition and looks forward to brighter future. Keeping stakeholder's interest intact we are eager to perform our social responsibility and love to build a strong economic platform for Generation next. We focus on stable approach, solid ground and steady growth.





# SUSTAINABILITY OF Banking



## SME Business of Dhaka Bank Limited

DBL has gradually endeavored to improve its Credit Assessment Process, bringing Regulatory compliance in handling and maintenance, ensuring proper Credit Discipline to address & manage Non-Performing Loan (NPL) in SME sector. Recently, “i-khata”, a non-financial service for SME Customers has been launched by the Bank. It is the first-ever automated online solution among all financial sectors of the country to encourage Customers to record their business as well as financial activities on an integrated web platform to support their related business and financial operations in a more efficient and effective manner. Likewise, **Bills to Cash (OD)** - the Supply Chain Finance Window - has now been integrated with UBS to widen digitized financial services among the SME Customers helping them to grow their respective SME Business in a more secured and convenient way. Furthermore, to recognize good SME borrowers, **Pay Master Program** has also been arranged to formulate and promote good payment behavior of the Customers. Alongside, new SME Deposit Products, like, **Shukti Accounts** (conditional interest bearing current account) and **Fixed Deposit Plus-SME Customers** (Fixed Deposit scheme under company's name, with competitive interest rate) are also drawing commendable attention across the country. DBL quests to support business community that have less advantages or have none to finance. In line with this, DBL financed physically challenged Women in Barguna, helping them to have better livelihood.

Presently, as instructed by Bangladesh Bank, DBL is close to required SME exposure of 25.00% of total loan portfolio of the Bank. In 2018, SME portfolio increased by 15.07% than that of 2017. With strong supervision, monitoring & arranging successful Non-Performing Loan (NPL) Management Campaign-2018, DBL has been able to reduce its NPL by 0.96% in 2018.

## Financial Summary of Asset and NPL for the year 2017 and 2018

	December 31, 2017	December 31, 2018
Asset	26,793.53	30,831.55
NPL%	12.17%	11.21%

## Disbursement Target and Achievement for the year 2017 and 2018

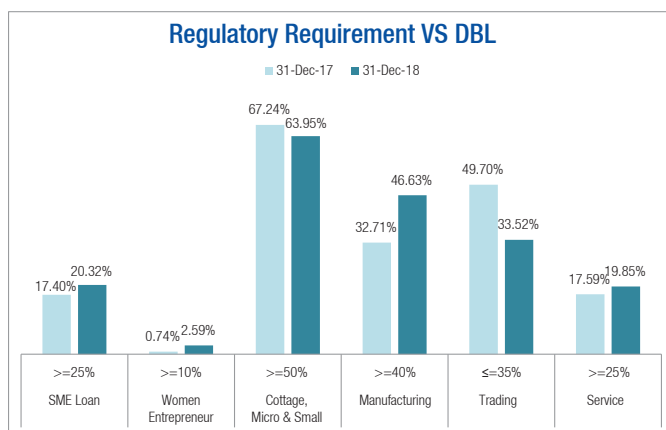
	Disbursement Target	Achievement
2017	25,000.00	117.76%
2018	33,000.00	104.61%

\*Figure in million except %

## New insight in 2018:

### A. Compliance with Regulatory requirement:

Particular	BB Requirement	DBL Position	
		December 31, 2017	December 31, 2018
SME exposure of the total loan	>=25%	17.40%	20.32%
Women Entrepreneur loan of total SME loan	>=15%	0.74%	2.59%
Small, Micro and Cottage enterprise exposure	>=50%	67.24%	63.95%
Manufacturing segment exposure	>=40%	32.71%	46.63%
Trading segment exposure	≤=35%	49.70%	33.52%
Service segment exposure	>=25%	17.59%	19.85%



### B. Digitization & Innovation:

- **i-khata**, a non-financial digitized online service for SME clients for recording their business and financial activities on an integrated platform, which is the first ever automated solution in the country, supporting the clients' business and financial operation.



- **Bills to Cash (OD)**- Aligning with the spirit of Digital Bangladesh, DBL introduced “DBL Bills to Cash”, another digital financing solution to the supplier backed by buyer's comfort, again introduced for the 1st time in Bangladesh in

# SUSTAINABILITY OF Banking

Continued

2017. This Supply Chain Finance (SCF) Window - has now been integrated with UBS & VEEFIN Platform for widening digitized services and help to grow SME Business in a more efficient and secured manner.

## C. Market visibility:

- **Pay Master Program-** Pay Master Program-2018 was arranged to promote the habit of good payment behavior of the SME Customers.



- **Fair on Women's' Day-** DBL has participated in SME Fairs on Women Entrepreneur arranged by Bangladesh Bank on 8th March 2018.



## D. Financial inclusion and focus on special sector:

- **Cluster-** DBL increased exposure in Dairy Loan Cluster and signed another agreement with SME Foundation in 2018 for additional financing at Kaluhati Cluster of Rajshahi.



- **Special sector-** DBL always supports disadvantaged business community and in connotation with it, DBL has

financed physically challenged Women in Barguna to help them have a better livelihood. DBL has already issued six sanctions favoring physically challenged women of Barguna.



## E. Products & Services:

DBL has launched a number of Deposit as well as various Asset Products in 2018 based on SME financing and its exposure. Major Products, under this purview, are as follows:

- DBL Shukti-It is an interest bearing (conditional) transactional account for SME client.



- DBL Easy Loan- A loan under deposition of Title Deed, having strong business footage in the locality.
- DBL Oditiya Loan- A rebranded loan, aimed to serve women entrepreneurs only.
- DBL Shuchona Loan- This is the loan for the 1st time Borrowers of DBL.
- DBL FD Plus- Fixed Deposit account for SME Clients only in the Company's name.

## F. Non-Performing loan Management:

In 2018, like previous year, DBL has arranged NPL Management Campaign, having core slogan statement: "**Time to take action**". Head Office SME team members, along with Branch Colleagues, jointly arranged to further visit stressed out clients for additional recovery success, across the country. Their collaborative effort also addressed documentary follow up, with compliance, against the clients. On record, DBL has been able to reduce its NPL by 0.96% in 2018.

## G. Special Focus:

- **1<sup>st</sup> time Borrowers:** In compliance with the instruction of our Regulatory Body(s), inclusion of vast majority of fresh SME Borrowers, who have not yet been financed yet, requiring further financing, has been a prime focus for DBL SME financing. As on December, 2018, DBL maintained a base of about 1,858 clients out of 3622, comprising 51.28% with a total loan exposure of Tk.8,347.87 Million out of 30,831.55 Million, comprising 27.08% of total SME loan portfolio.
- **Manufacturing Sector:** DBL understands that extending loan facilities, in particularly manufacturing sectors, is the key to bring in prosperity on the national level. As such, prime focus on this value added sector has duly been expedited that assisted DBL to exceed its required exposure by our Regulatory authorities. Mentionable that DBL has secured its exposure in Manufacturing Sector of 46.63 % in 2018, oppose to Central Bank requirement of 40.00%, surpassing by 6.63%!

- **Cottage, Micro & Small Enterprise:** DBL has concentration of 63.95% in 2018 in Cottage, Micro & Small Enterprises, exceeding Bangladesh Bank's allocation requirement as of previous year.
- **Women Entrepreneur:** DBL has increased lending to Women Entrepreneurs significantly, starting from 2018. It is now 2.59% at 2018 end, which, however was only 0.74% in 2017. Currently 138 Women Entrepreneurs are enjoying privileged loan facilities of Tk.719.09 M from the Bank.

## H. Goal for 2019

- Online Approval to be made readily available on net/online.
- Increase focus on 1<sup>st</sup> time Borrowers for fresh financing.
- Initiate developing new CLUSTER(S) for widening financial footprint.
- Increase attention to emphasize financing on rural areas.

# SUSTAINABILITY OF Banking

Continued

## PESTEL Analysis

Macroeconomic Dimensions	Impact on the industry	Dhaka Bank Scenario	Evident in
<b>Political</b>			
<ul style="list-style-type: none"> <li>Political stability is important for Banking sector. As this is election year, there may be some regulations and policies in order to maintain stability.</li> <li>Level of corruption - especially levels of regulation in financial sector.</li> <li>Bureaucracy and interference in Banking industry by government.</li> <li>Legal framework for contract enforcement</li> <li>Trade regulations &amp; tariffs related to Financial</li> <li>Favored trading partners</li> <li>Pricing regulations</li> <li>Taxation - tax rates and incentives</li> <li>Wage legislation - minimum wage and overtime</li> <li>Work week Banks</li> <li>Mandatory Employee benefits</li> </ul>	<ul style="list-style-type: none"> <li>Government laws affect the state of the Banking sector. The government can intervene in the matters of Banking whenever, leaving the industry susceptible to political influence.</li> <li>Due to national election, investors will have a conservative approach. Loans and Advances will show a static growth. In addition there may be liquidity crisis.</li> <li>More compliance issues will be required.</li> <li>As the government invested in many mega projects, we may see less such investments in near future. This may slow down the GDP growth.</li> </ul>	<ul style="list-style-type: none"> <li>Dhaka Bank management is assessing the stability of political environment and its effect in bank.</li> <li>Strategic steps are taken to mitigate political risk. The bank has special identification and treatment towards PEPs.</li> <li>The bank focuses on SME in addition to corporate focus. It will help reduce sudden shock.</li> <li>Dhaka Bank strictly follow trade and tariff related regulations.</li> <li>The bank follows all taxation policies.</li> </ul>	<ul style="list-style-type: none"> <li>Message from Chairman, Managing Director &amp; CEO and Directors' Report</li> </ul>
<b>Economic</b>			
<ul style="list-style-type: none"> <li>Type of economic system in countries of operation – what type of economic system there is and how stable it is.</li> <li>Government intervention in the free market and related Financial</li> <li>Exchange rates &amp; stability of host country currency.</li> <li>Efficiency of financial markets</li> <li>Infrastructure quality in Banks.</li> <li>Skill level of workforce in Banks.</li> <li>Education level in the economy</li> <li>Labor costs and productivity in the economy</li> <li>Economic growth rate</li> <li>Unemployment rate</li> <li>Inflation rate</li> <li>Interest rates</li> </ul>	<ul style="list-style-type: none"> <li>The Banking industry and the economy are tied. How income flows, whether the economy is prospering or barely surviving during times of recession, affects how much capital Banks can access. Spending habits, and the reasons behind them, affect when Customers borrow or spend funds at Banks.</li> <li>Additionally, when inflation skyrockets, the bank experiences the backlash. Inflation affects currency and its value and causes instability. Foreign investors think twice before providing their funds when a particular country's currency value is high.</li> </ul>	<ul style="list-style-type: none"> <li>Dhaka Bank has the insight to grasp any opportunity ahead.</li> <li>In case of financial inclusion, the bank is playing significant role.</li> <li>To mobilize deposit the bank has strong interconnected network.</li> <li>Non funded facility focus will let us to depend less on interest income only.</li> <li>Well-designed strategies will help to mitigate FX risk.</li> <li>The bank has a strong risk management team to absorb any unanticipated risk.</li> <li>In case of client selection the bank follows good borrower selection criteria.</li> </ul>	<ul style="list-style-type: none"> <li>Message from Chairman, Managing Director &amp; CEO and Directors' Report.</li> </ul>

# SUSTAINABILITY OF Banking

Continued

Macroeconomic Dimensions	Impact on the industry	Dhaka Bank Scenario	Evident in
<b>Economic</b>			
	<ul style="list-style-type: none"> <li>Exchange rates also affect Banks globally stable currencies such as the US dollar impact other currencies, spending habits, and inflation rates in other countries.</li> <li>The advance portfolio may face a stagnant condition</li> <li>Interest rate may rise and result in increased inflation.</li> <li>In foreign currency account management there may be some difficulties.</li> </ul>	<ul style="list-style-type: none"> <li>The bank has a skilled asset management and recovery team.</li> </ul>	
<b>Social</b>			
<ul style="list-style-type: none"> <li>Demographics and skill level of the population</li> <li>Class structure, hierarchy and power structure in the society.</li> <li>Entrepreneurial spirit and broader nature of the society. Some societies encourage entrepreneurship while some don't.</li> </ul>	<ul style="list-style-type: none"> <li>Cultural influences, such as buying behaviors and necessities, affect how people see and use Banking options. People turn to Banks for advice and assistance for loans related to business, home, and academics. Consumers seek knowledge from bank tellers regarding saving accounts, bank related credit cards, investments, and more.</li> <li>Consumers desire a seamless Banking experience. And technology is developing to allow consumers to buy products easier, without requiring assistance directly from Banks.</li> </ul>	<ul style="list-style-type: none"> <li>Dhaka Bank always facilitate in improving the living standard of the society by encouraging SME and major sectorial lending, generating employment ect. This stimulate GDP growth and per capita income.</li> <li>Keeping in mind the needs of Customer, the bank always focuses on developing products as per Customer preference. Ex. Sukti account.</li> </ul>	<ul style="list-style-type: none"> <li>Message from Chairman, Managing Director &amp; CEO and Directors' Report.</li> </ul>
<b>Technological</b>			
<ul style="list-style-type: none"> <li>Technology's impact on product offering</li> <li>Impact on cost structure in Banking industry</li> <li>Impact on value chain structure in Financial sector</li> <li>Rate of technological diffusion</li> </ul>	<ul style="list-style-type: none"> <li>Technology is changing how consumers handle their funds. Many Banks offer a mobile app to witness accounts, transfer funds, and pay bills on smartphones.</li> </ul>	<ul style="list-style-type: none"> <li>Dhaka Bank always focuses on coping with advanced technology. Process automation, UBS software installation are the relevant activities.</li> <li>Mobile Banking app go is like a one stop solution.</li> </ul>	<ul style="list-style-type: none"> <li>IT Division</li> </ul>

# SUSTAINABILITY OF Banking

Continued

Macroeconomic Dimensions	Impact on the industry	Dhaka Bank Scenario	Evident in
<b>Technological</b>			
	<ul style="list-style-type: none"> <li>Debit cards are also changing. Chips have been implemented, machines rather than swiping them.</li> <li>Even Banks themselves are utilizing technology within the workplace. Telecommunicating through virtual meetings is being embraced. It replaces the need for in-person meetings.</li> </ul>	<p>DBL go app is the first in the country to introduce fund transfer to countries largest mobile financial service provider bKash.</p> <ul style="list-style-type: none"> <li>C-Solution, Trade Cloud are introduced to ease Customers' cash management and LC processing in a more secured way.</li> <li>Chip based cards are used to maintain security.</li> <li>Contactless card is introduced to save time of Customers.</li> </ul>	
<b>Environmental</b>			
<ul style="list-style-type: none"> <li>Weather and climate change</li> <li>Laws regulating environment pollution</li> <li>Air and water pollution regulations</li> <li>Recycling policy</li> <li>Waste management in financial sector</li> <li>Attitudes toward "green" or ecological products</li> <li>Attitudes toward and support for renewable energy</li> </ul>	<ul style="list-style-type: none"> <li>With the use of technology particularly with mobile Banking apps the use for paper is being reduced.</li> <li>The need to drive directly to a Branch to handle affairs is minimized as well.</li> <li>Many issues are taken care of through mobile apps and online Banking services.</li> <li>Consumers can apply for credit cards online and have many of their Banking questions answered online or by phone. Thus, reducing individual environmental footprints.</li> </ul>	<ul style="list-style-type: none"> <li>Dhaka Bank is committed to sustainable development initiatives. For these green Banking, SME financing are focused more nowadays.</li> </ul>	<ul style="list-style-type: none"> <li>Green Banking.</li> </ul>
<b>Legal</b>			
<ul style="list-style-type: none"> <li>Anti-trust law in Banking industry and overall in the country.</li> <li>Discrimination law</li> <li>Copyright, patents / Intellectual property law</li> <li>Consumer protection and e-commerce</li> <li>Employment law</li> <li>Data Protection</li> </ul>	<ul style="list-style-type: none"> <li>The Banking industry follows strict laws regarding privacy, consumer laws, and trade structures to confirm frameworks within the industry. Such structures are required for Customers in the allocated country and for international users.</li> </ul>	<ul style="list-style-type: none"> <li>Dhaka Bank follows all the legal policies and regulations related to Banking ethics. In this era of fraud and financial crime the bank acts more cautiously to prevent cyber-crime and maintain ethical Banking practices.</li> </ul>	<ul style="list-style-type: none"> <li>Message from Chairman, Managing Director &amp; CEO and Directors' Report</li> </ul>

## Porter's Five Forces Analysis

**Competitive Rivalry:** The Banking Industry is considered as one of the most competitive industry in Bangladesh. There are around 59 Banks and 34 NBFIs currently operating in Bangladesh. Major challenge for the Banks is to attract Clients. To attract more Clients than the competitors, Banks are offering new services to the Customers. The Banking competition is often a race to determine which Bank can offer both the best and fastest services. The following competition faced by Dhaka Bank Limited in the year 2018:

- **Switching Cost:** The switching cost is low due to high competition among the service providers.
- **Increase Investment in Technology:** To provide better Financial Services there is no alternative to investing in the technology sector including all security measures for Clients and for the Bank itself.
- **Number of Competitors:** Currently in Bangladesh there are 57 scheduled Banks, 6 non-scheduled Banks and 33 NBFIs are operating. So competition is very high.
- **Customer Loyalty:** From the very beginning Dhaka Bank Limited's Customers have been loyal. However, competition from 57 Banks in the industry, along with the intense price war had led to a decline in the number of loyal Customers making the Banking industry extremely competitive.

**Power of Customer:** A single Customer doesn't pose much of a threat to the Banking Industry, but switching costs can affect the power of buyers. Due to the excess liquidity in the Banks, switching cost is lower nowadays. So it's being tough for the Banks to hold the Clients. If a Client get lower rate in others Banks or Financial Institutions he/she wants to switch the Bank. As a result the bargaining power of the buyers in terms of loan in very high. The status of buyer's power for Dhaka Bank is as follows:

- As there are so many Banks present in the industry, Clients hold a higher bargaining power because of a relatively low switching cost.
- As so many Financial Institutions are now growing rapidly and providing different services as substitutes for the Banking facilities which giving Customers greater access and increasing their switching options.
- Due to easy access to other Banks and NBFIs some of our Corporate Clients have become more price sensitive compared to the past.
- As it needs a high amount of fixed cost to enter into the Banking Industry, it creates extra pressure to capture more Customers.
- Source of funds, including Customer deposits and borrowings from other Financial Institutions, is largely based on the market and the depositors. Therefore, power of Depositors is often considered to fluctuate between medium to high.
- The resources are not equally distributed in the country. So a few Depositors hold the lion's share of deposits, which results in giving them excess bargaining power.
- However, in recent years the Banking Industry is facing a liquidity crisis. Due to this, Depositors possess significant powers as different Banks are approaching them for deposit offering higher interest rates.

**Power of Supplier:** For Banking Industry, depositors are the main resource. To run the industry, huge amount of capital is needed. Depositors are the main suppliers for the Banks. As a result power of depositors is high in the Banking Industry. Different Financial Institutions are offering different rates to the depositors to attract them. Usually depositors want to invest in the Banks or FIs where they can get higher interest rate. It increases the power of the depositors in the Banking Industry in Bangladesh. In addition there are some more reasons for the Customers to trust in a particular bank. Dhaka Bank possesses some of the strong points like:

- Upward Growth
- Brand Value
- Corporate Governance
- HR Competence; i.e. e-learning Program with Trainings on AML-CFT, Credit- & Trade, Appraisers' TNA-based Training, OMEGA Performance Certification
- Banking Innovation; i.e. i-khata, Bills to Cash, DBL Shukti, Pay Master
- Technological Advancement; i.e. UBS, DBL go, C-solution, Trade Cloud, EMV Chip based Contactless Credit Card, 2FA/OTP
- Strong Management
- Prudent Risk Management

**Threat of New Entrants:** Banking Industry is such an Industry where the threat of new entrants is very high in Bangladesh. New entrants in the Banking Industry decreases the profit of the existing institutions. With so many new Banks entering the market each year the threat of new entrants should be extremely high. If the authority don't take proper initiatives, competition will further increase. Which will have a negative impact in the portfolio of the Banking Industry. The threat of new entrants in Bangladesh is very high due to the following reasons:

- The Government is giving approval for new Banks and Financial Institutions every year. In the past few years, a number of new Banks and NBFIs have entered into the market, which is very competitive. Few other Banks are also in pipeline for getting approval.
- Nowadays different Foreign Institutions are providing funding facilities to the local Companies at lower interest rate. Also they are imposing easy terms and conditions. In future, many more foreign Banks and Financial Institutions may get entry to this market which may further enhance the competition.

**Threat of Substitute Products:** Products from different Banks are not the threats of the Banking Industry. But different products from NBFIs can be a threat for the Banks. NBFIs are offering specialized financial services those were previously provided by the scheduled Banks. The industry does not suffer any real threat of substitutes as far as deposits or withdrawals. However insurances, mutual funds, and fixed income securities are some of the many Banking services that are also offered by non-Banking financial institutions. There is also the threat of payment method substitutes and loans are relatively high for the industry.



# SUSTAINABILITY GREEN BANKING

**G**lobal warming, ozone layer and continuous ice-breaking in the earth poles are big time concern of the environmentalists. First world economy, may not be to the justified range, trying to invest a portion of their budget to negate these climate issues. The wave of climate change touched the periphery of Bangladesh a few years ago. Being guided and self-driven, Banking Industry also puts its due emphasis. We value the eco-stability and try to paint our business with green.



# SUSTAINABILITY GREEN BANKING

## ENVIRONMENT RELATED INITIATIVES

### GREEN Banking

Green Banking is a kind of Banking operation that gives attention on ecological, environmental and social factors. These aim at the conservation of nature and resources. It can be achieved by emphasizing six main spheres of Banking activities. Those are Change in Investment Management, Change in Deposit Management, Change in House Keeping, Change in the Process of Recruitment and Development of Human Capital, Corporate Social Responsibility (CSR), and Making Consciousness among Clients and General Mass. Such initiative can ensure a safer nest generation. Bangladesh Bank has already issued circular to the Banks to have their own green Banking policy. And now it is we who need to collaborate to make this initiative a success. It is a demand of future that needs to be fulfilled today.

During 2018 too, Dhaka Bank has been relentlessly putting their effort in Green Banking activities, mainly through financing in green initiatives of Entrepreneurs in different corners of the country. Our involvement was with the Solar Panel/Renewable Energy Plants, Brick Manufacturing etc. As a measure to keeping the environment cleaner, we financed for installing Effluent Treatment Plant or ETPs to remove the unwanted, hazardous chemicals from the wastewater to meet the statutory pollution control requirements.

Environmental Risk is here integral to Core Risk Management procedure.

The following data will portray our green financing activities in 2018.

### Introducing Green Finance

Number of projects financed having ETP	80
Number of projects financed having Solar Panel or Renewable Energy Plant	06
Number of projects financed having Hybrid Hoffman Kiln/ Tunnel Kiln/equivalent technology in Brick manufacturing Industry	12

### Incorporation of Environmental & Social Risk in Core Risks Management (CRM)

As of December 31, 2018

Particulars	Total
No. of Projects applicable for Environmental & Social Due Diligence (ESDD)	453
No. of Projects Rated (Environmental & Social Risk Rating)	453
Low	436
Medium	17
High	-

Environmental & Social Risk Management status

ESRR Rating	December-2018	
	No of Accounts	Outstanding [in million]
High	-	-
Medium	17	1,134.58
Low	436	86,709.52
Total No. of Branches	100	
No. of Branches Reported under ESRR Rating	35	

# SUSTAINABILITY GREEN BANKING

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

### Meeting Corporate Social Responsibility

In our year-long countrywide activities engage us in looking at social needs and problems. Corporate Social Responsibility or CSR does have a strategic importance. We intend to see it as the concept of corporate social responsibility to a new integrated design known as corporate sustainability and responsibility. Social sustainability is the main point of CSR in the context of concerns for companies to develop strong and sustainable relationships with Customers, Employees, Suppliers, Stakeholders and last but not least, community at large especially the distressed part.

### Dhaka Bank Donated Tk.5 Crore at Prime Minister's Relief & Welfare Fund

Mr. Reshadur Rahman, Chairman of Dhaka Bank Limited along with Mr. Syed Mahbubur Rahman Managing Director & CEO of Dhaka Bank Limited recently donated Tk. 5.0 Crore to Prime Minister's Relief & Welfare Fund. The cheque was ceremoniously handed over to the Hon'ble Prime Minister Sheikh Hasina at Gonobhabon on Friday, April 13, 2018.



Cheque handed over to the Hon'ble Prime Minister's Relief Fund

### Dhaka Bank Donated Shawl to Distressed People of Araihaazar Thana, Narayanganj

Dhaka Bank Limited distributed Shawl to the poor and distressed communities of the country as a part of Corporate Social Responsibility (CSR) of the Bank. Deputy Managing Director of the Bank Mr. Mohammad Abu Jafar and Company Secretary of Dhaka Bank Limited Mr. Arham Masudul Huq donated the Shawl among the poor and distressed people of Araihaazar Thana, Narayanganj on behalf of the Bank on Thursday, January 18, 2018. High official of Dhaka Bank Head Office and few Branch Managers of Narayanganj zone were also present in the event.



# SUSTAINABILITY GREEN BANKING

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

Continued

### Dhaka Bank handed-over cheques to Holy Family Red Crescent Medical College Hospital (Tk.1.1 Crore), PFDA – Vocational Training Center Trust (Tk.24 Lac) and SEID (Tk.12 Lac) as a part of Corporate Social Responsibility

Dhaka Bank Limited observed its 23 years of successful journey through a series of activities. As a part of the celebration, Milad & Doa Mahfil was arranged at its Corporate Office along with all the Branches of the Bank. Mr. Reshadur Rahman, Chairman of Dhaka Bank Limited graced the occasion as Chief Guest. The Bank handed-over cheques to Holy Family Red Crescent Medical College Hospital (Tk. 1.1 Crore), PFDA – Vocational Training Center Trust (Tk. 24 Lac) and SEID (Tk. 12 Lac) as a part of Corporate Social Responsibility.

Moreover, the Bank formally inaugurated 'Toddlers Zone' at Gulshan Society Park. It is mentionable that the Bank donated Tk. 30 Lac to Gulshan Society in 2017 for establishing this Toddlers Zone. The Bank also handed-over two cheques (Tk. 10 Lac and Tk.5 Lac) towards Bangladesh Basketball Federation as Sponsorship Amount for 2 (two) international tournaments in Dhaka. Respected guests namely, Mr. Hafiz Ahmed Mazumdar, Chairman, Holy Family Red Crescent Medical College, Mr. Ranjan Karmaker, Chairperson of SEID, Ms. Sajida Rahman Danny, Founder Chairman, PFDA – Vocational Training Center, Dr. A. T. M. Shamsul Huda, President, Gulshan Society, Mr. A.K. Sarker, Secretary General, Bangladesh Basketball Federation along other dignitaries were also present in that program.

Among others, Vice Chairman Md. Amirullah, Founder of the Bank Mr. Mirza Abbas Uddin Ahmed, Former Chairman Mr. A T M Hayatuzzaman Khan, Directors messrs. Altaf Hossain Sarker, Mohammed Hanif, Abdullah Al Ahsan, Mirza Yasser Abbas, M. N. H. Bulu, Mrs. Manoara Khandaker, Independent Director Mr. Syed Abu Naser Bukhtear Ahmed, Former Directors Mr. Khandaker Mohammad Shahjahan, Mrs. Rakhi Das Gupta and Managing Director & CEO Mr. Syed Mahbubur Rahman were also present. Apart from them, Additional Managing Director Mr. Emranul Huq and Deputy Managing Directors messrs. Khan Shahadat Hossain, Md. Shakir Amin Chowdhury, Mohammad Abu Jafar, Company Secretary Mr. Arham Masudul Huq and Employees of all levels were also present.



# MANAGEMENT DISCUSSION & ANALYSIS

**E**verything is entirely inter-connected in the business arena. Good or bad happens to any part consequently affecting the others in a straight line. As together we drive for excellence, each and every part of our business matters a lot in what we achieve collectively. We scrutinise, analyse and further adjust our business strategies as and when required to cope up with newly demanding and diversified realities. Meanwhile, Dhaka Bank always cares the value and upholds the tradition as we believe; every skyscraper firmly stands on its deep-rooted pillars.



# MANAGEMENT DISCUSSION & ANALYSIS

Our major focus in 2018 was ensuring more Customer satisfaction, Employee engagement, process re-engineering and maintaining Regulatory compliance keeping in mind the long-term sustainability.

The world economy continued the same stagnant pace of the previous year in 2018 again. Continuance of declining crude oil price, Brexit issue, slow growth in major developed economies, refugee issue and violence in some regions summed up the year 2018. After a lacklustre outturn in 2017, economic activity is projected to pick up pace in 2018 and 2019, especially in emerging markets and developing economies, the IMF stated. Here in Bangladesh, the economy was on the right track to grow with relatively stable GDP growth (7.86% in FY'17) amid the global economic stagnancy.

Banking in 2018 was mixed bag again. Banks were perplexed with all its idle money finding safe baskets nowhere to invest. Deposit and Advance were in a good position; saw around 16% and 17% growth respectively. The private sector credit growth was moderately fine than the previous year. Though the industry was relatively stable, but the reserve heist and ATM scam were two major indicatives urging us to be more cautious about the use of information technology. Dhaka Bank was on the go in ensuring its market share under the challenging market setting in 2018. Amid the challenging scenario, Dhaka Bank so far covered those negatives and sustained its voyage to the prosperity using its manifold potentials; competitive pricing of the products and services and definitely highly skilled and trained human resources and a state of the art IT infrastructure to remain vibrant in the race.

## Corporate Banking

Since the inception, the business portfolio of Dhaka Bank Limited has been dominated by all sorts of Corporate Banking, to which the bank is fully acquainted. Efficiency in addressing the sophistication of the corporate lending modalities and introducing tailored services to its corporate Customers ensuring the cost efficiency have lifted this bank to the current position in the industry. Backed up by the strong corporate strategy as well as the state of the art online Banking platform, DBL has gained its reputation among the corporate conglomerates of the country, which is reflected by all the big names of almost all the business sectors of the country, who are satisfactorily enjoying our products and services.

### Business Portfolio Segregation:

At the end of the balance sheet period, total corporate lending stood at around BDT 145 billion, which comprises approximately 83% of the entire lending portfolio of the bank.

Fig in million BDT

Category	Amount	% of Portfolio
Corporate	129,949.64	74.21%
Syndication	6,380.10	3.64%
SME	30,831.35	17.61%
Consumer	2,037.75	1.16%
Others	5,923.52	3.38%

## Corporate Credit Portfolio

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

At the end of 2018, credit portfolio of the Bank increased to reach the total of Tk. 180,626 million against Tk. 154,017 million of 2017, with a growth of 17 per cent over the preceding year. DBL adopts a cautious and selective approach in choosing borrowers so as to maintain a quality credit portfolio. Thus as a whole the Bank represented a quality credit portfolio.

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

## Commercial Loans

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

## Export Finance:

Export earnings and inward remittances from abroad have a telling effect upon the Balance of Payment (BoP) of the country and are the main sources 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 18 Authorized Dealer (AD) Branches, 2 offshore Banking unit and other 83 Non - AD Branches. DBL has got several big names among the large exporters of the country in its portfolio and the volume of direct exports in 2018 was worth Tk. 125,167 million approximately against the preceding year's figure of Tk. 103,043 million with a growth of 21%. Bank's total volume of export encompassed the area of RMG, home-textile, fisheries, leather, ceramics, pharmaceuticals, jute, natural rubber and others.

## Project Finance

Dhaka Bank financing window to pioneering but non-conventional undertakings was wide open during the year 2018. The Bank continued project financing in support of entrepreneurship, innovative schemes and ventures profitable in terms of commercial, economic and environmental outlook. Project finance undertaken by the Bank exclusive of Syndication and Structured Finance, Export Finance and General Credit Unit was significant in number of deals and in volume that spanned industrial, energy, social and physical infrastructure as well as ICT sectors. The initiative has opened up new avenues and opportunities for pioneering entrepreneurship in the recent times.

# MANAGEMENT DISCUSSION & ANALYSIS

Continued

## Strategic priorities – 2019:

### Centralization of Corporate Banking:

Shifting from the traditional Branch Banking concept, Dhaka Bank has introduced centralized corporate Banking through an organized and structured formation for ensuring one-stop solution for the valued clients that will add significant value in the client service as well as boost up efficiency. Initially the first phase of the transformation has been rolled out and the subsequent phases will follow in order to ensure uninterrupted service to the existing clients.

In order to ensure custom-made services for the valued clients, corporate Banking activities will be compartmentalized as per the size and the nature of the clients, i.e. Large Corporate, Mid Corporate and Commercial segment along with wide scale Cash Management Services.

### Focusing on the Thrust Sectors:

Dhaka Bank's business portfolio is already well diversified and a number of big names covering all the sectors are doing business with us since long. Still we believe there are some untapped areas in the Pharmaceuticals sector, Chemical and Engineering sector, Leather and Leather Goods as well as the FMCGs, for which we have special concern. Besides, Bangladesh's all time major contributing RMG & Textile sector is also in the spotlight.

### Supporting upward shifting within the business sectors:

Dhaka Bank always believes in creating new entrepreneurs for the greater good of the country, set aside the business prospect of the bank. In addition, as a trusted financial partner we have observed the gradual development of many concerns from their beginning. In the coming year DBL will be focusing more on this area and will emphasize on boosting up the emerging corporate to large ones and also the medium enterprises to the corporate. In line with the centralization of the Corporate Banking Division, the mid corporate and emerging corporate Customers will be supervised and looked after through dedicated units so that necessary effective services are ensured for all the Customer segments.

### Ensuring proper blend in various services:

In today's Banking process, Customers are offered various services ranging from direct funded facilities to advisory services along with other services like, cash management services, payroll accounts, credit cards, personal loans and so on. DBL is and will be focusing on a perfect blend in these services depending on the nature and requirement of each client. In order to do so, we have put a segregated unit to look after cash management and other corporate relationships under the centralized corporate Banking command. In the coming year we positively hope to render complete services to our valued clients.

### Passionate and committed people and culture:

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

and living by common values.

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

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

### Syndications & Structured Finance Unit

2018 was a notable year for Bank's Syndications & Structured Finance Unit. The Unit, which came into operation from 2004, were financier, as both Lead Arranger and Participant, to projects that would generate 1,591 MW electricity, which is almost 10% of the country's total electricity generation.

Not to be confined in just the power sector, the Unit also acted as 'Lead Arranger' for a pioneer steel manufacturing company of the country and also a notable group's coil producing concern. The Unit, in an attempt to cater to client's special financial needs using diverse financial modes, successfully closed a preference share deal.

The Bank has always been diligent in client selection to maintain a diversified and quality asset portfolio and has seen a noticeable growth in its portfolio to uphold its position as a strong market player. The Unit has always put their clients' need first while maintaining highest standard and market best practices. It offers a wide range of products and services which are designed keeping in mind to be friendly and flexible financial solutions to its clientele. Examples are Term Loan, both in Local and Foreign Currency, ECA backed financing for capital machineries, IPFF financing for infrastructure projects, LTFF financing for manufacturing concerns, Working Capital financing, financing in derivatives like Commercial Paper, Preference Shares, Bonds, etc.

The notable and key achievements of the Unit in 2018 are as under:

1. Successful closing of the Bank's 1st ever preference share deal of BDT 700.00 million for Zodiac Power Chittagong Limited, a 54 MW HFO fired Power Plant of Confidence Group.
2. Arrangement of BDT 3,210.00 million Syndicated Term Loan for BSRM Wires Limited – a concern of BSRM Group, one of the reputed and biggest business conglomerates of the country.
3. Financial closure of BDT 1,500.00 million Syndicated Term Loan for KYCR Coil Industries Limited – a concern of KDS Group, a prominent business group of the country.
4. Obtaining mandate for raising Country's 1st IPFF backed Project Bond of USD 47.50 million for United Jamalpur Power Limited, a 115 MW HFO fired Power Plant of United Group.

# MANAGEMENT DISCUSSION & ANALYSIS

Continued

## Project Pictures



Ace Alliance Power Limited, a concern of Summit Group



KYCR Coil Industries Limited, a concern of KDS Group



Midland East Power Limited, a Joint venture of Youth Group & Viyellatex Group.



United Jamalpur Power Limited, a concern of United Group



Zodiac Power Chittagong Limited, a Joint venture of Confidence and Energypac Group



Bashundhara Industrial Complex Limited (A cement manufacturing mill at Mongla, Bagerhat)



# MANAGEMENT DISCUSSION & ANALYSIS

Continued

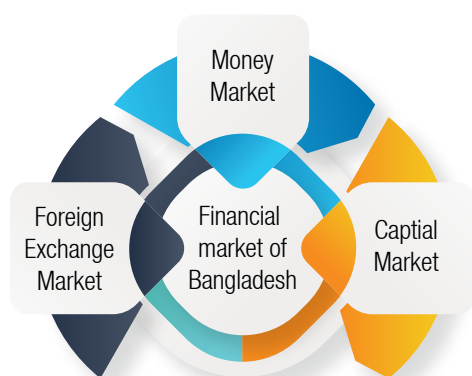
## Business Operations

Operations Division's firm commitment to excellent Customer service delivery has resulted to remarkable progress in its areas of operation during 2018. A number of service delivery Wings are working under Operations Division. The Division's key responsibilities include Settlement of Foreign Remittance, settlement of Treasury function, FI Operations, assessment and managing of Treasury Risk, Local funding Operation, Bond market Operations, RTGS and BEFTN operations etc. With a view to facilitating its Customers, Operations Division adopted various payments and transaction products for smooth payments and transactions for the Customers backed by modern technology. Under Central processing environment, Operations Division is always aware of appropriate settlement various payments and transactions as well as compliance related issues. Following wings are working under Operations Division:

- Money Market Operations
- Forex Back Office Operations
- Cash Management Operations
- FI Operations
- NRB Remittance Operations
- Inward & Outward Remittance Operations
- SWIFT Operations
- Branch Operations etc.

## Money Market Operations

Financial instruments with high liquidity and very short maturities are traded in money market. In Bangladesh, Banks and non-bank financial institutions are the main participant of Money Market where they usually borrow and lend wholesale amounts for short term. Treasury Bills and Bonds and Bangladesh Bank Bills are also traded under money market operations. To meet the short term requirement and investment opportunity REPO and Reverse REPO transactions with treasury bills and bonds are carried out under money market operations.



## Cash Management Operations

With a view to maintain sufficient liquidity of Clients and maximizing their return, Dhaka Bank Ltd has introduced a range of Cash Management Solutions that has enabled Corporate group to manage their cash flows efficiently and effectively by optimizing liquidity, reducing default risk and lowering operating cost. Our Cash Management product and services provide transactional value by automating collection and payments of our

Customers that creates a win-win situation. In line with this, a number of following worthy initiatives have been made during the year-2018:

- 1) Collection arrangement has been made with DESCO/DPDC/Dhaka WASA /PDB Titas Gas and one of the largest enterprises in the Power Sector viz-Rural Electrification Board.
- 2) Central Software developed ( DBL-C Solution) with a view to settle Cash dividend/Payables of various Insurance Companies and Corporate clients
- 3) DBL successfully initiated a number of depository relationship with Bangladesh Rural Electrification Board (BREB) Titas Gas, Dhaka WASA, Power Development Board, Banglalink, Robi Axiata, bKash etc.

In addition to that, DBL signed a number of agreements with a corporate group, Garments Industries and Institutional Clients to disburse monthly salary under Cash Management Operations.

## Remittance Operations:

In order to facilitate its Customers, Operations division is settling various Inward & Outward Remittance centrally that ensure not only better and robust service but also fulfill Regulatory compliance. Inward Remittance of USD 235 Million and Outward remittance of USD 59.06 million settled in 2018. In addition, NRB Remittance wing successfully settled USD 48.00 million centrally across the country and a good number of outward Remittance processed against Student file opened at various AD Branches.

## Real Time Gross Settlement (RTGS)

Real-time gross settlement (RTGS) systems are specialist funds transfer systems where the transfer of money takes place from one bank to any other bank on a "real time" and on a "gross" basis. Settlement in "real time" means a payment transaction is not subjected to any waiting period, with transactions being settled as soon as they are processed. "Gross settlement" means the transaction is settled on one-to-one basis without bundling or netting with any other transaction. "Settlement" means that once processed, payments are final and irrevocable.

RTGS systems are typically used for high-value transactions that require and receive immediate clearing. In some countries the RTGS systems may be the only way to get same day cleared funds and so may be used when payments need to be settled urgently. However, most regular payments would not use a RTGS system, but instead would use a national payment system or automated clearing house that allows participants to batch and net payments. RTGS payments typically incur higher transaction costs and usually operated by a country's central bank. In 2018, a remarkable i.e about BDT 5,611.07 crore Inward fund transfer transactions and about BDT 4920.61 crore Outward fund transfer transactions have been settled through RTGS system,

## Bangladesh Electronic Fund transfer Network (BEFTN)

The creation of the Bangladesh Electronic Funds Transfer Network is the most critical component in the development of a modern payments system infrastructure. BEFTN is the most powerful payments system in Bangladesh. This new electronic funds transfer network provides the foundation for providing access to every banked and non-banked consumer as well as every business Customer to facilitate electronic

# MANAGEMENT DISCUSSION & ANALYSIS

Continued

commerce. This is a significant advantage over other payments systems being developed in the country. 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. BEFTN is linked to the mobile payment initiatives currently being developed within Bangladesh. In 2018 a remarkable amount i.e about BDT 800.00 crore has been settled through BEFTN system across the country.

## Prevention of Money Laundering & Terrorist Financing

Considering country context and the rise of ML & TF occurrences around the world, ensuring AML/CFT compliance in our Banking business is more relevant at our times than before. The Bank is well aware of the consequence of money laundering and terrorist financing offence and the significance of necessary compliance for a balanced business and sustainable growth. The Senior Management and the Board of Directors have also been made aware of their role and responsibility in this regard. In management strategies, whether it's deciding, accepting or approving business, inherent ML & TF risks are measured and mitigated across the Bank.

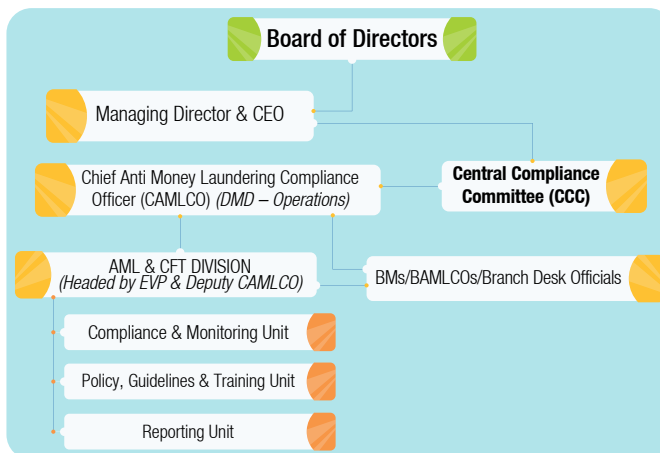
## Organizational set-up for AML compliance

Anti Money Laundering activities of the Bank is run by a separate AML & CFT Division at Head Office. In line with BFIU directives, the Bank has formed Central Compliance Committee (CCC) comprising Heads from core business units to set out AML & CFT strategies of the Bank and follow up their progress of implementation from time to time. The DMD (Operations) has been assigned as Chief Anti Money Laundering Compliance Officer (CAMLCO) to supervise overall AML & CFT compliance activities. The EVP & Deputy CAMLCO looks after the day-to-day AML functions as the Head of AML & CFT Division and assists the CAMLCO in devising AML goals, policies and programmes. As many as 103 Manager-Operations perform the role of BAMLCO at Branch level (one for each Branch/ SME Service Centres) to carry out AML & CFT compliance programme of the Bank. The BAMLCOs are mainly responsible for ensuring KYC of Customers, risk categorization of business, transaction monitoring, screening of sanction list, arranging AML training for all Branch personnel, record keeping as well as identifying and reporting of suspicious transaction/activity (STR/SAR). The Central Compliance Committee seeks decision and kind guidance from the Managing Director and CEO and the Board of Directors regarding ML & TF issues as and when required. The CCC also provides AML update/progress report to Senior Management/Board at periodic rest.

For smooth operations of AML & CFT function, the Division is divided into the following Units:

- I. Compliance & Monitoring Unit
- II. Policy, Guidelines & Training Unit
- III. Reporting Unit

## Functional Organogram of AML & CFT Division



## AML/CFT INITIATIVES 2018



Guest speakers from BFIU & AML & CFT compliance Officials of DBL seen with participant bankers from different Banks at Lead Bank AML Training in Narsingdi District.

## MD's Alert Message

The Managing Director & CEO has issued Alert Message and Statement of Commitment to combat money laundering and financing of terrorism which has been conveyed to all Employees in January 2018 with the following highlights:

- Maintain an equal exercise of business and compliance for a sustainable footing on Banking
- Employees' attention to the provisions of penalty/punishment due to his/her AML lapses or ignorance
- Enhancing knowledge-base on prevailing AML/CFT rules & regulations & developing a compliance culture
- Priority on prevention of trade based money laundering (TBML)
- Applying cautious measure against growing digital hundi, abuse of new technology Banking & cyber crime
- More drive on reporting suspicious activities/transactions
- Concentration on Know Your Transaction (KYT) & Know Your System (KYS)
- Combating Terrorist Financing

# MANAGEMENT DISCUSSION & ANALYSIS

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## Risk Based Approach

- During the year 2018, database for high risk Customers including PEPs/Influential Persons have been updated & scrutinized based on nature of business, size of business/income, source of fund and KYC Risk Grading as well as high profile of Customers.
- Daily newspapers were checked to find whether any account of criminals found in DBL. If positive match found, Branches reported that as suspicious activity.
- A database of NGOs & NPOs was prepared and brought under enhanced monitoring. Branches were provided with compliance checklist for such account opening and regular monitoring.
- Branches have been made aware about online transactions with high risk regions i.e. Teknaf, Chakaria & Cox's Bazar under the prevailing Rohingya crisis, yaba trading, etc.
- Drug dealers' list as provided by Regulators, law enforcing agencies and media has been checked in Bank's UBS system and SAR/STR submitted if any match found.
- UN/International Sanction Lists were checked against Bank's Customer Database through nScreening software and positive hits have been cleared by Branches.

## Cash Transaction Report

The Bank processes Cash Transaction Report (CTR) via goAML middleware centrally from the reporting wing of AML&CFT Division and the same tool is deployed at Branch level so that they are able to see, check and analyze CTR data to identify unusual transactions. All through the year, a total of 130,000 no CTRs (approximately) have been reported to BFIU through goAML software after necessary assessment by Branches.

## Reporting of Suspicious Transaction Report (STR)/ Suspicious Activity Report (SAR)

The Bank's reporting system and escalation process have been strengthened through effective procedure, training, circulars, guideline, audit/ inspection across the Bank/Branches. All possible resources, tools and techniques have been put in place in the identification and reporting of suspicious transaction. Employees have been given strong message about their responsibilities on reporting STR/SAR to respective reporting line and also been cautioned about failure to maintain AML/CFT compliance. As a result, a good number of STR/SAR was submitted to BFIU.

## Training workshop on AML, CFT, TBML & Cyber Crime

AML & CFT Division arranged 10 no. of AML & CFT training sessions for 502 Employees of the Bank in 2018 covering Management Trainees & Trainee Officers. In 2017, the Bank conducted a total of 17 sessions covering 926 Executives/Officers across various Banking regions. AML training focused on KYC lapses, maintenance of high risk

accounts, PEP/ IP account, etc, transaction monitoring and reporting of STR as well as overall compliance on the instructions of BFIU Master Circular 19. Focus was also added to prevention of credit & trade related money laundering and cyber crime. An Easy Guide to AML & CFT & TBML was designed covering common AML/CFT terms and terminologies for all Employees and Bank Management. Besides, during 2018, two Lead Bank Trainings on AML/CFT were jointly organized by BFIU & DBL for Managers/ Senior Officials of Banks operating under Narsingdi & Noakhali District respectively. An AML training calendar approved by Management is being pursued since the beginning of 2019.

## nScreening Software

DBL Branches comply with the BFIU instructions regarding screening of internationally sanctioned, banned, restricted organizations via screening of their bank accounts with nScreening software. Branches usually check the accounts in two stages: During opening account – one off basis & round the year/ongoing basis – for bulk data. Branches took necessary steps to clear matched data from the 'nScreening' hit-list in a given timeframe. Reports on False Positive were properly preserved by Branches. nScreening activities have gathered enhanced audit focus since 2018.

## Role of Senior Management

The Bank regularly escalates the role & awareness of Senior Management on important AML/CFT issues through issuing circulars, disseminating resource materials & holding quarterly meeting with CCC members. AML&CFT Division as per BFIU advice, submits half yearly activities along with self assessment report to the Managing director of the Bank followed by presenting the same in Board. The Central Compliance Committee (CCC) consists of all senior members of the Bank (mostly from heads of core Banking segments) for guiding and mentoring the AML&CFT Division in accordance with existing laws and regulations. The committee holds a meeting on quarterly basis wherein the members discuss the action plan for new three months. The committee also reviews the Bank's quarterly activities, development, problems and recommendations related to AML/CFT compliance.

## Moving along digital transformation of new age

Digital transformation of the new age has turned out to be equally optimistic and challenging due to its sophistication and complexity. In consequence, the Banking industry is faced with new challenges of laundering and acts of terrorism. To cope with trade based money laundering and lending fraud, the Bank Management has optimized adherence to global practices and standard and has taken steps to build system and set triggers against the anomalies. Wide awareness is on to protect the bank from cyber attack as well as fraud-forgeries in new technology products including cards. To protect the Bank from threats of de-risking by foreign correspondent Banks, the Bank is more careful about their queries and the way they want to see our Banking in the sphere of compliance.

# MANAGEMENT DISCUSSION & ANALYSIS

Continued

## Towards making the Bank a leading compliant bank in Bangladesh

The success of AML/CFT compliance results from a binding obligation and the strong commitment at all levels of the Bank. First of all, we all need to have a compliance mindset and to build congenial culture. Banking practices have to revolve around a compliance framework every day. In the ultimate commitment on AML/CFT compliance, the Bank stands firm against all sorts of money laundering and terrorist financing attempts and other financial crimes. The Bank is always guided by local and international standard to make the Bank “a leading compliant bank” in Bangladesh.

## Customer Services And Complaint Management System

The Bank has established Central Customer Services and Compliant Management Cell (CCS&CMC) at Head Office to supervise overall complaint management activities of the Bank. During the year 2018, the Bank took steps to implement ‘Guidelines for Customer Services & Complaint Management’ issued by FICSD of Bangladesh Bank. The key focus was to establish complaint management system at Branch-level and Zonal Offices, enhance complaint lodgment procedures through various means and expedite complaint resolution process.

## Summary of complaint management actions and initiatives in 2018:

1. Reformed Central Customer Service & Complaint Management Cell in line with the changes in management.
2. Reviewed Customer complaints received every month and reported to FICSD, Bangladesh Bank and the progress of outstanding complaints;
3. Discussed thoroughly the nature and background of outstanding complaint and reason for its pending status;
4. Discussed the process of filtering and channeling huge Customer queries/ requests received from online Complaint Box to appropriate authorities for necessary action;
5. Maintained strong liaison with Branches, HO Divisions/Units, FICSD, BB and Customers to deliver rapid solutions to Customer complaints;
6. Reviewed suggestions/recommendations/decisions to improve Bank’s complaint management system.

As per complaint statistics, the Bank received 48 no. of complaints from regular Customers, Walk-in Customers & other sources, some of which were routed through FICSD, Bangladesh Bank. All complaints were resolved after necessary investigations in line with Bank’s complaint redressal system.

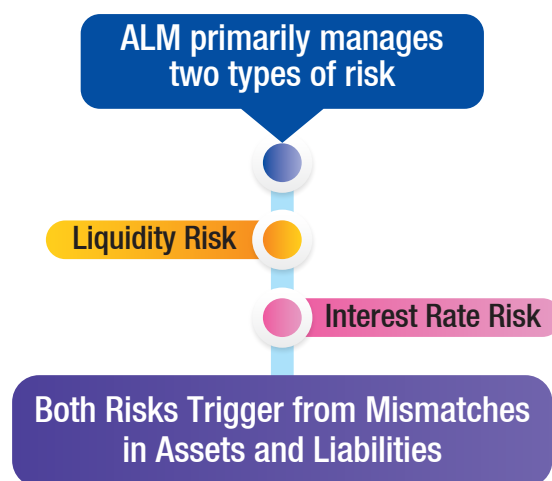
## Asset Liability Management

The Asset Liability Management process has been intended 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.

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 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.



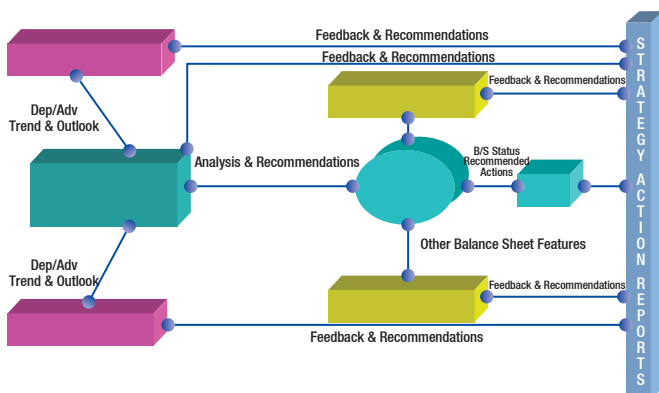
ALCO takes necessary market information from Treasury Division, Finance & Accounts Division and from all other well conversant members of the committee to take strategic decisions. ALCO also includes invitees to enrich the decision making process by their valuable understanding. The members of the committee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

The Managing Director,  
The Additional Managing Director  
The Deputy Managing Director - Risk Management,  
The Deputy Managing Director- Operations  
The Deputy Managing Director- International Business  
The Chief Financial Officer  
The Head of Retail Banking,  
The Head of Credit Risk Management,  
The Head of Risk Management Division,  
The Head of Treasury.

# MANAGEMENT DISCUSSION & ANALYSIS

Continued

## 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 minute 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.



Dhaka Bank has an overall flexible funding strategy to cover both short and long-term liquidity needs. Dhaka Bank's liquidity management actively manages its intraday liquidity positions and risks to meet payment and settlement obligations on a timely basis under both normal and stressed conditions and thus contributes to the smooth functioning of payment and settlement systems. Dhaka Bank has established a funding strategy that provides effective diversification in the sources and tenor of funding.

A Liquidity Contingency Plan is in place to cover unexpected or unusual situations, which could lead to market disruptions. We manage the liquidity structure of our assets, liabilities and commitments so that the cash flows are appropriately balanced and all funding obligations are met when appropriate. Sources of liquidity include deposits and other Customer-based funding, wholesale market-based funding, and liquidity provided by the sale or securitization of assets.

## Human Resource (HR)

The Banking industry is a highly regulated powerhouse that stabilizes the economic environment of nations around the world. The Human Resource (HR) function in the Bank remains focused on creating and developing human capital through improving organizational effectiveness, providing safe and ethical work environment, and maintaining stability and sustainability amidst the rapidly changing business environment. The challenge that makes the work of a HR department in a financial firm unique is that of industry culture change. As the financial industry fashions a fresh outlook on its culture which contributed to vicissitude, and begins to assimilate with new industry regulations, it is up to HR in each to help put these changes in place.

The Bank continued the innovation in the philosophy, methodology, system and mechanism of the human resources management towards the goal of stimulating operating vitality, enhancing market competitiveness and strengthening risk control. Efforts were made to deepen the official system reform, improve the organizational structure management, promote the organizational model innovation, optimize the personnel structure, strengthen the building of talents teams, and expand the career growth platforms of Employees for the purpose of providing a strong organizational guarantee and talents support for the whole bank's reform and development.

It is the daily commitment to our purpose by all 1900+ of our teammates that allowed us to deliver our 2018 results. A pillar of responsible growth is that it must be sustainable. One way we achieve responsible growth is by being a great place to work. Our commitment to our Employees is as strong as the bond they share with our Customers and our communities. We demonstrate that in several ways, starting with fair and equitable compensation. We offer health care and related programs that make it easier for Employees to look after themselves and their families. And, we have many programs and opportunities that reinforce our belief in a diverse, inclusive team, and other benefits and services that help Employees balance their work and personal lives.

# MANAGEMENT DISCUSSION & ANALYSIS

Continued

## Talent Acquisition

Recruiting top talent in the financial services arena is a highly competitive and complex arena and one that is filled with immense challenges. To compete for scarce skills, we understand that we need to keep up with other sectors. As a result we are bolstering our brand as an employer and talent acquisition efforts through various investments, including more diversity training and recruitment, spending on technology to enable our workforce and increasing budgets on learning and development.



## Diversity of Employees

The diversity of our Employees—in thought, style, gender identity, race, ethnicity, culture, and experience—makes us stronger, and is essential to our ability to serve our clients, fulfill our purpose, and drive responsible growth.

## Gender wise Classification

Gender	2017	2018
Male	1,367	1,485
Female	402	432
<b>Total</b>	<b>1,769</b>	<b>1,917</b>

Service Status	2017		2018	
	Male	Female	Male	Female
Full time	1,362	402	1,479	432
Contractual	5	0	6	0
<b>Total</b>	<b>1,367</b>	<b>402</b>	<b>1,485</b>	<b>432</b>

## Gender wise turnover

Gender	Gender Wise Turnover		No. of Employees	
	2017	2018	2017	2018
Male	5.26%	4.90%	93	94
Female	0.90%	1.36%	16	26
<b>Total</b>	<b>5.16%</b>	<b>6.26%</b>	<b>109</b>	<b>120</b>

## Division wise Employee Distribution-2017

Division	No. of Br.	No. of Employees	
		Male	Female
Dhaka (Including Head Office)	53	952	345
Chattogram	25	203	27
Sylhet	6	51	6
Khulna	3	21	7
Rajshahi	10	83	8
Barisal	1	8	2
Rangpur	3	24	5
Mymensingh	3	25	2
<b>Total</b>	<b>104</b>	<b>1,367</b>	<b>402</b>

## Division wise Employee Distribution-2018

Division	No. of Br.	No. of Employees	
		Male	Female
Dhaka (Including Head Office)	54	1,036	373
Chattogram	25	223	26
Sylhet	6	58	6
Khulna	3	22	9
Rajshahi	10	88	7
Barisal	1	9	2
Rangpur	3	26	6
Mymensingh	3	23	3
<b>Total</b>	<b>105</b>	<b>1,485</b>	<b>432</b>

## Age Group wise Distribution

Age Group	2017		2018	
	Male	Female	Male	Female
Above 60 years	5	0	4	0
51-60 years	92	16	103	18
41-50 years	327	84	355	89
31-40 years	702	215	725	212
21-30 years	241	87	298	113
<b>Total</b>	<b>1,367</b>	<b>402</b>	<b>1,485</b>	<b>432</b>

Service Length	2017		2018	
	Male	Female	Male	Female
16 years and above	254	61	244	58
11 – 15 years	205	67	198	66
6 – 10 years	415	139	394	131
3 – 5 years	202	50	190	45
Below 3 years	291	85	459	132
<b>Total</b>	<b>1,367</b>	<b>402</b>	<b>1,485</b>	<b>432</b>

# MANAGEMENT DISCUSSION & ANALYSIS

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## Service Status wise Distribution

Service Status	No. of Employees		Composition	
	2017	2018	2017	2018
Confirmed	1,578	1,609	89.20%	83.93%
Undergoing Training /Probation	186	302	10.52%	15.75%
Contractual	5	6	0.28%	0.32%
<b>Total</b>	<b>1,769</b>	<b>1,917</b>	<b>100%</b>	<b>100%</b>

## Employee Engagement

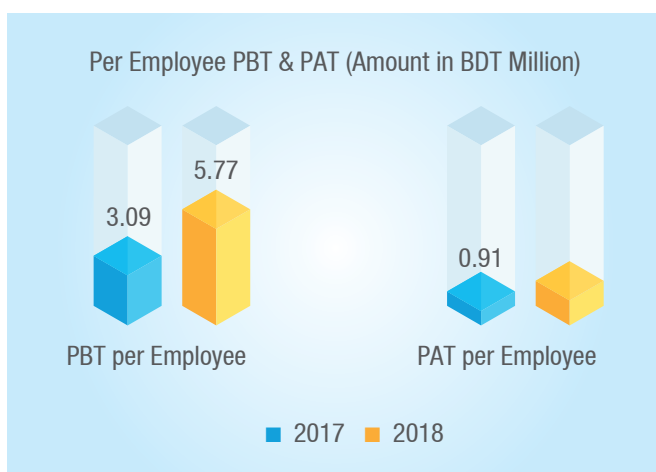
Employee engagement has emerged as a popular organizational concept in recent years. Employee engagement starts with an individual. From there, it can go out like a light or spread like wildfire. An engaged Employee is aware of business context, and works with Colleagues to improve performance within the job for the benefit of the organization. In 2018, we have arranged Pohela Boishakh Celebration, two EID celebration, Women's Day Celebration, birthday celebrations of Employees to keep our Employees motivated and truly being a part of the bank.

## Human Resources Accounting

It involves tracking all the costs associated with Employees of the Banks. A more comprehensive human resource accounting system goes beyond the simple tracking of Employee-related costs, and addresses the following two additional areas: a) Budgeting and b) Employee Evaluation.

The main objective of HR Accounting is to depict the potential of the Employees in monetary terms. It can be viewed from two different ways: 1) Cost of Human Resources 2) Value of Human Resources

## Per Employee Profit Comparison

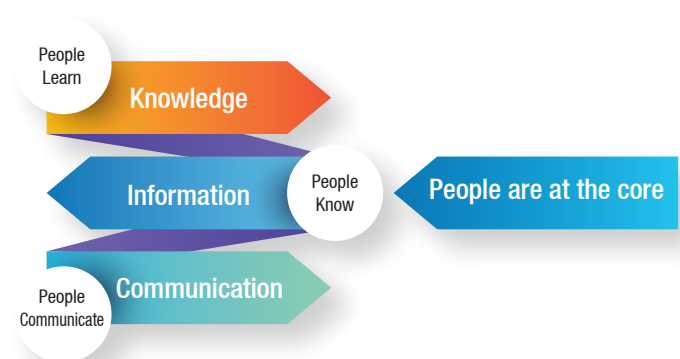


## Human Capital

Human capital is possibly the most vital, yet overlooked, means of establishing competitive advantage for companies today. Traditionally,

organizations put emphasize on the factors, such as products, process, technology, and other resources. But current market characterized by globalized market and intensification of competition, the rapidly changing technology do not provide sustainable competitive edge over competitors.

## The importance of HR and the optimization of Human Capital



The development of human capital has to be a constant undertaking in an environment of constant change. In last ten years, we have seen the economic and financial environment dramatically transformed, therefore required a corresponding change in the knowledge, skills, competencies and capabilities that are now required, in particular, by the Banking industry, which is a highly knowledge-intensive and skills based industry.

Building human capital has become much emphasized in today's world. To become successful in the Banking industry, we will be increasingly dependent on intangible assets such as talent. As competition intensifies, the need to attract and retain the best skills and talents will become more urgent. Going forward, the availability of talents will become the pivotal factor determining the capacity for the industry to reinvent and transform. To align with this requirement, we have transformed our strategy and more focused on developing our resources, attract and retain the best talents from the market through better compensation package.

## Developing our Talents

Apart from the risks in the Banking sector, the people handling the day to day affairs in the Banks need to keep the Customer satisfaction in mind. The people working at the front office become the face of the bank and thus it is the responsibility of the HR to make sure there are eligible people working up front. They need to make sure that the candidates selected in the Banks go through necessary training before they begin their work, so that they are aware of the nuances of the core Banking industry and Customer relationship, better. The HR management needs to think both about the quantity and quality requirement in the Banking sector and deal with the shortage in the skilled manpower supply in the sector efficiently.

The Bank has built a learning infrastructure that facilitates the learning process across all levels through a blended learning approach of classroom programs, external programs, certification programs as well as e-learning options.

# MANAGEMENT DISCUSSION & ANALYSIS

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## Our Development effort in last two years

Year	Local (including E-learning)			Foreign		
	Total Participants	Hours	Amount in million (BDT)	Total Participants	Hours	Amount in million (BDT)
2017	3221	62820	7.00	46	1482	9.51
2018	4649	67510	9.03	27	582	5.37

## Information Technology (IT)

Information technology has become the heart of Banking sector. As the Banking industry is moving forward swiftly from the traditional brick and mortar Banks to digital Banks, the Banking channels and models are also converting into the digital shape with the direct impact of information technology. The Internet has opened the gates towards digital transformation and innovation and completely revolutionized the Banking industry by empowering Banks to serve their Customers in a better way thereby reducing costs and improving Banking experience. Meeting the demand of the changing scenario, Dhaka Bank Limited has already started initiatives for digitalization of its services on a focus to offer simple but secured Banking to its Customers.

## Key Performance in 2018

### A. New Development in IT Infrastructure & Application

#### Core Banking System (CBS)

Flexcube UBS 12.0.3, a product of Oracle Financial Services Software Ltd (OFSS), has numerous features to confront the ongoing market demand. It is one of the best CBS in the world using by the countless Banks. It has Conventional & Islamic Banking modules required by the bank and supports multi country operations. Bank is using this solution for its OBU operations also. It has interface with Debit Cards, ATM, POS, SWIFT, Internet Banking, Mobile Apps. etc. It can be used as Centralized or De-centralized model with full redundancy. It has multilayer security option.

#### Cards Management System

TranzWare cards management system is a product of Compass Plus, Russia and PA DSS certified solution. It has all the issuing and acquiring modules and supports most of the networks like VISA, MasterCard etc.

#### Identity and Access Management System

Identity and Access Management System is for ensuring security by single sign on options. Bank procured Oracle Identity and Access Management for identity governance, access management and directory services.

#### Data Center

The bank setup new Data Center for its Production and DR operations. Production Data Center has been designed as per EPI recommendations. Bank selected Cisco SDN based solution for its Network infrastructure considering its security and flexibility. All types of redundancy and security option maintained for it as per EPI recommendation.

#### Server and Storage

The bank implemented Oracle Sun Super Cluster M7 for its Core Banking and Cards system. Super Cluster has high-performance Architecture which is engineered for performance, security &

efficiency. It has Silicon Secured Memory and Transparent Data & Network Encryption without impacting Performance. Both Production and DR site have the same hardware. In addition to the above, bank is using EMC storage and IBM/HP/DEL servers both in Production & DR site for other Banking systems.

## Data Backup

Bank is using EMC Data Domain system for its Server level data backup solution which has data encryption, compression & deduplication capability and is instantly replicating data to DR site. For End-user data backup, bank is using EMC Avamar backup and recovery system which has also data encryption, compression, de-duplication and single step data recovery capability.

### B. Process Automaton

#### C Solution

C Solution to automate Cash Management activities where Customers can digitally send bulk payment requests to the bank to credit it to their beneficiaries (within or across the bank). It has maker/-checker concept, 2FA option like OTP and notification system.

#### Trade Cloud

Trade Cloud is a web based solution for the Trade Customers which allows them to send their LC Issue/Amendment request along with supporting documents digitally, see the current status and receive the related advice from the bank after completion. It has maker/-checker concept, 2FA option like OTP and notification system.

#### i-khata

"i-khata" solution is a web based digital book-keeping software, an accounting registrar, initiated by Dhaka Bank Ltd., developed in direct collaboration with Unisoft Systems Ltd. This is the first ever offer of such kind, to aid the CMSME Customers for better management of their daily Sales, Purchases, Payables, Receivables, Inventories etc. The incorporation of "i-khata" would allow Customers to maintain structured and comprehensive financial records and business activities, replacing maintenance of multiple kaacha khatas, making it much easier for generating necessary Business statements, i.e. Income Statement, Profit & Loss Statement, Balance Sheet, Purchase Order, Challan Copy, Invoice etc. at ease, with better convenience.

#### Bills-to-Cash

Bills-to-Cash to automate Invoice and Distributor financing. It is end to end solution where Buyer, Seller and Bank can digitally send request and approve. It has maker/checker concept, 2FA option like OTP and notification system.

#### bKash

bKash Limited is the largest mobile financial services (MFS) provider in Bangladesh. bKash currently boasting an account base of 30 million along with Dhaka Bank's network of 101 Branches and 3 SME service centers make a perfect example of financial inclusion. Under this arrangement, DBL Customers can enjoy fund transfer facility from personal accounts to bKash. This can be done through both "Direct Banking" (DBL's internet Banking) and "GO" (DBL's mobile application).



# MANAGEMENT DISCUSSION & ANALYSIS

Continued

## C. Digital Banking

### Internet Banking

Dhaka Bank iBanking avails EFT and NPSB fund transfer, top up facility, Credit card & utility bills payment, bKash fund transfer, etc. Also Customer can see their Account/Card information, view & download statement, Limit view. Customer must use OTP for other account transfer and getting notification after each transaction.

### Call Center & IVR

The solution has Inward & Outward Voice Call option, Predictive Dialer, Tele-Banking and Web Chat option. Registered Customers can do Banking through IVR using their TPIN in secured way.

### Cards and ATM

The bank has full pledged Cards Management system, currently offering Debit, Prepaid and Credit cards in the issuing site and ATM at the acquiring site. Customers are doing ATM, POS and e-commerce transaction using VISA/NPSB network. Currently banking is working to launch NFC enabled EMV cards and QR code based payment service.

### Mobile Apps-GO: Let the Bank Match Your Daily Schedule

Customer can see their Account/Card information, view statement, Fund Transfer within/across the bank, Bill payment, Airtime top up etc. At time of registration, Customer's Mobile IME number is tagged with his/her User ID and system validate it at the time of login. Customer must use OTP for other account transfer and getting notification after each transaction.

Mobile applications (i.e. Mobile App) of commercial Banks in the country has spurred over few years and great enthusiasm have been observed amongst clients. With a remarkable penetration of smart mobile devices the Banking Mobile Apps have evolved very quickly within a short span of time. Dhaka Bank has also introduced its industry leading mobile Banking app – Dhaka Bank Go during July 2017. It gives its users a secure access to Dhaka Bank Accounts and Credit Cards anytime, anywhere.

### Managing money easily!

One will get easy and quick access to his/her Dhaka Bank Account(s) and Credit Card information such as balance, limits, last transactions etc. It helps to track spends and monitor credits establishing full control over finances. The client can skip his/her visits to bank Branches; managing money has never been so easy before.

### Security and control at fingertips!

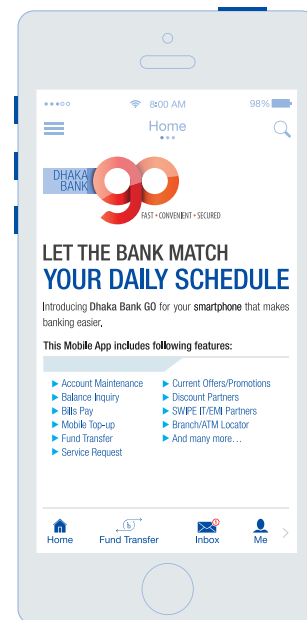
Dhaka Bank Go establishes a secure connection between the mobile device and the bank. With secured TPIN, the account and card information is absolutely confidential and controlled for user views only. The app has used device-binding technology which allows users to register device specific access of Dhaka Bank App. Moreover, one will get SMS notifications for transferring any fund or

making any bill payment via this mobile app if he/she is subscribed to the Bank's SMS Alert Service.

### Easy registration!

Registration has been made simple and secure. The client can apply for registration by visiting nearby bank Branches with a single form which also includes the subscription options of other digital services.

Using the mobile number and TPIN, the client can log into Dhaka Bank Go app. One client can register up to 3 (three) mobile devices with Dhaka Bank Go registration. If he/she changes mobile device in future, it will need to verify again by calling Dhaka Bank Call Center.



Available at:  
Google play App Store

### Pay on the go!

Dhaka Bank Go serves client's purpose from transferring fund to paying utility bills and everything in between. Simply by adding beneficiary account/credit card number/payee with a few clicks in the mobile device; one is ready to transfer fund to any bank account, make Dhaka Bank credit card payment, pay mobile or utility bills and more. During second half of 2018, Dhaka Bank Go incorporated instant fund transfer (IBFT) service with which fund can be transferred and received instantly between 17 Banks who are operating the same service under NPSB (National Payment Switch of Bangladesh).

### bKash fund transfer!

As a first bank in the country, Dhaka Bank has joined its hand with the largest MFS of the country – bKash. Under the revolutionary proposition, Dhaka Bank Clients can instantly transfer / load fund in personal bKash Account (i.e. mobile number) with Dhaka Bank Go. It's simple, secure and fast.

New enhancements of Dhaka Bank Mobile app over 2018

- Bank to bKash: Instant fund transfer to bKash personal accounts
- IBFT Transfer: inter-bank fund transfer across 17 Banks in the country under NPSB



# MANAGEMENT DISCUSSION & ANALYSIS

Continued

## D. Green Banking

Green Banking is an umbrella term referring to practices and guidelines that make Banks sustainable in economic, environment, and social dimensions. It aims to make Banking processes and the use of IT and physical infrastructure as efficient and effective as possible with zero or minimal impact on the environment. Considering the nature of Banking processes and infrastructures, Dhaka Bank Limited is using workflow based Document Management System for the following request handling and document digitization:

- LC Origination and Amendment
- Bill Purchase/Discounting
- Loan Origination
- Debit Cards issuing
- Credit Cards approval
- Storing Digital copy of all Forms, Supporting Documents and Reports

As a part of Green Banking initiative, the Bank is also sending e-statement and e-advice to the Customers in addition to the SMS notification.

## Internal Control & Compliance

### Internal Control System to minimize risk

Controls at the Bank are integrated directly into operating processes, either technically or manually (i.e. by organizational means). Technical controls are used in the IT systems. Employed Technical controls are often complemented by manual controls such as screen approvals carried out by the responsible Employees. Data quality on initial entry into systems is ensured by organizational measures such as the dual-control principle, delegation of powers of approval, the separation of functions and by technical measures when issuing IT approval authorities. Additional controls during further processing guarantee that the data entered and used is complete and accurate.

### Effectiveness of internal controls

The Board of Directors, through the Management Committee (MANCOM) and the Audit Committee of the Board, has conducted an annual review of the effectiveness of our system of risk management and internal control. The Audit Committee of the Board has received confirmation that management has taken or is taking the necessary actions to remedy any failings or weaknesses identified through the operation of our framework of controls.

### Structure of Internal Control & Compliance Division

In order to establish the efficient, effective and compliant internal control system in the Bank, Internal Control & Compliance Division segregated its functions into 03 (Three) separate units:

- Audit & Inspection Unit;
- Compliance Unit and
- Monitoring Unit.

### Audit & Inspection Unit

Internal Audit provides auditing services for the Audit Committee of the Board independently, objectively and in a risk-oriented manner so as to

evaluate the compliance, security and cost-effectiveness of Dhaka Bank's business processes and flag potential for optimization. Internal Audit provides assurance by evaluating the appropriateness and effectiveness of risk management, the internal control system and business processes in a systematic and targeted manner, providing support on key issues in an internal auditing universe and issuing recommendations. In doing so, it contributes to the security of business processes and assets.

### Compliance Unit

Compliance unit is entrusted to ensure that bank complies with all Regulatory requirements while conducting its business. The unit ensures adequate and effective oversight on evolving changes in business climate and increased requirement of Regulators. They maintain and manage a better relationship with the Regulators and notify the other units/departments and Branches regarding any Regulatory changes. Compliance unit ensures the tracking, monitoring and validation of implementation of external audit, internal audit and Regulatory audit and inspections.

### Bangladesh Bank Inspection and Compliance:

Dhaka Bank Ltd. received 120 reports and letters from Bangladesh Bank during the year 2018 and successfully submitted compliance of all reports and letters within stipulated timeline. Bangladesh Bank inspection team conducted a total number of 70 inspections that includes 33 Branches during 2018.

### 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. In addition, off-site monitoring of selected risk attributes has already been introduced by the unit, which aided to improve the control environment of the Bank.

### Value addition by ICCD in 2018

- Improvement of ICC rating
- Timely escalation of material issues to the appropriate authority
- Coverage of Audit Universe
- Reduced recurring type irregularities at Branch level
- Provoked to review Guidelines/ Policies and Manuals
- Regularized audit issues within a short possible time
- Strengthen offsite supervision through monitoring
- Awareness buildup on whistle blowing

## Islamic Banking Operations

### Introduction

It has been mentioned ago that "Islamic Banking business means Banking business whose aims and operations do not involve any element which is not approved by the religion Islam."

It appears from the above definitions that – Islamic Banking is a system of financial intermediation that avoids receipt and payment of interest in its transactions and conducts its operations in a way that it help achieve the objectives of an Islamic economy.

Dhaka Bank Limited is the pioneer to establish Shari'ah based Banking operations through Islamic Banking Branches in the country.

# MANAGEMENT DISCUSSION & ANALYSIS

Continued

## Generation

Bangladesh is a Muslim majority Country. Almost 90% of it's population is Muslim. So, General Muslim alongwith businessmen of our Country are verily willing to engage their economic activities with Islamic Banking for saving their faith. So, Islamic Banking & Finance has turned into well accepted to the general people and its' suitability has been rising in our country and all over the world enormously. Islamic Banking & Finance has already been proved it's significance in the field of economy caring almost 30% business volume of the whole Banking business. The sector is also standing at leading point by discharging its responsibilities in Corporate Social Responsibility (CSR). Highlighting on elevated ethical standards it builds a society with the honest, responsible, caring & trustworthy people. The well structured Liability & Assets products based on Islamic Shari'ah principle save the Banks from the rapid raising of non-performing resources and ensure quality of the assets. Islamic Banking asset products confirm real transaction instead of only financial transaction which role is high productivity, employment etc. Thus, it has been effectively crossing the financial crisis broaden out all over the world following latest economic depression. Now Islamic Banking & Finance are well competent to meet the emerging demand of the people who are interested with Riba free Banking and also eager to manage their assets by this holistic system. These successes are achieved only for following the divine principles of banning interest.

## Service Providing Points

Dhaka Bank Limited has been providing Islamic Banking services through its 2 (two) Branches with adhere to the Islamic values & Integrity. One is Islamic Banking Branch, Motijheel, Dhaka inaugurated on July 02, 2003 and second one is Islamic Banking Branch Muradpur, Chittagong was opened in May 22, 2004. Besides these ,all conventional Branches also providing Islamic Banking Services from 2 Islamic Banking Branches using online facilities.

## Islamic Banking Division in Head Office

As per Guideline on Islamic Banking issued by Bangladesh Bank BRPD Circular No.15 dated 09.11.2009, a full pledged separate division namely "Islamic Banking Division" established in Head Office headed by a Senior Executive Vice President having experience in Islamic Banking & Finance.

## Regular Activities of Islamic Banking Division

The duty & responsibility of the Division is exclusively as follows:

1. Framing Islamic Banking rules, regulations and Guidelines ensuring their implementations.
2. Maintaining co-ordination with the Shari'ah Supervisory Committee and the other divisions of the bank.
3. To hold Shari'ah Supervisory Committee meeting at least once in a quarter and various Shari'ah related issues are being discussed, reviewed & resolved.
4. Confirm investment of the Funds received for Islamic Banking Business under modes approved by Islamic Shari'ah.
5. To provide Islamic Banking Training to the Employees who have not been yet received the same.
6. Submission of required statements to the Central Bank.
7. To discharge of any other responsibility (ies), aimed by the Central Bank from time to time.
8. Supervise the Islamic Treasury Function (Fund Management of Bangladesh Government Islamic Investment Bond, SLR/CRR maintenance etc.)
9. Conduct Shari'ah Audit /Inspection of the Islamic Banking Branches.
10. Supervise & monitoring Islamic Mudaraba deposit products namely "Tawfeer Mudaraba Savings Bond Account-TMSBA".
11. To coordinate with Central Shari'ah Board of Islamic Banks in Bangladesh-CSBIB & Islamic Banks Consultative Forum-IBCF.
12. Formulating Business Planning of Islamic Banking Business.
13. To prepare & make capable the Employees of the Bank with the basic knowledge of Islamic Banking to approach the Customers with the Islamic Banking business.
14. Idea generation for various Islamic Banking derivatives/products formulation
15. Conduct business marketing to the valued Customers
16. Responding to Customers asking & query at Hotline on Islamic Banking.
17. Other responsibilities / activities as and when assigned by the Management & day to day activities.

## Islamic Banking Business

Islamic Banking products and services based on Islamic Shari'ah principles introduced by Dhaka Bank through its two Islamic Banking Branches got tremendous response from a considerable

Portion of its clientele who are eager to accept Shari'ah compliant products and services. Dhaka Bank is also offering Islamic Banking products and services from its conventional Banking Branches using Online through Islamic Banking Branches. Dhaka Bank enjoys a very strong brand image in the Banking sector and the bank has a very good market reputation and its Islamic Banking business also has proved to be superior compared to others and also its own conventional system. Its Islamic Banking market share and growth rate is also mentionable among the conventional Banks having Islamic Banking Branches. Considering the fact that the Islamic Banking industry is at its growth stage in the country and competitive rivalry among the industry members is increasing, Dhaka Bank have set the vision to be a trend setter in this field by adopting proper strategy and objective in order to achieve its goal. The Islamic Banking business is growing at a competitive rate despite various limitations for its expansion. This growth is also remarkable compared to the overall growth of the Islamic Banking sector of the Country. The Islamic Banking manpower of the bank is more than one

# MANAGEMENT DISCUSSION & ANALYSIS

Continued

hundred for whom the Bank arranges regular training programs on operation of Islamic Banking. Dhaka Bank is an active member of Central Shari'ah Board for Islamic Banks of Bangladesh-CSBIB and Islamic Banks Consultative Forum-IBCF. Thus Dhaka Bank is committed to uphold the outlook of majority of the people in the country as a bank providing "Excellence in Service".

It is expected that Islamic Branches would also perform better and achieve targets this year under the guidance and prudent leadership of the Management of Dhaka Bank Ltd., In Sha Allah.

Among the Islamic Banks, full fledged Islamic Banks conduct around 90% of the Islamic Banking business of the country while the rest is done by the conventional Banks having Islamic Branches and windows. Among these Banks, Dhaka Bank is one of the better performers. Since inception, Islamic Banking business of Dhaka Bank marked steady growth in all areas - deposit, investment and profit. With only 2 Branches, around 5% - 6% of Dhaka Bank's business (in terms of deposit & investment) is being conducted under Islamic Banking modes. At the end of the year 2018, the deposit and investment of Islamic Banking operations of Dhaka Bank Ltd. stand at 7,000.65 & 5,474.84 million at the same time Assets of DBL Islamic Banking Operations stand at 9,572.91 million. Cost Effectiveness of Islamic Banking products is better compared to overall business.

## Islamic Banking Products and services

At present Dhaka Bank offers almost all the deposit & investment products those are available in the country under its Islamic Banking operations for collecting & sourcing and utilization of funds or in other words, pooling resources and deployment of the said resources. The following products are available now:

**Dhaka Bank Ltd. has been maintaining following products under Al Wadeeah & Mudaraba principle of Islamic Shari'ah under Islamic Banking Operations:**

1. Al-Wadeeah Current Account, 2. Mudaraba Savings Account, 3. Mudaraba Term Deposit Account, 4. Mudaraba Special Notice Deposit Account, 5. Mudaraba Hajj Savings Account, 6. Mudaraba Pension Scheme Account, 7. Mudaraba Special Deposit Scheme Account, 8. Mudaraba Foreign Currency Deposit Account, 9. Tawfeer Mudaraba Deposit Pension Scheme – T- MDPS, 10. Tawfeer Mudaraba Savings Bond Account – T- MSBA, 11. Tawfeer Mudaraba Foreign Remittance Account – T- MFRA, 12. Mudaraba Gold Deposit Account, 13. Mudaraba Platinum Deposit Account, 14. Mudaraba Silver Deposit Account, 15. Mudaraba Residence Foreign Currency Account, 16. Mudaraba Ratib (Salary) Account, 17. Mudaraba Deposit Double Scheme

**Dhaka Bank Limited Islamic Banking Branches offer to the Customers the following Investment products:**

1. Murabaha Purchase Order, 2. Bai-Muazzal Industrial, 3. Bai-Muazzal Others, 4. Murabaha Post Import Trust Receipt, 5. Murabaha Term Finance Industrial, 6. Murabaha Term Finance Others, 7. Hire Purchase Shirkatul Meelk, 8. Ijarah Transport, 9. Ijarah Machinery & Equipment, 10. Guard against MTDR

## Others Products

Besides these Selling of Payment Order, Demand Draft, issuance of Bank Guarantee, Performance Guarantee, Bid bond, Certificates and other necessary Banking services are also available in the 2 (two) Islamic Banking Branches under Islamic Banking Operation of Dhaka Bank Ltd.

## Activities – Year 2018

A Brief Guideline for conventional Branches has been issued for Marketing, Development & Procurement of Islamic Banking Business from 2 Islamic Banking Branches using online to gear up Marketing of Islamic Banking. The book "Ibadah & Muamalat in daily life " has been distributed through our 2 IBBs with a view to gathering Islamic Banking Knowledge and marketing of Islami Banking products. 9 Nos marketing & Development program were conducted by IBD throughout the country with all executives/ Employees of the Branches to make capable our workforces for marketing the Islamic Banking Business. All preparation of launching " Mudaraba cash waqf Deposit" product almost completed during the period. Preparation of unique Account opening form of Al-Wadeeah & Mudaraba under Islamic Banking Operation almost ready to Introduction. The division has proceed Tk. 350 Crore Fund from BGIB of Bangladesh Bank during 2018.

## Shari'ah Supervisory Committee

Islamic Banking Operations of Dhaka Bank Limited is being conducted under keen supervision of Shari'ah Supervisory Committee. Shari'ah Supervisory Committee of Dhaka Bank Limited consist of a team of Shari'ah Scholars & experts, renowned Islamic banker, Lawyer along with personalities having outstanding strength in Qur'an, Hadith & Fiqh. The Shari'ah Supervisory Committee meeting is being held at least once in a quarter and reviews the Islamic Banking activities and provides their expert opinion on various Shari'ah related issues of Islamic Banking Operations. The Shari'ah Supervisory Committee has sit in 3 formal Meeting to discuss & suggest on various Shari'ah related current issues of Islami Banking issued by the Management. Shari'ah Inspection in 2 IBBS have been conducted during the period. The Member Secretary is discharging his duty as chief of the Shari'ah Supervisory Committee Secretariat & Muraquib is working in the Secretariat under Member Secretary & helps the Shari'ah Supervisory Committee for its regular activities. A short introduction of Shari'ah Supervisory Committee is given below:

Sl	Name	Designation	Qualification
1	M. Azizul Huq	Chairman	M Com (Renowned Islamic Banker)
2	Prof. Mowlana Mohammad Salahuddin	Member (Faqih)	Kamil, MA (Khatib of Baitul Mukarram National Mosque)
3	Md. Fariduddin Ahmed	Member (Expert in Is. Banking )	B.Com, DAIBB
4	Dr. Mohd. Haroon Rashid	Member (Faqih)	Fazil (Hadith), MA, Phd
5	Hafej Mawlana Abdul Gaffar	Member (Faqih)	Takmil (Dawah)
6	Barrister Omar Sadat	Member (Lawyer)	Bar- at – law, LL.M, LL.B,
7	Syed Mahbubur Rahman	Member (Ex-Officio)	MSC, MBA
8	Md. Kamaruzzaman	Member Secretary (Acting)	MM, MA, MBA, LL.B

# MANAGEMENT DISCUSSION & ANALYSIS

Continued

## Islamic Banking Training

- 11 Nos Executives / Officials have participated a daylong training program arranged by Islamic Banks Consultative Forum (IBCF) on following various topics-
  - “Corporate Governance, Regulations & Supervision of Islamic Banks” held on February 24, 2018
  - “AAOFIFI and IFSB Standards” held on April 25, 2018
  - “Time and Stress Management for Islamic Bankers” held on July 21, 2018
  - “Leadership & Communication Skills for Bankers” held on December 11, 2018.
  - “Managing Organizational Changes” held on August 11, 2018.
- VP & Muraquib, IBD, HO attended a workshop on “Risk Based Shari’ah Auditing Policy and progress in Islamic Banking” held on June 5, 2018, arranged by CSBIB.
- 2 Executives from F&AD and Treasury Division have participated 2 days International training program on “SUKUK : Shari’ah Framework, Structure, Issues, Opportunities & Challenges” on January- 21 & 22, 2018: arranged by IBCF.
- 2 Executives/Officials from IBB Muradpur & IBB Motijheel participated in 6 days training program on “Islamic Banking & Finance” on 21-22, July 2018, arranged by Central Shari’ah Board- CSBIB.
- A daylong National Seminar On “Development of Liquidity Management Tools for Islamic Finance Industry” held on May 26, 2018 where 15 Executives along with our distinguished director/member of BOD were present.

## Retail Banking Division

Dhaka Bank’s Retail Banking Division started its operation in the year 2002. Since then the Bank has acquired a sizeable number of retail client base, of appx. 325,000 at PE2018, and approved total retail loans amounting to appx. Tk. 1,350 crore. Over the year 2018, the Bank has continued its momentum on acquiring new retail clients and growing retail business in the area of deposit accounts, cards and retail loans. Significant steps have been taken on the digital space to cater to the needs of the tech-savvy retail Customers. Incorporating of Inter Bank Fund Transfer (IBFT) and the integration with bKash to conduct real time fund transfer through Dhaka Bank mobile app and Direct Banking were such notable steps. Now with Dhaka Bank mobile app & internet Banking, the clients can directly transfer fund to any bKash account and this is first of a kind in Bangladesh.

In the year 2018, the Bank has increased extending retail loans by 18.50% compared to 2017. 86% retail lending was extended as secured loans such as Car, Home and security covered loans and only 14% was extended as unsecured loans. The focus has always been to do sourcing loans from credit-safe salaried segment. On the retail deposit

side, the Bank has witnessed straight way 19% growth in FY2018, with 36,000 new retail CASA accounts. With this growth, now retail deposit constitutes 50% of the total client deposit of the Bank.

The Bank has continued to strengthen Card Business eco-system and has observed an ascent in business parameters. This year the Bank has introduced its premium card products in the market— Signature Credit Card and Platinum Credit Card, with EMV Contactless Technology. Dhaka Bank is 2<sup>nd</sup> Bank in the country to have introduced the EMV Contactless Cards. Moreover, the premium cards have bundled with Lounge Key proposition under which the card holders can access 1000+ airport lounges across the world without carrying an additional plastic. Moreover, in 2018 Dhaka Bank has been certified for VBV i.e. two factor authentication for online transactions using the Bank’s Debit, Credit and Prepaid Cards. In terms of debit-credit card spending volume, the Bank’s card holders (Debit & Credit) have used their cards 17% more in comparison to 2017. With these, the card operating revenue increased by 36% over the year of 2018. Now, with 250 discount merchant partners and 140 Swipe-it (installment purchase) merchant partners, Dhaka Bank Card is considered as one of the most prospering cards in the industry.

## Major Retail Banking Initiatives / Campaign in 2018

- The Bank has signed agreement with 3 prestigious universities under its Tuition Fee Payment Solution and these are UIU, IUBAT, and Presidency University. The students / guardians of the partner universities can pay tuition fees at any Dhaka Bank Branches across the country and the universities get automated reconciliation & reporting of the whole collection services. Starting from Feb 2018, the Bank has collected appx. Tk. 400m deposit from these partner universities.
- Payroll accounts observed a continuous growth of 35% YOY since 2015 and stood at appx. 38,000 accounts at PE 2018. ICAB, PRAN RFL, Unique Group, Channel 24, Bikroy.com, SSL Wireless, Nuvista Pharma deserve special mention which have chosen Dhaka Bank as payroll account partner during 2018.
- The Bank, as a first time in its operation, has rendered ATM service along with Payroll Services for PRAN RFL factory at Murapara. Started in Jul 2018, the Bank has run successfully with disbursing salary to factory staffs.
- Collection & recovery effort of retail loans has been observed a marked growth in 2018. Classified loans have constituted approx. only 2.5% of total retail loan outstanding at the end of 2018. A total of approx. Tk. 27 million including legal expenses was recovered from written-off retail loans and credit cards.
- Dhaka Bank was the first Bank to introduce Bank-to-bKash service integration during July 2018, with bKash for transferring fund via the bank’s mobile app & internet Banking.

# MANAGEMENT DISCUSSION & ANALYSIS

Continued

- The Bank has brought in IBFT (Inter Bank Fund Transfer) service for transferring of fund to other Bank account / cards instantaneously using the Bank's mobile app / i-Banking
- Who Wants to be a Millionaire (Retail deposit sourcing campaign)
- Boishakhi Abahon (Retail deposit & Car Loan sourcing campaign)
- There have been several phases of Retail Congress held at different time period at geographies to promote / aware / strengthen retail product proposition across the Branch network.
- Starting from July 2018, the Bank has introduced slab wise interest-rate structure for the conventional savings and payroll savings accounts so that higher balance holders can enjoy higher interest structure.
- Alliance with Social Clubs (e.g. Uttara Club), Car Vendors and Real Estate Vendors contributed a good sourcing of retail loans

## Major Card Business Initiatives/Campaign in 2018

- Round the year card campaigns including 'Buy One - Get One Free', Discounts, Travels, TQ endorsement and Instalment Purchase promotion
- The Bank has introduced 2FA service for e-commerce transaction made via Debit/Credit/ Prepaid Cards during August 2018. With this, Dhaka Bank Cards are eCom enabled with more safety & security for local & foreign online transactions.
- Launching of Dhaka Bank Signature & Dhaka Bank Platinum Credit Cards
- The Bank has introduced EMV Chip based Contactless Credit Card as a 2<sup>nd</sup> Bank in the country.
- The Bank has introduced Lounge Key- International Airport Lounge access (1000+ airports in 130 countries) program with Signature & Platinum Card as a 1<sup>st</sup> Bank in Bangladesh.
- Quintuple Credit Shield Insurance Program for credit card as a 1<sup>st</sup> Bank in Bangladesh

The Bank looks forward to continue its investment and persuasion for growing card business with respect to new technology, product capability, security and client value propositions. With the highest level of technological capacity and revamped proposition of the cards and Digital Banking, Retail Banking business of the Bank looks forward to flourish over 2019.

## Off-Shore Banking Unit

### Dhaka Bank Off-Shore Banking Unit

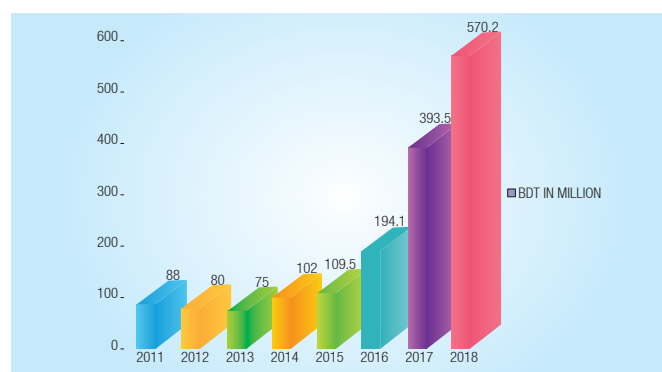
We have come a long way since we launched our Off-shore Banking operations in Dhaka Export Processing Zone 12 years ago. We are one of the pioneers among local Banks in Bangladesh to set up Off-shore Banking Unit, which started its operation in the year of 2006 at Dhaka Export Processing Zone, Savar, Dhaka.

Though the country's offshore Banking market is dominated by the foreign Banks, Dhaka Bank has been able to make its strong and delightful presence by attracting a good number of Customers in a short period of time through effective marketing, competitive pricing and ensuring highest levels of professionalism along with excellent Customer services backed by quality human and technological supports. OBU has invested around USD 230. million in offshore market in the year of 2018 to support Type-A industries, local entrepreneurs as well as to strengthen its asset portfolios. Portfolio of the unit during December, 2018 is shown in the following Tables:

OBU Business Portfolio	
A-type Industries	USD million
Short Term Loan	22.59
OD & Time Loan	18.82
Bills Purchased	1.64
Others	12.46

To Local Industries	
	USD million
Buyers	131.41
Suppliers credit	26.46
Term Loan	16.64

OBU of the Bank has added diversification in its overall portfolio to mitigate overall credit risk of the Bank. The unit also earns reasonable spread on different short-term financing. Profitability curve of the unit looks as follows:



## Nature of OBU facilities extended to the enterprises

Dhaka Bank OBU extends the following funded, non-funded and working capital facilities to the Type "A" industries of EPZ:

- EXP Certifying
- LC Advising
- Export Bill Negotiation
- Export Bill Discounting
- LC Opening
- LTR creation
- Short Term Loan
- OD for working capital
- Guarantee
- NFC Deposit
- Current FC Account Deposit
- FC Term Deposit

# MANAGEMENT DISCUSSION & ANALYSIS

## Continued

We also extend the following facilities to the bonafide local entrepreneurs for their business growth as well as employment generation:

- UPAS LC Financing
- Suppliers Credit facilities
- Exporters Financing etc.

### International Division

International Division works for ensuring smooth foreign trade business, foreign exchange transactions and channelizing wage earners remittance. This division is mainly divided into two units:

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

### Financial Institutions (FI) Unit

Trade finance business is one of the major concentration areas of Dhaka Bank Limited. At present this sector is more focused and it is expected that export-import transactions will be increasing with a substantial amount under the present prudent management. Financial Institutions Unit has been playing a key role as facilitator to overall trade finance and foreign exchange transactions under prevailing local and international laws. In this regard, FI needs to maintain Relationship Management Applications (RMA), Nostro Accounts and correspondent Banking arrangements with the different Banks and financial institutions both in home and abroad.

Financial Institutions Unit arranges correspondent Banking network, credit lines and other facilities required for 19 Authorized Dealer (AD) Branches, 2 Central Processing Centers (CPCs) and 2 Offshore Banking Units (OBU) of DBL. It mainly provides customized supports to the following areas of Dhaka Bank Trade Finances:

1. Import Letter of Credits
2. Export Letter of Credits
3. Negotiation and Documentary Collection
4. Confirmation and Discounting
5. Arranging Credit Lines for funded and non-facilities
6. Monitoring and reporting of foreign trade and foreign exchange transactions
7. Arranging trade loans for OBU from Foreign Correspondent

In the year of 2018, International Division's FI Unit was engaged in strengthening its correspondent networks to facilitate the Bank's trade finance business. Dhaka Bank has routed 29,560 LCs through its correspondent Banks with total value USD 1.90 billion in 2018. Dhaka Bank has achieved 17% growth in Import trade business. Clients were offered multiple options in routing their LCs with confirmation and discounting facilities without any major hurdle. Moreover, geographical coverage with correspondent Banks is continuously being increased ensuring smooth LC issuance service for our import clients.

Dhaka Bank Limited and International Finance Corporation (IFC) signed a USD 50 million syndicated working capital solutions facility agreement in July 2018. This is the first-ever syndicated loan in Bangladesh arranged

by IFC with the global commercial Banks. The fund will be utilised for financing trade transactions of Dhaka Bank Limited through its offshore Banking unit. International Division's FI Unit has arranged and coordinated this whole program successfully.

Dhaka Bank Limited has been awarded by International Finance Corporation (IFC) as the "Best Issuing Bank Partner for Climate Smart Trade" recognizing its contribution to climate friendly trade transactions. The 8th IFC Trade Awards for the year 2017 recognized the leadership of IFC's partners' in providing trade finance in emerging markets.

### Remittance unit

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

At present, DBL has agency arrangements with total 20 exchange houses located in USA, UAE, UK, Oman, Italy, Kuwait, France and so on to facilitate remittance of expatriate Bangladeshis working abroad. Outlets of DBL's NGO partners (PAGE and Padakhep Manabik Unnayan Kendra that have more than 329 Branches) have been used significantly to facilitate remittance recipients locating across the country.

### Dhaka Bank Training Institute

#### Our Centre for Excellence

Training is by far the most important and crucial concern for organizational advancement. Human Resource Development through Training is an unending process that enhances the capability of Personnel as well as the Organization. As a basis thereof, Human Resource Development again is the most important. The need for professional excellence at Dhaka Bank was duly recognized by its Board of Directors – and that led to the creation of Dhaka Bank Training Institute [DBTI] in 2000. The Institute was brought to its present premises at SEL Trident Tower [Level 12], 57, Purana Paltan Lane, VIP Road, Dhaka 1000 August 2017.

DBTI is committed to develop the Human Resources, the driving force of the Bank, through structured modular Training Programmes. With a view to achieving professional excellence in Banking, DBTI conducts various Courses, Workshops, Executive Development Programmes mainly for Officers and Executives of the Bank. Since August 2000 till December 2018, DBTI trained as many as 26,115 Participants through 889 different Training Programmes covering diverse Courses in Banking, Finance, Management, Law and so on. In 2018 DBTI conducted 120 Training Programmes covering 48 diverse Courses for 4,280 Officers and Executives.

Besides conventional Banking related Training Programmes, DBTI also arranged, facilitated and arranged various Programmes and shared views to meet the challenges faced by the Banking Industry of the

# MANAGEMENT DISCUSSION & ANALYSIS

Continued

present time. DBTI also holds Offsite Programmes for Officers/Executives of Branches outside Dhaka. The Course Contents there is commensurate with the experience level of Participants.

## Academic & Logistic Issues

Besides the Principal, DBTI & Faculty Members and internal Resource Persons, DBTI invites external Resource Persons comprising experienced Professionals to facilitate its Curricula. They lead the Sessions with their versatile knowledge & experience; and develop the Participants with the holistic approaches and broader perceptions.

## DBTI Library

For its Participants, DBTI has a library containing Books on Banking, Economics and other Disciplines and different local and international Journals and Periodicals. At present we have around 1,500 Books in our Library.

## Preparation of Course Plan

While drawing up a list of Programmes, we include need-based Courses in addition to Basic/Core Banking Courses. We have already conducted Training Need Assessment [TNA] Sessions in this line. We interact with the Training Institutes of others Banks as well as the Bangladesh Institute of Bank Management (BIBM) for Curriculum development.

## Liaisons

The DBTI maintains constant liaison with Universities, Training Institutions etc. for keeping itself updated with changes & development in relevant areas; and also for necessary dissemination thereof among our Colleagues working at the ground.

DBTI conducted the following Courses for the last five years:

Year	Number of Course	Number of Participants
2011	59	1,521
2012	51	1,344
2013	46	1,270
2014	47	1,449
2015	44	1,277
2016	69	1,807
2017	118	3,028
2018	120	4,280

Dhaka Bank also believes in bringing holistic approach in Training & Development. Human Resources Division sent Participants to attend various Courses both at home and abroad to help them attain special skills.

## DBTI Hostel

Dhaka Bank Training Institute Hostel is operative since 2012 with full residential accommodation for some 25 Participants [mainly from non-Dhaka Branches]. The Hostel is located at Shahidbagh, Dhaka.

## TNA Based Training Workshop/Executive Development Programme/Training Course in 2018

Sl.	Training Course , Workshop & Executive Development Programme	Frequency of Programmes	Number of Participants
<b>Soft Skill:</b>			
01	Professional Excellence	1	72
02	Professional Customer Service [Building Relationship]	9	403
03	Self-Leadership, Advanced Managerial Communication	1	29
04	Customer Service Excellence	1	31
<b>Credit:</b>			
05	Bank Guarantee	1	21
06	CL	1	35
07	SBS - 3	1	33
08	CIB	1	35
09	Problem Loan Management	1	49
10	Sustainable Finance [Green Banking ]	1	32
11	Seminar on DBL Global SME Classification Portfolio	1	66
12	Input of Collateral Security Information in CIB Database	1	36
13	Recognizing SME Pay Masters	1	40
<b>Trade:</b>			
14	Foreign Trade	1	46
15	Latest Changes in FX Transaction Reporting	1	50
<b>Risk Management:</b>			
16	Core Risk Management in Bank	1	29
17	ICC Risk, BASEL III & Operational Risk	1	28
18	Comprehensive Risk Management	1	30
19	AML,CFT & Trade Based Money Laundering	13	671
20	Treasury Management	1	34
<b>Retail Banking Product:</b>			
21	Retail Banking Product	2	106
22	Bank Products & Services	3	101
<b>IT Training:</b>			
23	Core Banking Software [CBS] -- Retail Module i.e. Cash Module	6	116
24	Core Banking Software [CBS] -- Lending/BG Module	4	110
25	Core Banking Software [CBS] -- Trade Module	4	112
26	Core Banking Software [CBS] -- GB Module	16	362
27	UBS -- BM [Overall]	1	17
28	Integrated Supervision System	1	72
29	System Audit & ICT Security Policy Awareness in Bank [Branch System Administration]	1	40
30	Cyber Security	1	24



# MANAGEMENT DISCUSSION & ANALYSIS

Continued

Sl.	Training Course , Workshop & Executive Development Programme	Frequency of Programmes	Number of Participants
<b>Malpractice Handling:</b>			
31	Malpractices in Banks -- General Banking	2	87
32	Malpractices in Banks --Cash Management	2	84
<b>Sales and Negotiation Skill:</b>			
33	Science & Art of Corporate Sales: Key Account Management & Relationship Selling	2	69
<b>On Call Training Workshop/Executive Development Programme/Training Course in 2018:</b>			
34	Foundation Training	5	197
35	Orientation for Newly Recruited MTOs/ TOs/TCOs/TAOs/TACOs	6	254
36	Operating Procedure Various Bond	4	143
37	Microsoft Excel 2016 -- Basic	3	61
38	Microsoft Excel 2016 -- Advance	3	61
39	UBS: New Chart of Accounts & Balance Sheet	3	62
40	Tuition Fees Payment Solution -- Branch Module	1	22
41	International Trade Facilitation	1	45
42	The Artha Rin Adalat Ain 2003, NI Act 1881 & Related Banking Laws	1	45
43	MSME & Agricultural Business	1	46
44	Verification & Security of Cheque	2	100
45	Awareness Workshop on Diet & Nutritional Health for Female Professionals	1	50
46	Study Tour	1	29
47	Awareness Workshop on Healthy Heart, Healthy Life	1	40
48	Presentation Skill	1	29
49	Refresher's Training	1	26
	<b>Total</b>	<b>120</b>	<b>4,280</b>

## Other Initiatives

Dhaka Bank Training Institute has been relentlessly working for both personal and professional development of our Human Resources. DBTI assists people to enhance their efficiency and effectiveness at respective Workstations; and offers regular Foundation Course to Freshers.



Our newly recruited Officials at an **Orientation Programme** with MD & CEO and Senior Executives

## Communications & Branding

No matter what industry or if a company provides a specific product, service, software, etc. branding will play a huge role in growing the business. Brands can have a powerful influence on Customer engagement and the management of a company. The pivotal point of brand management is trust. Without it, the brand promise is broken. Consumers generally believe they can trust a brand to meet most of the elements of the brand promise.

On the contrary, Public relations are increasingly about communicating credibly with key audiences who affect business results, such as media analysts, policymakers and policy influencers, Customers and Shareholders. It is an important element in supporting the power and value of an organization's brands to all stakeholders. All the elements of corporate brand, from tone and personality, functional and emotional benefits, core message and end goal, to its reputation – if fully leveraged with internal and external audiences – can help raise performance and credibility. Enhancing the awareness understanding and commitment to a brand through public relations is usually an essential part of any overall strategy aimed at sustaining and raising standards of performance and credibility.

Based on these core understanding, Communications and Branding Division was formed to uphold the face of the Bank. Since inception, this division has been dealing with both the externals and internals which include Customers, Shareholders, Regulatory bodies and also the Employees. The core functions of this division include brand management, advertising, public relations, event management, media planning and buying, activation, campaign management, digital/social media management and also implementing company decisions/directions related to Corporate Social Responsibility (CSR).

## Key Performance Highlights

### Major Sponsorship Events

- 4<sup>th</sup> Dhaka International Folk Fest 2018
- 4<sup>th</sup> Dhaka Bank Golf Tournament at AGC 2018
- Celebration of Grand Mejban at Ultra Club
- Sheikh Kamal International Club Cup - 2018

### Major Celebration with Clients

- 23<sup>rd</sup> Anniversary of the Bank
- Celebration of Bengali New Year 1425
- Eid-UI-Fitre 2018
- New Year Calendar 2018

### Launching and Repackaging Products

- Launching of premium credit card brands namely, Roads of Silk (Platinum and Signature Card)
- Launch and Activation Campaign for Bank to bKash Money Transfer Service
- Media Launch for Contactless Cards (Near Field Communication/NFC)
- Media Launch for Two Factor Authentication Service (One Time Password/OTP) for online purchase
- Other co-branded service/campaign launches

# MANAGEMENT DISCUSSION & ANALYSIS

Continued

## Major CSR Events

- Financial assistance towards Bangladesh Women National Football Teams (BFF)
- Distributed Blankets to poor and distressed People in different parts of Bangladesh
- Donation towards Prime Minister's Relief Fund
- Donation towards Holy Family Red Crescent Medical College Hospital
- Donation towards BIRDEM Hospital
- Financial assistance towards Center for Women & Child Health
- Donation towards Ministry of Art & Culture

## Major Programmed Events

- Town Hall Meeting 2018
- Grand opening of 100th Branch of the Bank
- 23<sup>rd</sup> Annual General Meeting 2018
- 23<sup>rd</sup> Anniversary of the Bank

## Media Channel Utilization

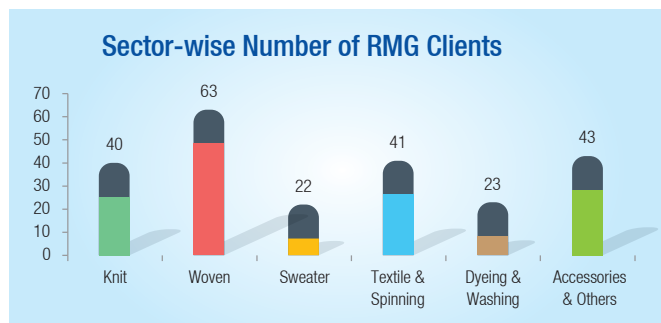
- Television (Program Sponsorship)
- Newspaper (Advertisement and Articles)
- Magazine (Advertisement and Articles)
- Out-Of-Home (Billboard, Hording, Airport Counter, Beautification Projects, etc.)
- Online Newspaper (Advertisement and Articles)
- Social Media (Facebook, Instagram, YouTube, LinkedIn and Google Ad Network) - Viral Marketing (#tag)

## RMG Financing:

Bangladesh is one of the largest apparel exporters in the world. In the 1980s, about 50 factories were involved in manufacturing of readymade garments, while the number is now estimated to hover around 4,365 (Source: BGMEA). The RMG Industry is now the lifeline to Bangladesh economy. In FY2016-17, overall national export was US\$34.84 billion and RMG export was US\$28.15 billion (Source: EPB). Around 80 per cent (Source: EPB) of the country's export earnings come from RMG. Production of Ready Made Garment is also crucial to our economy, as the sector is creating largest job opportunities for women, and the largest source of foreign currency. International brands appreciate Bangladesh as a sourcing location because of reliable production quality, fast times and low costs. In Banking, RMG clients are major source of fee based income.

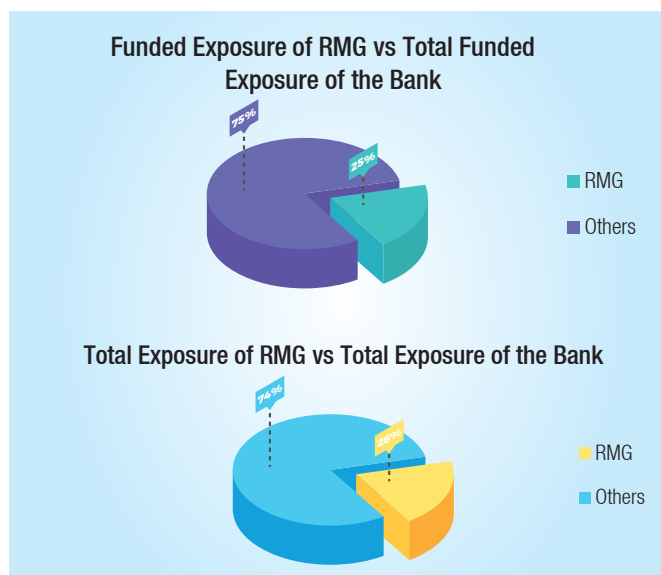
In Dhaka Bank, we are engaged in financing RMG clients since the inception of the bank. In 2013, separate RMG & Allied Unit was formed to serve the RMG concerns. In 2017, the unit was converted into RMG Division to ensure better service to the RMG clients as well as to ensure proper monitoring and control.

Total number of clients of Dhaka Bank Ltd. involved in direct & deemed export of RMG were 232 by the end of December 2018, of which, 15 new clients have been included in RMG portfolio during 2018. Clients involved in direct export were 125 (Knit: 40, Woven: 63 & Sweater: 22) & deemed exported 107 (consists of accessories, spinning, interlining, fabrics, textile, dyeing, printing etc.).



Total export reflected by RMG concerns of Dhaka Bank Ltd. was US\$ 1,489.92 million (~ Tk. 125,167.80 million) in 2018, that was 96.28% of yearly export target of 2018 & showing ~ 21.50% growth from total export of previous year.

Total funded exposure of RMG concerns as on 31.12.2018 was Tk. 44,626.20 million, representing ~ 24.69% of the Bank's total funded exposure (Showing 18.04% growth from last year). Total non funded exposure as on 31.12.2018 was Tk. 32,052.50 million, representing ~ 27.09% of the Bank's total non funded exposure (showing ~ 17.65% growth from last year). Total funded & non funded exposure as on 31.12.2018 was Tk. 76,678.70 million, Representing ~25.64% of the Bank's total exposure (showing ~17.88% growth from last year).



# RISK MANAGEMENT

**R**isk and convenience are always inversely proportionate. Making perfect balance between these two aspects is a classical predicament to successful growth of business. We focus on transparency of contracts between parties, accountability to stakeholders and proper mix of assets and liabilities to make sure risk is duly addressed and effectively minimized.



# RISK MANAGEMENT

## Risk

A probability or threat of damage, injury, liability, loss, or any other negative occurrence that is caused by external or internal vulnerabilities, and that may be avoided through preemptive action.

The probability that an actual return on an investment will be lower than the expected return. Financial risk is divided into the following categories: Basic risk, Capital risk, Country risk, Default risk, Delivery risk, Economic risk, Exchange rate risk, Interest rate risk, Liquidity risk, Operations risk, Payment system risk, Political risk, Refinancing risk, Reinvestment risk, Settlement risk, Sovereign risk, and underwriting risk.

Risk is inherent in every walk of life. We cannot avoid risk, rather we may optimize risk. Every investment has got a potential of reward as well as a threat for risk. Risk and return are related to one another. The more the risk is, the more will be the return. But there remains some limit of risk taking. If risk is beyond some tolerable level the existence of the institution will be at stake. As such risks should be taken according to the strength of the entity.

### Risk and Banking:

Banks deal with public money in the form of capital as well as deposit. As such, the businesses the Banks are involved in, are done in a very calculative way. Requirement for making balance in the risk return trade-off is of utmost importance. This needs to be looked into with prudence from the various viewpoints like: type and degree of uncertainty, impact and its nature, degree of severity etc. In financial sector, risk can be viewed as the financial risk and is measured by the amount of money involved. Since the financial sector plays a very pivotal role for development of the economy and deals with public money, it is required to follow stringent regulations. As such the Banks are to avoid extreme risks, and accordingly the requirement of risk management becomes inevitable.

Risk, according to the modern view in a positive approach, is called the opportunity of gaining something against a tolerable and optimum amount of threat to the position.

### Risk Management in Banking

Not only the Banks, but also the business units of the economies have been managing the risks of their business for their own benefits. But presently, for Banks, the risk management has got a structured form, which started basically with the introduction of Basel Accord by the Basel Committee for Banking Supervision (BCBS). The Basel III framework is a central element of the Basel Committee's response to the global financial crisis. It addresses a number of shortcomings in the pre-crisis Regulatory framework and provides a foundation for a resilient Banking system that will help avoid the build-up of systemic vulnerabilities. The framework will allow the Banking system to support the real economy through the economic cycle.

### Focus on risk-weighted assets

Banks fund their investments with capital and debt, such as Customer deposits. Capital can absorb losses in a way that reduces the likelihood of a bank failing and the impact if it does. Regulatory capital consists of:

- **Common Equity Tier 1** – common shares, retained earnings and other reserves.
- **Additional Tier 1** – capital instruments with no fixed maturity.
- **Tier 2** – subordinated debt and general loan-loss reserves.

Banks with more Regulatory capital are better able to fund lending growth.

The capital ratio is the amount of Regulatory capital divided by the amount of risk-weighted assets. The greater the amount of risk-weighted assets, the more capital is needed, and vice versa.

$$\text{Risk-based capital ratio} = \frac{\text{Regulatory capital}}{\text{Risk Weighted Assets}}$$



- A bank's assets typically include cash, securities and loans made to individuals, businesses, other Banks, and governments. Each type of asset has different risk characteristics. A risk weight is assigned to each type of asset, as an indication of how risky it is for the bank to hold the asset.
- To work out how much capital Banks should maintain to guard against unexpected losses, the value of the asset (ie the exposure) is multiplied by the relevant risk weight. Banks need less capital to cover exposures to safer assets and more capital to cover riskier exposures.

### Risk Management of Dhaka Bank Limited

Dhaka Bank Limited has established Risk Management Division (RMD), complying the direction of Bangladesh Bank (DOS(RMSS)/1154/1/2013 -61, dated 24-01-2013), integrating the Existing 'Risk Management Unit' and 'Basel Implementation Unit' for strengthening risk management activities of the bank with effect from February 26, 2013. RMD looks after effectiveness of the Core Risks Management of the Bank and also ensure the capital management of the Bank under Basel Accords together with the directives of Bangladesh Bank from time to time.

### Risk management Framework

Risk Management is an integrated, bird's eye view approach for consolidating all individual risk management functions. It adopts/ formulates contemporary risk management methods to identify, measure monitor and control risks throughout the Banking organization. The objectives of Risk Management are to ensure:

- The individuals who take and manage the risks clearly understand the same
- Risk taking decisions are explicit and clear
- The organization's risk exposure is within the respective limits.
- Decisions relating to risk are in line with the business strategy and objectives.
- The expected payoffs compensate for the risks taken and
- Adequate capital to support the Risk

Board Risk Management Committee	Strategic Level
Executive Risk Management Committee	Managerial Level
Sub Risk Committee	Pre managerial level
Business Units	Operational level

# RISK MANAGEMENT

Continued

## Board Risk Management Committee

Bangladesh Bank vide their BRPD Circular No. 11 dated October 27, 2013 made formation of a sub-committee of the Board naming "Risk Management Committee" to play an effective role in mitigating impending risks arising out from strategies and policies formulated by the Board and to carry out the responsibilities efficiently. Subsequently, Bangladesh Bank, vide their DOS Circular No. 04 dated October 08, 2018 renamed the committee as Board Risk Management Committee.

### Organizational Structure of the Board Risk management Committee:

1. Members of the committee will be nominated by the board of directors from themselves;
2. The Board Risk Management Committee will comprise of maximum 05 (five) members;
3. Members may be appointed for a 03 (three) year term of office;
4. Company secretary of the bank will be the secretary of the Risk Management Committee.

Accordingly the Risk Management Committee of the Board had been formed and subsequently reconstituted as per the following structure:

Presently the Chief Risk Officer (CRO) of the Bank is Mr. A K M Shah Nawaj, Deputy Managing Director of the Bank. RMD is working as secretary of Executive Risk Management Committee (which comprised of heads of all core risk owners) of the bank. Members (by designation) of Executive Risk Management Committee are as given below:

### Executive Risk Management Committee (Previously known as All Risk Committee)

Sl.	Functional Designation	Name of the Employee	Designation	Position in the Committee
1.	CRO, the Chairman of ERM	Mr. A K M Shah Nawaj	Deputy Managing Director and Chief Risk Officer	Chairman
2.	Head of ICT	Mr. A M M Moyeen Uddin	SEVP & Head of ICT	Member
3.	CFO	Mr. Mohammad Masud Rana FCA	SEVP & CFO	Member
4.	Head of ICC	Mr. S. M. Abdullah Hil Kafi	SEVP & Head of ICC Division	Member
5.	Head of Operations	Mr. Syed Sazzad Haider Chowdhury	EVP & Head of Operations	Member
6.	Member Secretary of ERM	Mr. Manik Lal Biswas	EVP & Deputy CRO and Member Secretary of ERM	Member Secretary
7.	Head of CRM	Mr. Md. Abdul Matin	EVP & Head, CRM Division	Member
8.	Head of AML	Mr. Md. Fakhru Islam	EVP & Head, AML & CFT	Member
9.	Head of Recovery (SAMD)	Mr. A.T.M. Monzurul Hoque	SVP & Head of SAMD & LAD	Member
10.	Head of CAD (CPC)	Mr. Mir Saidul Islam	SVP & Head of CPC Credit	Member
11.	Head of Business (Corporate)	Mr. Khan Md. Moshir Rahman	SVP, Corporate Division	Member
12.	Head of Treasury	Mr. K. M. Faisal Faruqui	VP & Head, Treasury Division and FX	Member
13.	Head of ID	Mr. S. M. Mahbul Alam	VP & In-charge of International Division	Member

Sl.	Name of the Directors	Status
01.	Mr. Khondoker Monir Uddin, Director	Chairman
02.	Mr. Reshadur Rahman, Chairman	Member
03.	Mrs. Rokshana Zaman, Director	Member
04.	Mr. Amanullah Sarker, Director	Member
05.	Mr. M. A. Yussouf Khan, Independent Director	Member

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

# RISK MANAGEMENT

Continued

## Reporting by Risk Management Division:

In compliance with Bangladesh Bank directives, Risk Management Division conducted the following reporting and takes actions accordingly:

Sl.	Deliverables	Format/Method	Compliance Status	Remarks
1.	Risk Management Paper	Bangladesh Bank Guideline	Complied	Monthly reporting to Bangladesh Bank.
2.	Stress Testing Report	Bangladesh Bank Guideline	Complied	Stress Testing Report is submitted on a quarterly basis starting from June 2010.
3.	Comprehensive Risk Management Report	Bangladesh Bank Guideline	Complied	Half-yearly reporting to Bangladesh Bank.

## Different stakeholders of the organization and their focused issues:

Shareholders	Employees	Regulators	Community	Customers	Rating Agencies
<ul style="list-style-type: none"> <li>• Profitability</li> <li>• Earning growth</li> <li>• Dividends</li> <li>• Wealth maximization</li> </ul>	<ul style="list-style-type: none"> <li>• Compensation</li> <li>• Professional growth</li> <li>• Reputation</li> <li>• values</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Strength</li> <li>• Asset Quality</li> <li>• Regulatory compliance</li> <li>• Liquidity</li> <li>• Capital Adequacy</li> <li>• Role for economy</li> </ul>	<ul style="list-style-type: none"> <li>• CSR</li> <li>• Community Reinvestment</li> <li>• Leadership involvement</li> </ul>	<ul style="list-style-type: none"> <li>• Service Quality</li> <li>• Competitive pricing</li> <li>• Reputation</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Strength</li> <li>• Asset quality</li> <li>• Liquidity</li> <li>• Capital Adequacy</li> </ul>

## Risk Management Paper

Risk Management Paper (RMP) consisting of various data related to Credit Risk, Market Risk, Liquidity Risk and Operational Risk from all related divisions are presented in the monthly meeting of Executive Risk Management Committee and Sub-risk Committee conducted under the supervision of Risk Management Division (RMD).

Credit risk under RMP covers the sector concentration of the portfolio, area concentration, classification, recovery, provisioning, top 20 defaulters, collateral, fund diversion etc. Market Risk covers the Interest Rate Risk, Foreign Exchange Risk, and Equity Risk. Liquidity Risk covers Statutory Liquidity Requirement (SLR), Cash Reserve Ratio (CRR), Advance Deposit Ratio (ADR) etc. Operational Risk covers internal fraud, external fraud, evaluation of core risk management etc.

The RMP is submitted to the Risk Management Committee of the Board and the decisions are communicated to relevant divisions of the bank for implementation. The report is submitted to Bangladesh Bank on monthly basis.

## Comprehensive Risk Management Report (CRMR)

Bangladesh Bank also determines the status of risk management of the bank on the basis of RMP and half yearly **Comprehensive Risk Management Report** provides Risk Management rating semiannually which is ultimately considered for the CAMELS rating of the Bank. The report consists of different risk related information and indicators a few of which are furnished below:

## Credit Risks

Credit risk is most simply defined as the potential that a bank borrower or counterparty will fail to meet its obligations in accordance with agreed terms. The goal of credit risk management is to maximize a bank's risk-adjusted rate of return by maintaining credit risk exposure within acceptable parameters. Banks need to manage the credit risk inherent in the entire portfolio as well as the risk in individual credits or transactions. Banks should also consider the relationships between credit risk and other risks. The effective management of credit risk is a critical component of a comprehensive approach to risk management and essential to the long-term success of any Banking organization.

For most Banks, loans are the largest and most obvious source of credit risk; however, other sources of credit risk exist throughout the activities of a bank, including in the Banking book and in the trading book, and both on and off the balance sheet. Banks are increasingly facing credit risk (or counterparty risk) in various financial instruments other than loans, including acceptances, interbank transactions, trade financing, foreign exchange transactions, financial futures, swaps, bonds, equities, options, and in the extension of commitments and guarantees, and the settlement of transactions.

Since exposure to credit risk continues to be the leading source of problems in Banks world-wide, Banks should be able to draw useful lessons from past experiences. Banks should now have a keen awareness of the need to identify, measure, monitor and control credit risk as well as to determine that they hold adequate capital against these risks and that they are adequately compensated for risks incurred.

# RISK MANAGEMENT

Continued

The credit risk management approach used is to be sufficient for the lending activities and sufficient risk-return discipline is to be instilled in the credit risk management processes.

## Portfolio risk analysis

(BDT in crore)

Sl.	Loan portfolio	December 2018		December 2017	
		Amount	Percentage	Amount	Percentage
<b>A</b>	<b>Agriculture, Fishing, and Forestry</b>	<b>253.48</b>	<b>1.40%</b>	<b>196.20</b>	<b>1.27%</b>
<b>B</b>	<b>Industry (a+b)</b>	<b>12,217.34</b>	<b>67.64%</b>	<b>9,850.61</b>	<b>63.96%</b>
	(i) Secured by eligible securities	6,804.71	37.67%	4,835.88	31.40%
	(ii) Secured by other than eligible securities	5,412.63	29.97%	5,014.73	32.56%
	<b>Nature of Industry loan</b>	<b>12,217.34</b>	<b>67.64%</b>	<b>9,850.61</b>	<b>63.96%</b>
	a) Term loans	5,453.78	30.19%	4,124.58	26.78%
	b) Working capital loans	6,763.55	37.45%	5,726.04	37.18%
	<b>*Scale-wise distribution of industry portfolio (1+2+3)</b>	<b>12,217.34</b>	<b>67.64%</b>	<b>9,850.61</b>	<b>63.96%</b>
	1. Large Industries	9,971.12	55.20%	8,290.03	53.83%
	2. Small, medium, cottage & micro industries	1,169.68	6.48%	929.49	6.03%
	3. Service industries	1,076.54	5.96%	631.10	4.10%
<b>C</b>	<b>Trade &amp; Commerce:</b>	<b>2,625.24</b>	<b>14.53%</b>	<b>2,271.83</b>	<b>14.75%</b>
	(i) Secured by eligible securities	1,737.92	9.62%	1,522.67	9.89%
	(ii) Secured by other than eligible securities	887.32	4.91%	749.16	4.86%
	<b>a) Retail Trading</b>	<b>488.84</b>	<b>2.71%</b>	<b>429.51</b>	<b>2.79%</b>
	<b>b) Wholesale Trading</b>	<b>813.01</b>	<b>4.50%</b>	<b>777.62</b>	<b>5.05%</b>
	<b>c) Export Financing</b>	<b>504.25</b>	<b>2.79%</b>	<b>217.47</b>	<b>1.41%</b>
	<b>d) Import Financing</b>	<b>737.77</b>	<b>4.08%</b>	<b>679.54</b>	<b>4.41%</b>
	<b>e) Lease Finance</b>	-	0.00%	-	0.00%
	<b>f) Others</b>	<b>81.37</b>	<b>0.45%</b>	<b>167.70</b>	<b>1.09%</b>
<b>D</b>	<b>Construction (commercial real estate, construction and land development loans):</b>	<b>1,760.90</b>	<b>9.75%</b>	<b>1,820.76</b>	<b>11.82%</b>
	(i) Secured by eligible securities	1,289.95	7.14%	1,466.82	9.52%
	(ii) Secured by other than eligible securities	470.95	2.61%	353.94	2.30%
	<b>a) Residential Real estate</b>	<b>1,097.51</b>	<b>6.08%</b>	<b>8.58</b>	<b>0.06%</b>
	<b>b) Commercial Real estate</b>	<b>194.72</b>	<b>1.08%</b>	<b>486.73</b>	<b>3.16%</b>
	<b>c) Infrastructure development</b>	<b>434.98</b>	<b>2.41%</b>	<b>1,213.23</b>	<b>7.88%</b>
	<b>d) Others</b>	<b>33.68</b>	<b>0.19%</b>	<b>112.21</b>	<b>0.73%</b>
<b>E</b>	<b>Transport:</b>	<b>274.99</b>	<b>1.52%</b>	<b>307.29</b>	<b>2.00%</b>
	a) Road Transport	221.32	1.23%	135.08	0.88%
	b) Water Transport	45.24	0.25%	157.82	1.02%
	c) Air Transport	8.43	0.05%	14.39	0.09%

(BDT in crore)

Sl.	Loan portfolio	December 2018		December 2017	
		Amount	Percentage	Amount	Percentage
<b>F</b>	<b>Consumer financing</b>	<b>591.12</b>	<b>3.27%</b>	<b>582.82</b>	<b>3.78%</b>
	a) Loans for the purchase of flats or other single-family dwellings	246.23	1.36%	128.41	0.83%
	b) Loans for the purchase of motorized personal transport	66.90	0.37%	88.49	0.57%
	c) Loans for the purchase of durable consumption goods	151.09	0.84%	63.71	0.41%
	d) Credit card loans	84.60	0.47%	35.07	0.23%
	e) Other personal loans	42.29	0.23%	267.14	1.73%
<b>G</b>	<b>Loans to financial institutions</b>	<b>308.08</b>	<b>1.71%</b>	<b>360.58</b>	<b>2.34%</b>
	1) Loans to NBFIs	32.24	0.18%	86.71	0.56%
	2) Loans to insurance companies	0.01	0.00%	-	0.00%
	3) Loans to merchant Banks and brokerage houses	243.77	1.35%	248.51	1.61%
	4) Other, including loans to microfinance institutions and NGOs	32.07	0.18%	25.36	0.16%
<b>H</b>	<b>Miscellaneous</b>	<b>31.42</b>	<b>0.17%</b>	<b>11.61</b>	<b>0.08%</b>
	<b>Total loans &amp; Advances:</b>	<b>18,062.57</b>	<b>100.00%</b>	<b>15,401.70</b>	<b>100.00%</b>

## Loan Portfolio 2018 (Amount in Crore)





# RISK MANAGEMENT

Continued

The credit risk management approach used is to be sufficient for the lending activities and sufficient risk-return discipline is to be instilled in the credit risk management processes.

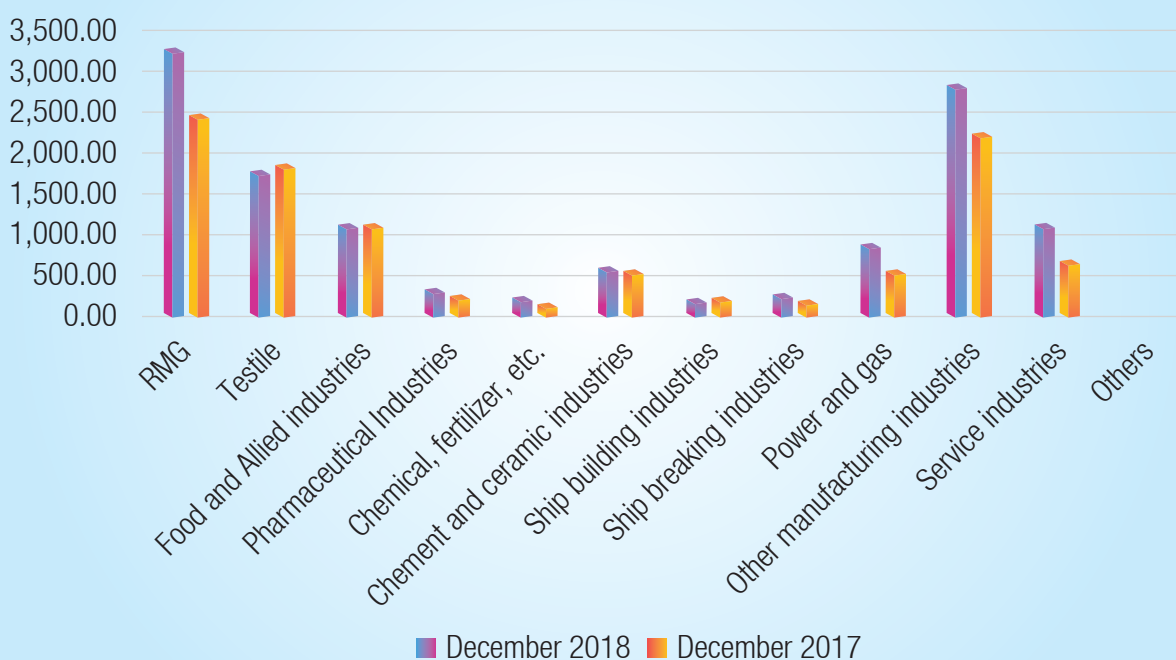
## Portfolio risk analysis

(BDT in crore)

Sl.	Loan portfolio	December 2018		December 2017	
		Amount	% of total Loans	Amount	% of total Loans
1	RMG	3,250.39	18.00%	2,426.82	15.76%
2	Textile	1,740.31	9.63%	1,818.73	11.81%
3	Food and allied industries	1,079.14	5.97%	1,080.22	7.01%
4	Pharmaceutical industries	284.10	1.57%	209.60	1.36%
5	Chemical, fertilizer, etc.	190.45	1.05%	104.70	0.68%
6	Cement and ceramic industries	562.41	3.11%	519.22	3.37%
7	Ship building industries	167.03	0.92%	186.58	1.21%
8	Ship breaking industries	232.86	1.29%	146.72	0.95%
9	Power and gas	833.27	4.61%	525.77	3.41%
10	Other manufacturing or extractive industries	2,800.84	15.51%	2,201.17	14.29%
11	Service industries	1,076.54	5.96%	631.10	4.10%
	<b>Total</b>	<b>12,217.34</b>	<b>67.62%</b>	<b>9,850.61</b>	<b>63.96%*</b>

\* Total industrial loan is shown as percentage of total loans and advances

### Loans to Industries 2018 (Amount in Crore)



# RISK MANAGEMENT

Continued

Geographical Concentration: (based on the location of factory/fund use)

(BDT in crore)

Name of Area	December 2018		December 2017	
	Outstanding	% of total loans	Outstanding	% of total loans
Dhaka	13,598.77	75.29%	11,330.54	73.57%
Chittagong	3,165.35	17.52%	2,862.18	18.58%
Rajshahi	367.11	2.03%	236.07	1.53%
Sylhet	262.07	1.45%	213.87	1.39%
Khulna	328.48	1.82%	344.32	2.24%
Rangpur	173.16	0.96%	280.92	1.82%
Barisal	64.29	0.36%	71.39	0.46%
Mymensingh	103.34	0.57%	62.41	0.41%
<b>Total</b>	<b>18,062.57</b>	<b>100%</b>	<b>15,401.70</b>	<b>100%</b>

Top-20 borrower's loan concentration (as of 31.12.2018)

(BDT in crore)

SL No.	Name of Borrowers	Outstanding			Limit		
		Funded	Non-funded	Total (F+NF)	Funded	Non-funded	Total
1	KARNAFULY GROUP	176.19	479.21	655.40	311.89	506.59	748.48
2	BSRM GROUP	125.40	475.18	600.59	228.63	660.00	688.63
3	T.K. GROUP	268.91	292.34	561.25	342.55	411.66	558.66
4	BANGLA TRAC	350.27	210.08	560.35	387.13	282.30	590.86
5	ARMANA GROUP	263.44	276.82	540.25	271.55	663.49	851.24
6	RING SHINE GROUP	262.11	259.70	521.81	267.04	314.05	555.04
7	KABIR GROUP	143.76	375.35	519.10	375.71	485.07	660.79
8	PRAN-RFL GROUP	281.73	119.58	401.30	319.01	243.00	510.01
9	SPECTRA GROUP	62.54	336.08	398.62	336.99	374.33	696.32
10	AMBER-PARTEX GROUP	351.69	17.28	368.97	342.78	260.30	516.08
11	UNION GROUP	217.98	101.69	319.68	315.18	335.41	531.56
12	BASHUNDHARA GROUP	198.45	108.08	306.53	216.48	180.00	396.48
13	UNITED GROUP	29.66	274.48	304.14	191.65	553.94	701.34
14	CONFIDENCE GROUP	95.74	207.87	303.61	184.00	350.93	494.93
15	ERECTORS GROUP	213.16	85.75	298.91	227.34	137.50	358.14
16	NOMAN GROUP	180.53	103.99	284.52	180.57	150.00	330.57
17	RANGS GROUP	231.67	49.15	280.83	329.67	271.49	460.61
18	HABIB GROUP	206.68	68.32	275.00	202.49	140.00	292.49
19	KDS GROUP	123.62	141.77	265.39	185.08	311.27	392.98
20	ABUL KHAIR GROUP	139.48	117.41	256.89	280.00	530.00	610.00
	<b>Total</b>	<b>3,854.24</b>	<b>4,112.28</b>	<b>7,966.51</b>	<b>5,394.36</b>	<b>7,067.07</b>	<b>10,859.57</b>

# RISK MANAGEMENT

Continued

**T.K. GROUP:** Group Limit exceeded due to charging quarterly interest. The client adjusted Tk. 21.00 Crore on 06.01.2019. As such the group Outstanding is within the group limit.

**AMBER-PARTEX GROUP:** Group Limit exceeded due to charging quarterly interest. The client adjusted the excess amount in January, 2019. As such the group Outstanding is within the group limit.

**HABIB GROUP:** Funded Limit exceeded due to charging quarterly interest. The group outstanding as on 20.01.2019 is within the group limit.

## Overall Large Loan concentration

(BDT in crore)

Sl. No.	Particulars	Dec, 2018	Dec, 2017
01.	No. of group enjoying large loans	46	53
02.	Outstanding amount of Large Loans (funded + non-funded)	12,563.48	10,807.60
03.	Total loans and advances for determining large loan ceiling Percentage (Total funded+50% of total non-funded loans)	23,978.40	19,894.88
04.	Aggregate ratio of large loan to total loans & advances	52.39%	54.32%

## Off-Balance sheet exposure concentration:

(BDT in crore)

Particulars	December 2018	% of total non-funded	December 2017	% of total non-funded
<b>Contingent liabilities:</b>				
LC	3,111.87	22.74%	2,708.55	27.60%
Acceptance	4,748.88	34.70%	3,286.81	33.50%
Bank Guarantee	3,951.41	28.87%	2,308.31	23.52%
Stand by LC	0.00	0.00%		
<b>a) Total contingent liabilities</b>	<b>11,812.16</b>	<b>86.30%</b>	<b>8,303.67</b>	<b>84.63%</b>
	0.00	0.00%		
Bills for Collections:	1,241.68	9.07%	1,159.15	11.81%
Other commitments:	633.30	4.63%	349.39	3.56%
<b>b) Total other commitments</b>	<b>1,874.98</b>	<b>13.70%</b>	<b>1,508.54</b>	<b>15.37%</b>
Grant total of Off-balance sheet exposure (a+b)	13,687.14	100.00%	9,812.22	100.00%

## Asset Quality

### Non-performing loans (NPL)

(BDT in crore)

Sl. No.	Status of classifications	December 2018	December 2017
1	SMA	710.96	279.43
2	% of Total Loan (1/7)	3.94%	1.81%
3	SS	118.52	32.15
4	DF	51.78	180.98
5	Bad and Loss	730.59	707.75
<b>6</b>	<b>Total CL(3+4+5)</b>	<b>900.90</b>	<b>920.88</b>
7	Total loans and advances	18,062.57	15,401.70
<b>8</b>	<b>NPL Ratio (6/7)</b>	<b>4.99%</b>	<b>5.98%</b>
9	Cash recovery against classified loans	313.23	279.16

# RISK MANAGEMENT

Continued

## Provision maintenance

(BDT in crore)

Sl. No.	Particulars	December 2018	December 2017
1	Required provision against loans and advances	888.76	777.95
2	Required provision against OBS	118.12	83.04
3	Total required provision (1+2)	1,006.88	860.99
4	Provision maintained	1,006.88	860.99
5	Surplus/deficit	-	-
6	Provision maintenance ratio (4/3)	100%	100%

\* Note: There is a provision shortfall as mentioned in the FS note number 7.11 A.

## Credit Rating status

(BDT in crore)

Sl. No.	Particulars	December 2018	December 2017
1	Total no. of Customer/entity	16,490	17,106
2	Total loans and advances	18,062.57	15,401.70
3	No. of Customer/entity eligible for rating	1341	1,276
4	Amount of loans eligible for rating (Funded)	16,453.44	13,379.73
5	No of Customer/entity rated by the external credit rating agency	969	917
6	Amount of rated loans (Funded)	13,941.44	11,089.10
7	% of rated loans to total eligible loans for rating (7= 6/4 x 100)	84.73%	82.88%
8	Unrated no of Customer/entity eligible for rating	372	359
9	Amount of unrated loans eligible for rating (Funded)	2,512.01	2,290.63
10	No of Customer/entity whose credit ratings deteriorated	16	11
11	Outstanding	107.24	45.32

## Capital Management

(BDT in crore)

Particulars	December 2018	December 2017
Total Assets (on and off-balance sheet)	41,084.75	31,248.97
<b>RWA</b>		
Credit risk	19,505.35	16,687.48
Market risk	88.98	370.17
Operational risk	1,429.70	1,237.70
Total RWA	21,024.03	18,295.35
Required capital	2,496.60	2,058.23
Capital maintained	2,909.46	2,188.43
Tier 1 (after all deductions)	1,540.29	1,453.96
Tier 2 (after all deductions)	1,369.16	734.47
Capital surplus/(shortfall)	412.85	130.20
<b>CRAR:</b>		
On Tier 1 capital	7.33%	7.95%
On total capital	13.84%	11.96%
Causes for changes of RWA (if increases)	Due to Increase of Investment	Due to Increase of Investment

## Liquidity Risks

Liquidity is the ability of a bank to fund increases in assets and meet obligations as they come due, without incurring unacceptable losses. The fundamental role of Banks in the maturity transformation of short-term deposits into long-term loans makes Banks inherently vulnerable to liquidity risk, both of an institution-specific nature and that which affects markets as a whole. Virtually every financial transaction or commitment has implications for a bank's liquidity. Effective liquidity risk management helps ensure a bank's ability to meet cash flow obligations, which are uncertain as they are affected by external events and other agents' behavior. Liquidity risk management is of paramount importance because a liquidity shortfall at a single institution can have system-wide repercussions. Financial market developments in the past decade have increased the complexity of liquidity risk and its management.

### Statutory Liquidity Requirement (SLR)

(Amount in Crore)

Particulars	December- 2018	December- 2017
Total time and demand liabilities	18,567.85	16,580.30
Required SLR	2,413.82	2,109.18
Maintained SLR	2,524.86	2,200.14
Excess/Shortfall	111.04	90.96
Shortfall in any day during the year	-	-
Mention if any penalty interest or fine imposed by the Regulatory body during the year	-	-

### Cash Reserve Ratio (CRR)

(Amount in Crore)

Particulars	December- 2018	December- 2017
Total time and demand liabilities	18,567.85	16,580.30
Required CRR	1,021.23	1,077.71
Maintained CRR	1,073.62	1,116.36
Excess/Shortfall	52.39	38.65
Shortfall in any day during the half-year	--	-
Mention if any penalty interest or fine imposed by the Regulatory body during the half-year	--	1.65*

\*Bangladesh Bank debited Dhaka Bank account with them by Taka 16,485,124.59 as penal interest due to shortfall in maintaining CRR at different dates (July 2016 to January 2017), which have been effected in May 2017.

### Advance Deposit Ratio/Credit Deposit Ratio

(Amount in Crore)

Particulars	December- 2018	December- 2017
Deposit Excluding Interbank	18,288.85	16,720.92
Interbank borrowing	1,219.22	709.66
Interbank Deposit Surplus	(73.65)	(142.64)
Credit excluding Interbank	18,062.57	15,401.70
Credit/Advance Deposit Ratio	82.79%	82.64%
Deposit Growth	15.97%	7.79%
Credit Growth	17.28%	14.36%

## Liquidity stress test

Banks' liquidity position (whether the bank is liquid or not) if a certain percentage point of liquid asset is withdrawn over average withdrawal for a consecutive 5 days.

Particulars	Liquidity as per Stress Testing of quarter as ended on December 31, 2018		
	Minor	Moderate	Major
Withdrawn per day (%)	2	4	6
Day 1	Liquid	Liquid	Liquid
Day 2	Liquid	Liquid	Liquid
Day 3	Liquid	Liquid	Liquid
Day 4	Liquid	Liquid	Liquid
Day 5	Liquid	Liquid	Liquid

## Liquidity Coverage Ratio (LCR):

Particulars	Regulatory standard	December 2018	December 2017
Stock of high quality liquid assets		3,757.24	3,308.00
Net cash outflow over a 30 days period		3,713.42	3,306.02
Liquidity Coverage Ratio (LCR)	≥ 100%	101.18%	100.06%

## Net Stable Funding Ratio (NSFR):

Particulars	Regulatory standard	December 2018	December 2017
Available amount of stable funding		20,812.54	17,239.50
Required amount of stable funding		20,205.07	16,980.67
Net Stable Funding Ratio (NSFR)	> 100%	103.01%	101.52%

## Risk culture

Dhaka Bank pleased to announce the launch of 'Risk Register' to identify any type of risks that is related to our industry. Our objective is to identify the Enterprise Risk and build a risk identifying culture to all Employees of the bank through the register that encourages the following behaviours and outcomes:

- An enterprise level ability to identify and assess current and future risks, openly discuss these and take prompt actions
- The highest level of integrity by being transparent and proactive in disclosing and managing all types of risks
- A constructive and collaborative approach in providing oversight and challenge, and taking decisions in a timely manner
- Everyone to be accountable for their decisions and feel safe using their judgement to make these considered decisions

We acknowledge that Banking inherently involves risk-taking and undesired outcomes will occur from time to time; however, we shall take

the opportunity to learn from our experience and formalize what we can do to improve. We expect managers to demonstrate a high awareness of risk and control by self-identifying issues and managing them in a manner that will deliver lasting change.

All staffs are hereby advised to identify the risks and inform the issues through the register. Our Risk Management Division (RMD) will responsible to scrutiny the risk issues and raised those justified risk issues to the top management through Executive Risk Management Committee (ERMC) meeting. The register is available in the Bank's Portal.

## Stress testing

Stress testing programs at enterprise level allow the Bank to estimate the potential impact on income, capital and liquidity of significant changes in market conditions, credit environment, liquidity demands, or other risk factors. The development, approval and on-going review of the Bank's stress testing programs are subject to Bangladesh Bank's updated guidelines and instructions. Stress testing report is prepared and

# RISK MANAGEMENT

## Continued

analyzed on quarterly basis and presented to the Board Risk Management Committee (BRMC) and Board of the Directors meeting. Stress Test analyzed by two methods are:

- **Scenario Analysis** (Credit concentration, NPL, Top Large Borrowers, Interest rate Risk, Equity Risk, Liquidity Risk, Foreign Exchange Risk etc.)
- **Duration Gap Analysis** (Analysis on duration of Total Assets and Liabilities and impact on bank's equity for adverse changes of interest rate in future)

**The objective of stress testing is to support Dhaka Bank in assessing that it:**

- Does not have a portfolio with excessive concentrations of risk that could produce unacceptably high losses under severe but plausible scenarios
- Has sufficient financial resources to withstand severe but plausible scenarios
- Has the financial flexibility to respond to extreme but plausible scenarios
- Understands the Bank's key business model risks, considers what kind of event might crystallize those risks – even if extreme with a low likelihood of occurring – and identifies, as required, actions to mitigate the likelihood or the impact

## BASEL III

Basel III reforms are the response of Basel Committee on Banking Supervision (BCBS) to improve the Banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spillover from the financial sector to the real economy. Basel III reforms strengthen the bank-level i.e. micro prudential regulation, with the intention to raise the resilience of individual Banking institutions in periods of stress. Besides, the reforms have a macro prudential focus also, addressing system wide risks, which can build up across the Banking sector, as well as the procyclical amplification of these risks over time. These new global Regulatory and supervisory standards mainly addressed the following areas:

- raise the quality and level of capital to ensure Banks are better able to absorb losses on both a going concern and a gone concern basis;
- increase the risk coverage of the capital framework;
- introduce leverage ratio to serve as a backstop to the risk-based capital measure;
- raise the standards for the supervisory review process (Pillar 2); and
- Public disclosures (Pillar 3) etc.

Consequently, Basel III capital regulations would be fully implemented as on January 1, 2019. The framework of Basel III Capital Accord consists of three pillars:

### 1st Pillar: Minimum Capital Requirements

Provide approaches to the calculation of Minimum Capital Requirements (MCR). MCR is based on credit risk, market risk and operational risk to:

- reduce risks of failure by cushioning against losses;
- provide continuing access to financial markets to meet liquidity need; and
- provide incentives to prudent risk management

### 2nd Pillar: Supervisory Review Process

Provides the framework to ensure that each Bank has sound internal processes to enable it to perform a thorough evaluation of its risks and therefore assess the required capital. The Supervisory Review Process (SRP) recognizes the responsibility of Bank management in developing an internal capital assessment process and setting capital targets that are commensurate with the Bank's risk profile and control environment.

The Basel Committee has identified four key principles of supervisory review:

- 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;
- Supervisors should review and evaluate Bank's internal capital adequacy assessments and strategies, as well as their ability to monitor and ensure their compliance with Regulatory capital ratios;
- 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
- 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.

# RISK MANAGEMENT

## Continued

In principle Banks' disclosure should be consistent with how senior management and the Board of Directors (BoDs) of the Bank assesses and manage different risks of the Bank.

### Capital Charge Method for Risks

As per the requirement of Basel III accords, Banks have to determine minimum capital for three major types of risks faced by the Banking industry as described below:

- **Credit Risk** – risk of losses resulted from debtor's non-payment of a loan, double default etc.
- **Operational Risk** – risk of losses resulted from inadequate and failed internal processes, systems, people and external events like information technology, fraud & forgery, money laundering, legal contracts etc.
- **Market Risk** – risk of losses in on- and off-balance sheet items arising from movements in the market prices of interest rate, foreign exchange rate, equity securities, commodities etc.

### Rationale for Basel III

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 III. Accordingly, capital requirement for Banks those hold risky assets in their investment portfolio shall be higher compared to Banks that hold safer portfolio.

### Basel III: Dhaka Bank Perspective

Dhaka Bank believes that stepping into the Basel III 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 III accord, as one of its topmost priorities.

Dhaka Bank has established an independent Basel Unit (BU) at Head Office on January 10, 2016 for effective implementation of the new capital accord and ensuring Board & Senior Management oversight. The BU, is exclusively responsible for planning & reviewing the implementation of Basel III accord as per Bangladesh Bank's Road Map, for liaison about issues of Basel III 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 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 III Accord.

### Basel Unit (BU)

Dhaka Bank has a 13-member Basel Unit, having cross-functional representations, to ensure effective implementation of Risk Based Adequacy requirements under the new capital accord named Basel III. However, to supervise the implementation more closely and sincerely a Core Team for Basel III was formed with members from the existing Basel Unit. It is presently headed by Mr. Syed Mahbubur Rahman, Managing Director & CEO of the Bank.

The Basel Unit consists of the following members representing Senior Management from different cross-functional Divisions:

Sl.	Name of the Employee	Designation	Position in the Committee
1	Mr. Syed Mahbubur Rahman	Managing Director & CEO	Chairman
2	Mr. Emranul Huq	Additional Managing Director	Member
3	Mr. A K M Shah Nawaj	DMD - RM	Member
4	Mr. Md. Shakir Amin Chowdhury	DMD - Operations	Member
5	Mr. Mohammad Abu Jafar	DMD - International Business	Member
6	Mr. A M M Moyeen Uddin	SEVP & Head, IT Division	Member
7	Mr. Mohammod Masud Rana FCA	SEVP & CFO	Member
8	Mr. S. M. Abdullah Hil Kafi	SEVP & Head, ICC Division	Member
9	Mr. Md. Abdul Matin	EVP & Head, CRM Division	Member
10	Mr. Manik Lal Biswas	EVP & Head, Risk Management Division	Member Secretary
11	Mr. Syed Sazzad Haider Chowdhury	EVP & Head, Operations Division	Member
12	Mr. K.M. Faisal Faruqui	VP & Head, Treasury Division	Member
<b>Working Team:</b>			
13	Mr. Billal Hossain	MTO, Basel Unit	Member



# RISK MANAGEMENT

Continued

The BU members meet on regular basis, to monitor the implementation status of Risk Based Capital Adequacy for the Bank and, also to discuss issues which may directly influence capital requirement.

## Supervisory Review Process (SRP) Team

The SRP Team, responsible for assessing overall capital adequacy in relation to their risk profile and capital planning, consisting of following members representing Senior Management and different cross-functional Divisions of the Bank:

Sl.	Name	Designation	Position in the Team
1	Mr. Syed Mahbubur Rahman	Managing Director & CEO	Chairman
2	Mr. Emranul Huq	Additional Managing Director	Member
3	Mr. Md. Shakir Amin Chowdhury	DMD - Operations	Member
4	Mr. Mohammad Abu Jafar	DMD - International Business	Member
5	Mr. A K M Shahnawaj	DMD - RM	Member
6	Mr. A M M Moyen Uddin	SEVP & Head, IT Division	Member
7	Mr. Mohammad Masud Rana FCA	SEVP & CFO	Member
8	Mr. S. M. Abdullah Hil Kafi	SEVP & Head, ICC Division	Member
9	Mr. Md. Abdul Matin	EVP & Head, CRM Division	Member
10	Mr. Syed Sazzad Haider Chowdhury	EVP & Head, Operations Division	Member
11	Mr. Mir Saidul Islam	SVP & Head, CPC - Credit Operations Division	Member
12	Mr. Manik Lal Biswas	EVP & Head, Risk Management Division	Member Secretary

The SRP Team regularly review and assess overall capital adequacy in line with the Bank's risk profile and strategy for maintaining Bank's capital at an adequate level, i.e., enough capital to compensate all the risks in the Bank's business, and to develop & practice better risk management techniques in monitoring and managing risks. The SRP Team of the Bank is responsible to ensure that the Bank has adequate capital to support its risks beyond the minimum Regulatory requirements.

The SRP Team is entrusted with responsibility to move gradually towards more advanced approaches of calculating risk-weighted assets against credit risk, capital charge against market risk and operational risk.

## Reporting Under Basel III by Dhaka Bank Limited

Sl.	Deliverables	Compliance Status	Remarks
1	Quantitative Impact Analysis (QIS)	Complied	–
2	Nomination Of Recognized ECAIs	Complied	–
3	Pillar-1: MCR Reporting	Complied	MCR Report is regularly submitting on quarterly basis
4	Pillar-2: Statement Of Capital Adequacy Under SRP (ICAAP)	Complied	Submitting regularly on yearly basis.
6	Pillar-3: Market Discipline A Disclosure Framework (Qualitative & Quantitative)	Complied	Market Disclosure is given on yearly basis started from the year- 2009.

## Internal Capital Adequacy Assessment Process (ICAAP)

Internal Capital Adequacy Assessment Process has been formulated by Bangladesh Bank to facilitate the process of implementation of the Pillar-2 Supervisory Review Process (SRP) of Basel III.

A dialogue between SRP team of the Bank & Supervisory Review Evaluation Process (SREP) team of the Bangladesh Bank will also be held. The objective of the dialogue is to determine the adequate level of capital needed for a bank by reviewing the ICAAP and strategies of the bank.

The bank conducts ICAAP reporting each year to incorporate the additional capital requirement under Pillar 2 Supervisory Review Process. The assessment started from the year 2011 based on the year end figure of 2010 and completed the assessment up to the year 2017. The assessment for the year 2018 is under process.

The bank developed 'Internal Capital Adequacy Assessment Process-ICAAP' document following the 'Revised Process Document for SRP-SREP Dialogue on ICAAP, 31-May-2014' of Bangladesh Bank. This document covers capital charge process under Pillar II Supervisory Review Process (SRP) for nine risks areas namely residual risk, concentration risk, liquidity risk, reputation risk, strategic risk, settlement risk, core risk, environmental & climate change risk & other material risks, if any.

# RISK MANAGEMENT

Continued

Besides the Credit Risk, Market Risk and Operational Risk under Pillar-1 bank has to assess additional capital under Pillar-2 Supervisory Review Process for the following risk areas:

SI #	Types of Risks	Risk area
1.	Residual Risk	Error in documentation Error in valuation of collateral
2.	Evaluation of Core Risk Management	Ratings of Core Risks implementation
3.	Credit Concentration Risk	Credit Concentration Risk Market Concentration Risk
4.	Liquidity Risk	Cash Reserve Ratio (CRR) Statutory Liquidity Ratio (SLR) Medium Term Funding (MTFR) Maximum Cumulative Outflow (MCO) Advance Deposit Ratio (ADR) Liquidity Coverage Ratio (LCR) Net Stable Funding Ratio (NSFR)
5.	Reputation Risk	Credit Rating conducted by ECAs Internal Fraud External Fraud Non-Payment or Delayed payment of accepted bills
6.	Settlement Risk	Issues of foreign trade settlement All types of receivables that have not been realized or have been realized lately
7.	Strategic Risk	CAMELS rating Operating expenses Classified loans ratio Recovery of classified loan Written-off loans Interest waiver Cost of fund
8.	Environmental & Climate change Risk	Damage of assets due to adverse change of environment
9.	Other Material Risk	Other risks that may jeopardize bank's assets or income.

## Issuance of Non Convertible Subordinated Bond

As per approval of the Board of Directors of Dhaka Bank Limited the Bank issued Non-convertible 3rd Subordinated Bond for Tk. 500.00 crore in August 2018 to strengthen Bank's capital base and expansion of business in line with BASEL-III accord.



# DHAKA BANK SECURITIES LIMITED

## REPORT OF THE BOARD OF DIRECTORS

The year 2018 has been marked by a stable political and macroeconomic environment that contributed to a broad-based pick-up in economic activity. No major political or security-related disruptions occurred in 2018, suggesting that the country has gradually moved into a new regime that will be marked by greater political stability and consequently higher growth rates. The Industry sector is expected to continue to play an important role, with both manufacturing and construction sectors taking the lead as the country undergoes a process of industrialization and urbanization. Massive investment in power and infrastructure projects are expected to start paying off in the near future, further boosting manufacturing and exports.

2018 may not have been the best year for Bangladesh's capital market but according to Dhaka Stock Exchange Limited (DSE), the future is promising. Political uncertainties in election year, depreciation of the Taka against the US dollar, and woes in the country's Banking sector marked the investment characteristics of the general as well as foreign investors. Foreign investment in DSE fell drastically in the year 2018 compared to 2017. In 2018, net foreign investment dipped to negative Tk. 593.47 crore, which was Tk. 1,704.94 crore positive during 2018.

### **Dhaka Bank Securities Management Team**

Mr. Mohammad Ali, FCA, Chief Executive Officer

Mr. Md. Shahjahan Miah, Company Secretary

Mr. Md. Kamrul Aziz, Business Development Manager

Mr. Md. Aftab Uddin Biswas, Senior Assistant Vice President

Mr. Forhad Hossain Khandaker, ACMA, Head of Finance & Accounts

Mr. Md. Reazur Rahman, Head of Operations

Mr. Md. Juel Reza, Head of Compliance & Trade Administration

Mr. Abdullah Abu Syade, Head of Research

# DHAKA BANK SECURITIES LIMITED

## REPORT OF THE BOARD OF DIRECTORS

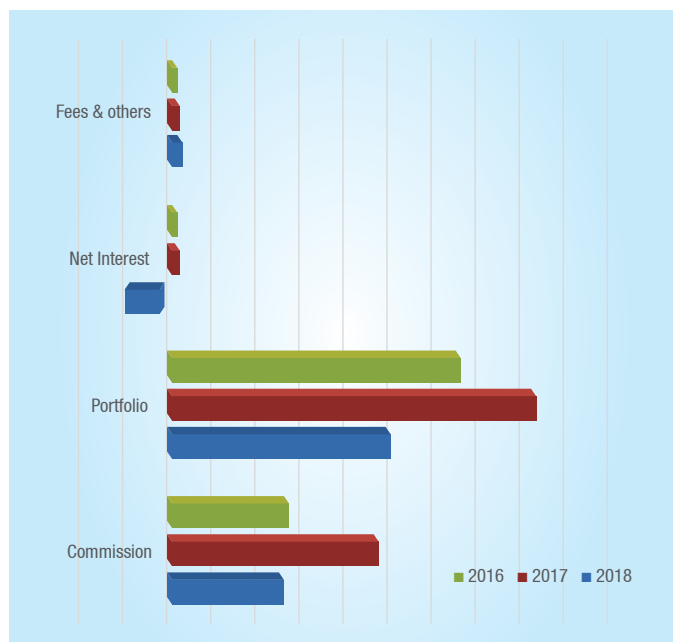
Continued

### Dear Shareholders,

It is an immense pleasure on the part of the Board of Directors in presenting the Audited Financial Statements of your Company for the year ended 31<sup>st</sup> December 2018 together with the Auditors' Report thereon, for your kind consideration and approval. Additional disclosures and explanations relating to certain issues have been given by the Directors, which they consider relevant and vital to ensure transparency and good governance practices. It is our firm conviction that the report will give an insight into the Company's past performance and future strategies.

### FINANCIAL PERFORMANCE

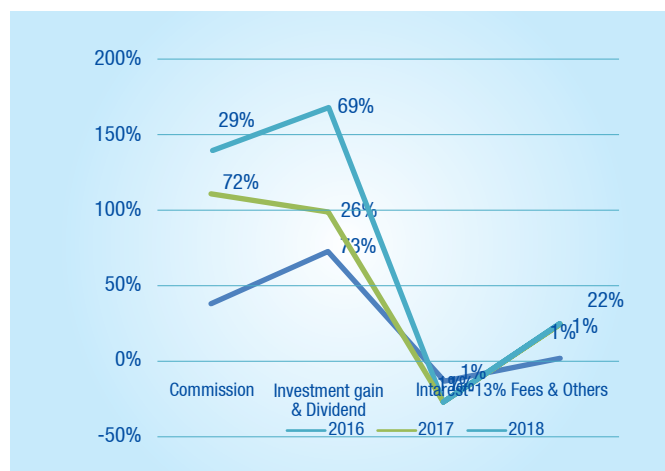
Our capital market witnessed a falling trend round the year. The benchmark index of the Dhaka Stock Exchange (DSE) registered 13.75% Negative Growth and ended to 5,385.64 points in 2018 from 6,244.52 points in 2017. The Daily Average Trade Volume in the Market fell down to Tk. 5,867.75 Million in 2018 from Tk. 9,345.57 Million in 2017. Although the reverse state of the Capital Market, DBSL booked profit after tax in 2018 backed by the persistent effort of all the Employees of the company. DBSL faced tremendous competitive pressures and increasing Regulatory compliances last year. But with prudent managerial capacities DBSL has done satisfactorily well to remain in profitability. Company's total operating profit is BDT 91.58 million in 2018 which was BDT 252.05 million in the previous year.



In response to the market movement, DBSL was able to earn Income from brokerage commission of Tk. 76.15 Million. Capital gain and dividend income from dealer operation was Tk. 127.06 million in 2018 compared to Tk. 210.43 million in the year 2017. Company's Net profit stood at Tk. 36.96 million in 2018, which had been Tk. 108.07 million in the previous year.

### Head wise Income Distribution

Income Heads	2018	2017	2016
Commission	66.98	120.27	69.76
Investment Gain & Dividend	127.06	210.42	166.75
Net Interest Income	(22.56)	0.71	0.83
Fees & Others	2.15	1.06	0.87



### OPERATIONS & BUSINESS ACTIVITIES OF THE COMPANY

Dhaka Bank Securities Limited (DBSL) is a subsidiary of Dhaka Bank Limited and one of the top stock brokers of Bangladesh and provider of state-of-the-art trading facilities. Professional workforces have been engaged within the company to ensure quality services towards local and foreign clients, which include cash trading, margin trading, on-line trading and other DP related services. DBSL has extended its services to different areas in and outside of Dhaka through six existing branches and extended information services through different branches of Dhaka Bank Limited. In 2018, DBSL participated in World Investors Week organized by Bangladesh Securities and Exchange Commission (BSEC) to promote offered product and services.

### INFRASTRUCTURE & FACILITIES

DBSL possesses a proficient setup of Infrastructures including advanced broker and back office software, efficient Human Resources, own mail server, well informative website, superior Customer Service, regular research update with other facilities. DBSL has all kinds of IT & electronic capability which give Customers the choice to enter prices and execute trades electronically, directly via one of DBSL's electronic trading systems, and/or to engage with a broker to execute his/her trades.

### CLIENT BASE

DBSL has a large client base of around 8,000 accounts in which almost 5,500 accounts are regular in trade. Both Individual and institutional clients are maintaining their account with DBSL. Moreover, DBSL has a good number of Foreign and NRB clients who have sizable portfolio investment.

# DHAKA BANK SECURITIES LIMITED

## REPORT OF THE BOARD OF DIRECTORS

Continued

### GROWTH IN TRADE VOLUME AND BROKERAGE COMMISSION

Total market trade volume decreased by 37.21% in 2018 from the year 2017 and the daily average trade volume generated by DBSL followed the similar pattern. The company generated trade volume of BDT 24,311.48 million in the year 2018 which was BDT. 43,695.03 million in 2017.

### GROWTH IN MARGIN LOAN



Dhaka Bank Securities Limited continues to achieve its business growth with sensible execution of business development strategies. The loan facilities are restricted only to selection of credit Customer with few fundamentally sound instruments in accordance with the instructions of the Regulatory Bodies. DBSL has 710 margin clients. The interest income from margin loan dropped due to lowering the rate of interest with the trend of market competition.

As on 31 December 2018, outstanding Margin Loan provided to the clients stood at Tk. 2,467.83 million whereas it was Tk. 2,466.22 million in 2017 and Gross interest earned from the margin loan during year 2018 is BDT 199.98 million and Interest Expenses were Tk. 222.55 Million.

### RATIO ANALYSIS

	2018	2017
<b>i. Activity Ratio:</b>		
Daily Average Trade Volume with DSE	100.23	175.65
Daily Average Trade Volume with CSE	0.23	0.54
Market Share in DSE (%)	1.82%	2.01%
Market Share in CSE (%)	0.06%	0.09%
<b>ii. Profitability Ratio</b>		
Earnings Per Share (EPS)	0.20	0.60
Return on Equity (%)	1.78	5.38
Return on Assets (%)	0.67	2.08
Return on Capital Employed (%)	16.10	19.55
<b>iii. Liquidity Ratio:</b>		
Current Ratio	1.33	1.32
Quick Ratio	0.89	0.85
<b>iv. Financial Ratio:</b>		
Asset - Liability Ratio	1.61	1.61
Total Debt - Equity Ratio	1.64	1.63

DBSL has managed to book daily average Trade Volume of BDT 100.46 million in the year 2018 compared to BDT 176.19 million in the year 2017, which was in line with the overall market trade volume growth. DBSL captured 1.71% of market share in DSE's trade in 2018 compared to 2.10% in 2017. The Earning per Share stood at Tk. 0.20.

### OBSERVANCE OF BAS, BFRS & APPLICABLE LAWS

Company keeps accounting records, which disclose with reasonable accuracy the financial position of the Company and it is the responsibility of the directors to ensure that the financial statements comply with the Companies Act, 1994 and the Securities and Exchange Rules, 1987. The Directors also confirm that the financial statements have been prepared in accordance with the Bangladesh Accounting Standards, Bangladesh Financial Reporting Standards and other applicable rules and regulations.

### ACCOUNTING POLICIES AND MAINTENANCE OF BOOKS OF ACCOUNTS

The Directors consider that in preparing the Financial Statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates and that all International Accounting Standards as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) have been followed. In preparing financial statements, information has been obtained from the books of accounts, which have been maintained properly as required by the applicable rules and regulations.

### INTERNAL CONTROL

The internal control system provides reasonable but not absolute assurance against material misstatements, losses and fraud of safeguarding of the assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate rules and regulations and best practices and the identification and management of business risk. Our internal control department is supported by professional staffs who conduct periodic audits of all aspects of DBSL's operations. The Board retaining ultimate responsibility for its operations, has delegated the review of the effectiveness of the system of internal controls to the Audit Committee.

### AUDITORS

M/S. HODA VASI CHOWDHURY & CO., Chartered Accountants was reappointed as the independent auditor of the Company in the Eight Annual General Meeting held on May 31, 2018. The auditor will retire in the Ninth Annual General Meeting. Being eligible under Section 212 of the Company's Act, 1994 and the Financial Institutions Act, 1993, the Auditors have expressed their willingness to continue their office for the year 2019. A resolution proposing the reappointment of M/S. HODA VASI CHOWDHURY & CO., Chartered Accountants, as the independent auditor of the Company will be proposed at Annual General Meeting of DBSL.

# DHAKA BANK SECURITIES LIMITED

## REPORT OF THE BOARD OF DIRECTORS

### DIRECTORS TO RETIRE AND RE-APPOINTMENT

As per the Company Act 1994 and the Articles of Association of the company, 1/3 (one third) of the Directors of the company shall retire by rotation in the 9th Annual General Meeting and they expressed their willingness to be reappointed.

### OUTLOOK

The “Outlook” part in this document is based on the DBSL’s views & expectations and thus the actual outcome is not certain. Stakeholders should consider the above-noted factors when reviewing these sections. The Board remains very excited with the prospects of DBSL. We will maintain our growth and diversity in our revenue and earning flows. We are working hard to bring innovative approaches into regular business operations as well as mixing up the resources we have to fetch the maximum output from existing opportunities. Expenses will be vigilantly handled and initiatives will be taken to improve Customer satisfaction. The DBSL’s net interest income is expected to increase as robust effort has been taken for realization of accrued interest. Growth in brokerage

commission income will be accelerated and provisions for credit losses will remain relatively stable in 2019. It is expected that 2019 will be the year of recovery. In 2019, we expect that all departments would experience a transformation and contribute to the overall profitability of DBSL. We will devote our full efforts to accomplish the target to reward our Shareholders and the community in coming year.

### ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to express my gratitude to our Customers, business partners and Shareholders for their continuous support and confidence in DBSL. A special note of appreciation goes to the Management team and all the Employees for their devotion, integrity, hard work and professionalism. My sincere thanks also go to Bangladesh Securities and Exchange Commission, Bangladesh Bank, Dhaka Stock Exchanges Limited and Chittagong Stock Exchanges Limited, all retail & institutional investors, who were the partners in the growth of this Company for their invaluable assistance, support, guidance and counsel.

# AUDITOR'S REPORT & AUDITED FINANCIAL STATEMENTS

**A**ll our activities are derived from the thrust of making profit. Because that's the only way Dhaka Bank can take care of Employees, CSR and contribute to the national revenue and economy; can secure the interest of Shareholders. With this in mind, we always concentrate on enhancing profitability to raise Earnings Per Share, Dividend as well as confidence of the Shareholders.



# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DHAKA BANK LIMITED

## Report on the Audit of the Consolidated and Separate Financial Statements

### Opinion

We have audited the consolidated financial statements of Dhaka Bank Limited and its subsidiaries (the "Group") as well as the separate financial statements of Dhaka Bank Limited (the "Bank"), which comprise the consolidated and separate balance sheets as at 31 December 2018 and the consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2018, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of key audit matters	Our response to key audit matters
<b>Measurement of provision for loans, advances and leases</b>	
<p>The process for estimating the provision for loans, advances and leases portfolio associated with credit risk is significant and complex.</p> <p>For the individual analysis for large exposure, provisions calculation consider the estimates of future business performance and the market value of collateral provided for credit transactions.</p> <p>For the collective analysis of exposure on portfolio basis, provision calculation and reporting are manually processed that deals with voluminous databases, assumptions and estimates.</p> <p>At year end the Group reported total gross loans and advances of BDT 180,499 million (2017: BDT 153,867 million) and provision for loans and advances of BDT 8,887 million (2017: BDT 7,779 million).</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> <li>• Credit appraisal, loan disbursement procedures, monitoring and provisioning process;</li> <li>• Identification of loss events, including early warning and default warning indicators;</li> <li>• Reviewed quarterly Classification of Loans (CL);</li> </ul> <p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none"> <li>• Reviewed the adequacy of the general and specific provisions in line with related Bangladesh Bank guidelines;</li> <li>• Assessed the methodologies on which the provision amounts are based, recalculated the provisions and tested the completeness and accuracy of the underlying information;</li> <li>• Evaluated the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</li> <li>• Finally, compared the amount of provision requirement as determined by Bangladesh Bank inspection team to the actual amount of provision maintained</li> </ul>
See note no. 7 and 15 to the financial statements	



# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DHAKA BANK LIMITED

## Valuation of treasury bill and treasury bond

The classification and measurement of T-Bill and T-Bond require judgment and complex estimates.

In the absence of a quoted price in an active market, the fair value of T-Bills and T-Bonds is determined using complex valuation techniques which may take into consideration direct or indirect unobservable market data and complex pricing models which require an elevated level of judgment.

We assessed the processes and controls put in place by the Bank to identify and confirm the existence of treasury bills and bonds.

We obtained an understanding, evaluated the design and tested the operating effectiveness of the key controls over the treasury bills and bonds valuation processes, including controls over market data inputs into valuation models, model governance, and valuation adjustments.

We tested a sample of the valuation models and the inputs used in those models, using a variety of techniques, including comparing inputs to available market data.

Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.

See note no. 6 to the financial statements

## Impairment assessment of unquoted investments

In the absence of a quoted price in an active market, the fair value of unquoted shares and bonds, especially any impairment is calculated using valuation techniques which may take into consideration direct or indirect unobservable market data and hence require an elevated level of judgment.

We have assessed the processes and controls put in place by the Company to ensure all major investment decisions are undertaken through a proper due diligence process

We tested a sample of investments valuation as at 31 December 2018 and compared our results to the recorded value.

Finally we assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.

See note no. 6 to the financial statements

## IT systems and controls

Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls.

Our areas of audit focus included user access management, developer access to the production environment and changes to the IT environment. These are key to ensuring IT dependent and application based controls are operating effectively

We tested the design and operating effectiveness of the Bank's IT access controls over the information systems that are critical to financial reporting.

We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized.

We tested the Bank's periodic review of access rights and reviewed requests of changes to systems for appropriate approval and authorization.

We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.

## Legal and Regulatory matters

We focused on this area because the Bank and its subsidiaries (the "Group") operates in a legal and Regulatory environment that is exposed to significant litigation and similar risks arising from disputes and Regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.

We obtained an understanding, evaluated the design and tested the operational effectiveness of the Bank's key controls over the legal provision and contingencies process.

We enquired to those charged with governance to obtain their view on the status of all significant litigation and Regulatory matters.

# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DHAKA BANK LIMITED

<b>Legal and Regulatory matters</b>	
<p>These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities.</p> <p>Overall, the legal provision represents the Group's and the Bank's best estimate for existing legal matters that have a probable and estimable impact on the Group's financial position.</p>	<p>We enquired of the Bank's internal legal counsel for all significant litigation and Regulatory matters and inspected internal notes and reports.</p> <p>We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information.</p> <p>We also assessed the Bank's provisions and contingent liabilities disclosure.</p>

<b>Carrying value of investments in subsidiary by the Bank</b>	
<p>The Bank has invested in equity shares of its two subsidiaries, namely Dhaka Bank Securities Limited and Dhaka Bank Investment Limited, As at 31 December 2018 the carrying value of this investment is BDT 1,750 million.</p> <p>At the time of conducting our audit of the separate financial statements of the Bank we have considered the recoverable value of the Bank's investments in all the above subsidiaries stated at cost.</p> <p>Management has conducted impairment assessment and calculated recoverable value of its individual subsidiaries in accordance with IAS 36.</p>	<p>We have reviewed Management's analysis of impairment assessment and recoverable value calculation of subsidiaries in accordance with IAS 36.</p> <p>In particular, our discussions with the Management were focused on the continued appropriateness of the value in use model, the key assumptions used in the model, the reasonably possible alternative assumptions, particularly where they had the most impact on the value in use calculation.</p> <p>We also checked mathematical accuracy of the model, recalculated discount rate used within the model, inputs used in the determination of assumptions within the model were challenged and corroborating information was obtained with reference to external market information, third-party sources.</p>

<b>Revaluation of property, plant and equipment</b>	
<p>The Bank in prior year has undertaken revaluation of its land and building. As a result of this revaluation exercise, an amount of BDT 623 million is recognised as the fair value gain in revaluation reserve and BDT 25 million as resultant deferred tax liability. Determination of fair value in absence of any quoted price and active market require significant judgment</p>	<p>We assessed the process of revaluation previously taken by the Bank.</p> <p>We reviewed revaluation report of the independent valuer along with relevant documents and applied our judgment to see whether the fair value is still relevant.</p> <p>We checked related accounting treatments of fair value gain and associated deferred tax as recognized by the Bank.</p>

## Reporting on other information

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

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DHAKA BANK LIMITED

## **Responsibilities of Management and those Charged with Governance for the Consolidated and Separate Financial Statements and Internal Controls**

Management is responsible for the preparation and fair presentation of the consolidated financial statements of the Group and also separate financial statements of the Bank in accordance with IFRSs as explained in note 2, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Bank or to cease operations, or has no realistic alternative but to do so.

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

## **Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DHAKA BANK LIMITED

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

## Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Securities and Exchange Rules 1987, the Bank Company Act, 1991 and the rules and regulations issued by Bangladesh Bank, we also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the consolidated financial statements and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the financial statements and internal control:
  - (a) internal audit, internal control and risk management arrangements of the Group as disclosed in the financial statements appeared to be materially adequate;
  - (b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by Employees of the Group and its related entities (other than matters disclosed in these financial statements);
- (iii) Consolidated financial statements of the Bank include two subsidiaries, namely Dhaka Bank Securities Limited and Dhaka Bank Investment Limited, reflect total assets of BDT. 275,397 million as at 31 December 2018 and total revenue of Tk. 24,470 million for the year ended 31 December 2018. The results of these subsidiaries have been properly reflected in the Group's consolidated financial statements;
- (iv) in our opinion, proper books of account as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;
- (v) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (vi) the consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (vii) the expenditures incurred were for the purpose of the Bank's business for the year;
- (viii) the consolidated financial statements have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- (ix) adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;
- (x) the information and explanations required by us have been received and found satisfactory;
- (xi) we have reviewed over 80% of the risk weighted assets of the Bank and spent over 3,825 person hours; and
- (xii) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

Dhaka, 10 April 2019

  
**Hoda Vasi Chowdhury & Co**  
Chartered Accountants

**Dhaka Bank Limited and its Subsidiaries**  
**Consolidated Balance Sheet**  
As at 31 December 2018

	Notes	31.12.2018 Taka	31.12.2017 Taka
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>	3(a)	<b>15,451,545,066</b>	<b>13,684,691,050</b>
Cash in hand (including foreign currencies)	3.1(a)	2,422,377,323	1,839,941,316
Balance with Bangladesh Bank and its agent Bank(s) (including foreign currencies)	3.2(a)	13,029,167,743	11,844,749,734
<b>Balance with other Banks and financial institutions</b>	4(a)	<b>17,643,847,041</b>	<b>11,394,521,215</b>
In Bangladesh	4.1(a)	15,929,923,232	10,190,843,071
Outside Bangladesh	4.2(a)	1,713,923,809	1,203,678,144
<b>Money at call on short notice</b>	5(a)	<b>11,300,000</b>	<b>11,300,000</b>
<b>Investments</b>	6(a)	<b>30,641,895,095</b>	<b>26,040,501,710</b>
Government	6.1(a)	22,009,920,154	19,706,422,487
Others	6.2(a)	8,631,974,941	6,334,079,223
<b>Loans, advances and lease/investments</b>	7(a)	<b>180,499,370,364</b>	<b>153,867,641,893</b>
Loans, cash credits, overdrafts, etc./investments	7.1(a)	177,541,944,177	150,656,808,845
Bills purchased and discounted	8(a)	2,957,426,187	3,210,833,048
<b>Fixed assets including premises, furniture and fixtures</b>	9(a)	<b>4,915,963,776</b>	<b>4,269,381,542</b>
<b>Other assets</b>	10(a)	<b>26,209,937,949</b>	<b>21,537,286,973</b>
<b>Non-Banking assets</b>	11(a)	<b>23,166,033</b>	<b>23,166,033</b>
<b>Total assets</b>		<b>275,397,025,325</b>	<b>230,828,490,416</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Borrowings from other Banks, financial institutions and agents</b>	12(a)	<b>26,793,730,174</b>	<b>21,633,548,366</b>
<b>Deposits and other accounts</b>	13(a)	<b>196,873,848,389</b>	<b>169,729,720,650</b>
Current and other accounts		20,619,616,485	20,025,396,323
Bills payable		2,845,247,938	2,826,174,811
Savings Bank deposits		20,091,972,393	19,061,994,573
Term deposits		153,317,011,573	127,816,154,943
<b>Non convertible subordinated bond</b>	14	<b>8,000,000,000</b>	<b>3,000,000,000</b>
<b>Other liabilities</b>	15(a)	<b>26,480,337,082</b>	<b>20,637,340,094</b>
<b>Total liabilities</b>		<b>258,147,915,645</b>	<b>215,000,609,110</b>
<b>Capital/Shareholders' equity</b>			
<b>Equity attributable to equity holders of the parent company</b>		<b>17,249,047,301</b>	<b>15,827,823,977</b>
Paid up capital	16.2	8,125,826,851	7,222,957,200
Statutory reserve	17	7,006,913,590	6,418,181,801
Other reserve	18(a)	698,939,680	684,339,747
Surplus in profit and loss account	19(a)	1,417,367,180	1,502,345,228
Non-controlling interest	19.1(a)	62,379	57,329
<b>Total equity</b>		<b>17,249,109,680</b>	<b>15,827,881,305</b>
<b>Total liabilities &amp; Shareholders' equity</b>		<b>275,397,025,325</b>	<b>230,828,490,416</b>

	Notes	31.12.2018 Taka	31.12.2017 Taka
<b>Off-Balance Sheet Items</b>			
<b>Contingent liabilities</b>			
	21		
Acceptances and endorsements		47,488,743,492	32,868,131,246
Letter of guarantee		39,514,079,521	23,083,135,224
Irrevocable letters of credit		31,118,725,956	27,085,569,676
Bills for collection		12,416,814,820	11,591,497,583
Other contingent liabilities		6,333,057,725	3,493,879,200
		<b>136,871,421,513</b>	<b>98,122,212,930</b>
<b>Other Commitments</b>			
Documentary credit and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
		-	-
<b>Total off-balance sheet items including contingent liabilities</b>		<b>136,871,421,513</b>	<b>98,122,212,930</b>

These Financial Statements should be read in conjunction with the annexed notes 1 to 44.



**Syed Mahbubur Rahman**  
Managing Director & CEO



**Aitaf Hossain Sarker**  
Director



**Mohammed Hanif**  
Director



**Reshadur Rahman**  
Chairman

See the annexed report of even date

Dhaka,  
10 April 2019



**Hoda Vasi Chowdhury & Co**  
Chartered Accountants

**Dhaka Bank Limited and its Subsidiaries**  
**Consolidated Profit and Loss Account**  
For the year ended 31 December 2018

	Notes	2018 Taka	2017 Taka
<b>OPERATING INCOME</b>			
Interest income/profit on investments	22(a)	18,973,652,799	13,727,205,143
Interest paid/profit on deposits and borrowings etc.	23(a)	(13,413,830,494)	(10,339,604,517)
<b>Net interest income</b>		<b>5,559,822,305</b>	<b>3,387,600,626</b>
Investment income	24(a)	2,327,054,545	3,094,917,268
Commission, exchange and brokerage	25(a)	2,966,946,606	2,997,010,487
Other operating income	26(a)	202,639,673	236,734,487
		<b>5,496,640,824</b>	<b>6,328,662,242</b>
<b>Total operating income (a)</b>		<b>11,056,463,128</b>	<b>9,716,262,868</b>
<b>OPERATING EXPENSES</b>			
Salary and allowances	27(a)	2,227,838,262	2,221,634,512
Rent, taxes, insurance, electricity etc.	28(a)	674,272,290	649,438,474
Legal expenses	29(a)	68,915,370	21,686,243
Postage, stamp, telecommunication etc.	30(a)	44,234,410	45,415,750
Stationery, printing, advertisement etc.	31(a)	177,885,044	150,115,511
Chief executive's salary and fees	32(a)	15,603,817	14,095,183
Directors' fees	33(a)	4,484,370	5,020,850
Auditors' fees	34(a)	1,797,500	1,782,500
Depreciation and repair of Bank's assets	35(a)	447,197,280	365,643,104
Other expenses	36(a)	733,038,598	776,670,102
		<b>4,395,266,939</b>	<b>4,251,502,230</b>
<b>Profit/(loss) before provision (c = (a-b))</b>		<b>6,661,196,190</b>	<b>5,464,760,638</b>
Provision for loans and advances	37(a)	3,159,661,160	2,153,981,089
Provision for good borrower	15.2	10,000,000	7,377,931
Provision for diminution in value of investments	38	-	-
Other provisions	39(a)	460,847,128	283,968,402
		<b>3,630,508,288</b>	<b>2,445,327,422</b>
<b>Profit/(loss) before taxation (c-d)</b>		<b>3,030,687,901</b>	<b>3,019,433,216</b>
Provision for taxation		1,621,059,461	1,410,678,073
Current tax		1,615,965,222	1,439,667,055
Deferred tax		5,094,239	(28,988,981)
		<b>1,409,628,441</b>	<b>1,608,755,143</b>
<b>Net profit after taxation</b>		<b>1,409,628,441</b>	<b>1,608,755,143</b>
<b>Net profit after tax attributable to:</b>			
Equity holders of DBL		1,409,623,391	1,608,743,805
Non-controlling interest		5,050	11,338
		<b>1,409,628,441</b>	<b>1,608,755,143</b>
<b>Profit available for distribution</b>			
Surplus in profit and loss account from previous year		1,502,345,228	1,385,575,519
Net profit for the period		1,409,623,391	1,608,743,805
		<b>2,911,968,619</b>	<b>2,994,319,323</b>
<b>Appropriations</b>			
Statutory reserve		588,731,789	567,843,022
General reserve		-	(115,519,953)
Investment fluctuation fund		3,000,000	7,800,000
Dividends etc.		902,869,650	1,031,851,026
Surplus in profit and loss account		1,417,367,180	1,502,345,228
		<b>2,911,968,619</b>	<b>2,994,319,323</b>
<b>Consolidated earning per share (CEPS)</b>	40(a)	<b>1.73</b>	<b>1.98</b>

These Financial Statements should be read in conjunction with the annexed Notes 1 to 44.



**Syed Mahbubur Rahman**  
Managing Director & CEO



**Altaf Hossain Sarker**  
Director




**Mohammed Hanif**  
Director



**Reshadur Rahman**  
Chairman

See the annexed report of even date



**Hoda Vasi Chowdhury & Co**  
Chartered Accountants

Dhaka,  
10 April 2019

**Dhaka Bank Limited and its Subsidiaries**  
**Consolidated Cash Flow Statement**  
For the year ended 31 December 2018

	Notes	2018 Taka	2017 Taka
<b>Cash Flows from operating activities</b>			
Interest / profit receipts in cash		19,781,778,363	16,174,739,589
Interest / profit payments		(13,003,049,369)	(10,335,544,529)
Dividend receipts		70,756,392	64,469,332
Fee and commission receipts		2,159,913,809	1,638,589,367
Recoveries on loans previously written off		41,105,402	49,202,153
Cash payments to Employees		(2,243,442,079)	(2,235,729,695)
Cash payments to suppliers		(315,140,011)	(239,849,380)
Income taxes paid		(1,656,332,869)	(1,353,072,300)
Receipts from other operating activities	41(a)	195,918,769	239,809,771
Payments for other operating activities	42(a)	(1,471,114,070)	(1,496,474,455)
<b>(i) Operating profit before changes in operating assets and liabilities</b>		<b>3,560,394,337</b>	<b>2,506,139,854</b>
<b>Changes in operating assets and liabilities</b>			
Purchase / Sale of trading securities		(267,145,718)	(369,516,454)
Loans and advances to Customers		(26,631,405,658)	(19,034,251,162)
Other assets	43(a)	(2,855,290,141)	(8,798,997,478)
Deposits from other Banks		1,977,314,823	5,568,154,933
Deposits from Customers		25,166,812,917	7,404,617,365
Other liabilities account of Customers		62,857,184	82,400,563
Other liabilities	44(a)	193,061,910	331,619,229
<b>(ii) Cash flow from operating assets and liabilities</b>		<b>(2,353,794,684)</b>	<b>(14,815,973,004)</b>
<b>Net cash flow from operating activities (a)= (i+ii)</b>		<b>1,206,599,653</b>	<b>(12,309,833,149)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of securities		1,181,727,570	665,172,853
Payment for purchase of securities		(4,322,534,334)	(1,895,881,889)
Purchase of property, plant & equipment		(985,554,977)	(320,595,906)
Proceeds from sale of property, plant & equipment		11,567,769	2,490,121
Purchase / sale of subsidiary		-	-
<b>Net cash (used in) investing activities (b)</b>		<b>(4,114,793,972)</b>	<b>(1,548,814,820)</b>
<b>Cash flows from financing activities</b>			
Borrowing from other Banks, FIs & agents		5,160,181,808	10,136,675,217
Issuance of non convertible subordinated bond		5,000,000,000	-
Redemption of non convertible subordinated bond		-	(800,000,000)
Dividends paid		-	(687,900,686)
<b>Net cash flow from financing activities (c)</b>		<b>10,160,181,808</b>	<b>8,648,774,531</b>
<b>Net increase in cash and cash equivalents (a+b+c)</b>		<b>7,251,987,489</b>	<b>(5,209,873,439)</b>
Add: Effects of exchange rate changes on cash and cash equivalents		764,305,752	1,303,653,561
Add: Cash and cash equivalents at beginning of the year		25,094,407,165	29,000,627,043
<b>Cash and cash equivalents at end of the year (*)</b>		<b>33,110,700,407</b>	<b>25,094,407,165</b>
<b>(*) Cash and cash equivalents</b>			
Cash in hand		2,422,377,323	1,839,941,316
Balance with Bangladesh Bank and its agent bank(s)		13,029,167,743	11,844,749,734
Balance with other Banks and financial institutions		17,643,847,041	11,394,521,215
Money at call on short notice		11,300,000	11,300,000
Prize bond		4,008,300	3,894,900
		<b>33,110,700,407</b>	<b>25,094,407,165</b>

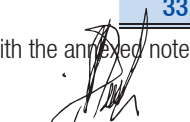
These Financial Statements should be read in conjunction with the annexed notes 1 to 44.



**Syed Mahbubur Rahman**  
Managing Director & CEO  
Dhaka,  
10 April 2019



**Altaf Hossain Sarker**  
Director



**Mohammed Hanif**  
Director



**Reshadur Rahman**  
Chairman



**Dhaka Bank Limited and its Subsidiaries**  
Consolidated Statement of Changes in Equity  
As at 31 December 2018

Particulars	(Amount in Taka)								
	Paid up capital	Statutory Reserve	General Reserve	Asset Revaluation Reserve	Investment revaluation reserve	Investment Fluctuation Fund	Non-controlling interest	Surplus in profit and loss account	Total Equity
Balance as at 01 January 2018	7,222,957,200	6,418,181,801	6,560,631	622,516,800	21,562,316	33,700,000	57,329	1,502,345,228	15,827,881,305
Changes in accounting policy	-	-	-	-	-	-	-	-	-
<b>Restated balance</b>	<b>7,222,957,200</b>	<b>6,418,181,801</b>	<b>6,560,631</b>	<b>622,516,800</b>	<b>21,562,316</b>	<b>33,700,000</b>	<b>57,329</b>	<b>1,502,345,228</b>	<b>15,827,881,305</b>
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	11,599,933	-	-	-	11,599,933
Currency transaction differences	-	-	-	-	-	-	-	-	-
<b>Net gains and losses not recognized in the income statement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,162,249</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Profit for the period	-	-	-	-	-	-	-	1,409,628,441	1,409,628,441
Stock dividend paid by Subsidiary Company	-	-	-	-	-	-	-	-	-
Transfer to reserve	-	-	-	-	-	-	-	-	-
Dividend:									
Stock dividend	902,869,650	-	-	-	-	-	-	(902,869,650)	-
Cash dividend	-	588,731,789	-	-	-	3,000,000	-	(591,731,789)	-
Changes in reserve	-	-	-	-	-	-	-	(5,050)	-
Non-controlling interest	-	-	-	-	-	-	5,050	-	-
<b>Balance as at 31 December 2018</b>	<b>8,125,826,850</b>	<b>7,006,913,590</b>	<b>6,560,631</b>	<b>622,516,800</b>	<b>33,162,249</b>	<b>36,700,000</b>	<b>62,379</b>	<b>1,417,367,180</b>	<b>17,249,109,679</b>

These Financial Statements should be read in conjunction with the annexed notes 1 to 44.

  
**Syed Mahubur Rahman**  
Managing Director & CEO

  
**Aftab Hossain Sarker**  
Director

  
**Mohammed Hanif**  
Director

  
**Reshadur Rahman**  
Chairman

Dhaka,  
10 April 2019

**Dhaka Bank Limited and its Subsidiaries**  
Consolidated Statement of Changes in Equity  
As at 31 December 2017

Particulars	(Amount in Taka)									
	Paid up capital	Statutory Reserve	General Reserve	Asset Revaluation Reserve	Investment revaluation reserve	Investment Fluctuation Fund	Non-controlling interest	Surplus in profit and loss account	Total Equity	
Balance as at 01 January 2017	6,879,006,860	5,850,338,779	122,080,584	622,516,800	29,513,562	25,900,000	45,991	1,385,575,519	14,914,978,094	
Changes in accounting policy	-	-	-	-	-	-	-	-	-	
<b>Restated balance</b>	<b>6,879,006,860</b>	<b>5,850,338,779</b>	<b>122,080,584</b>	<b>622,516,800</b>	<b>29,513,562</b>	<b>25,900,000</b>	<b>45,991</b>	<b>1,385,575,519</b>	<b>14,914,978,094</b>	
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-	-	-	-	
Surplus/deficit on account of revaluation of investments	-	-	-	-	(7,951,246)	-	-	-	(7,951,246)	
Currency transaction differences	-	-	-	-	-	-	-	-	-	
<b>Net gains and losses not recognized in the income statement</b>	-	-	-	-	<b>21,562,316</b>	-	-	-	-	
Net Profit for the year	-	-	-	-	-	-	-	1,608,755,143	1,608,755,143	
Adjustment made during the year	-	-	-	-	-	-	-	-	-	
Transfer to reserve	-	-	-	-	-	-	-	-	-	
Dividend:	-	-	-	-	-	-	-	-	-	
Stock dividend	343,950,340	-	-	-	-	-	-	(343,950,340)	-	
Cash dividend	-	-	-	-	-	-	-	(687,900,686)	(687,900,686)	
Changes in reserve	-	567,843,022	(115,519,953)	-	-	7,800,000	-	(460,123,069)	-	
Non-controlling interest	-	-	-	-	-	-	11,338	(11,338)	-	
<b>Balance as at 31 December 2017</b>	<b>7,222,957,200</b>	<b>6,418,181,801</b>	<b>6,560,631</b>	<b>622,516,800</b>	<b>21,562,316</b>	<b>33,700,000</b>	<b>57,329</b>	<b>1,502,345,228</b>	<b>15,827,881,305</b>	

These Financial Statements should be read in conjunction with the annexed notes 1 to 44.

Dhaka,  
10 April 2019

  
**Syed Mahbubur Rahman**  
Managing Director & CEO

  
**Aftab Hossain Sarker**  
Director

  
**Mohammed Hanif**  
Director

  
**Reshadur Rahman**  
Chairman

**Dhaka Bank Limited**  
**Balance Sheet**  
As at 31 December 2018

	Notes	31.12.2018 Taka	31.12.2017 Taka
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>	3	15,451,445,066	13,684,591,050
Cash in hand (including foreign currencies)	3.1	2,422,277,323	1,839,841,316
Balance with Bangladesh Bank and its agent Bank(s) (including foreign currencies)	3.2	13,029,167,743	11,844,749,734
<b>Balance with other Banks and financial institutions</b>	4	17,494,371,384	11,224,922,706
In Bangladesh	4.1	15,780,447,575	10,021,244,562
Outside Bangladesh	4.2	1,713,923,809	1,203,678,144
<b>Money at call on short notice</b>	5	11,300,000	11,300,000
<b>Investments</b>	6	27,619,995,345	23,181,794,347
Government	6.1	22,009,920,154	19,706,422,487
Others	6.2	5,610,075,190	3,475,371,860
<b>Loans, advances and lease/investments</b>	7	180,625,703,598	154,017,029,266
Loans, cash credits, overdrafts, etc./investments	7.1	177,668,277,411	150,806,196,218
Bills purchased and discounted	8	2,957,426,187	3,210,833,048
<b>Fixed assets including premises, furniture and fixtures</b>	9	4,906,381,165	4,262,893,303
<b>Other assets</b>	10	27,843,754,754	23,047,157,792
<b>Non-Banking assets</b>	11	23,166,033	23,166,033
<b>Total assets</b>		<b>273,976,117,345</b>	<b>229,452,854,497</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Borrowings from other Banks, financial institutions and agents</b>	12	26,680,184,769	21,533,553,426
<b>Deposits and other accounts</b>	13	197,189,479,856	170,035,420,927
Current accounts and other accounts		20,619,616,485	20,025,396,323
Bills payable		2,845,247,938	2,826,174,811
Savings bank deposits		20,091,972,393	19,061,994,573
Term deposits		153,632,643,040	128,121,855,220
<b>Non convertible subordinated bond</b>	14	8,000,000,000	3,000,000,000
<b>Other liabilities</b>	15	25,490,476,626	19,638,634,359
<b>Total liabilities</b>		<b>257,360,141,251</b>	<b>214,207,608,713</b>
<b>Capital/Shareholders' equity</b>			
<b>Total Shareholders' equity</b>		<b>16,615,976,094</b>	<b>15,245,245,785</b>
Paid up capital	16.2	8,125,826,850	7,222,957,200
Statutory reserve	17	7,006,913,590	6,418,181,801
Other reserve	18	662,239,680	650,639,747
Surplus in profit and loss account	19	820,995,973	953,467,037
<b>Total liabilities and Shareholders' equity</b>		<b>273,976,117,345</b>	<b>229,452,854,498</b>

	Notes	31.12.2018 Taka	31.12.2017 Taka
<b>Off-balance sheet items</b>			
<b>Contingent liabilities</b>	21	<b>136,871,421,513</b>	<b>98,122,212,930</b>
Acceptances and endorsements		47,488,743,492	32,868,131,246
Letter of guarantee		39,514,079,521	23,083,135,224
Irrevocable letters of credit		31,118,725,956	27,085,569,676
Bills for collection		12,416,814,820	11,591,497,583
Other contingent liabilities		6,333,057,725	3,493,879,200
<b>Other commitments</b>		-	-
Documentary credit and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
<b>Total off-balance sheet items including contingent liabilities</b>		<b>136,871,421,513</b>	<b>98,122,212,930</b>

These Financial Statements should be read in conjunction with the annexed notes 1 to 44.



**Syed Mahbubur Rahman**  
Managing Director & CEO



**Altaf Hossain Sarker**  
Director




**Mohammed Hanif**  
Director



**Reshadur Rahman**  
Chairman

See the annexed report of even date

Dhaka,  
10 April 2019



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

**Dhaka Bank Limited**  
**Profit and Loss Account**  
For the year ended 31 December 2018

	Notes	2018 Taka	2017 Taka
<b>OPERATING INCOME</b>			
Interest income/profit on investments	22	18,985,328,720	13,714,929,994
Interest paid/profit on deposits and borrowings etc.	23	(13,408,588,881)	(10,336,326,037)
<b>Net interest income</b>		<b>5,576,739,839</b>	<b>3,378,603,957</b>
Investment income	24	2,199,992,049	2,884,488,508
Commission, exchange and brokerage	25	2,899,970,297	2,921,334,979
Other operating income	26	200,486,493	191,080,681
		<b>5,300,448,839</b>	<b>5,996,904,168</b>
<b>Total operating income (a)</b>		<b>10,877,188,678</b>	<b>9,375,508,125</b>
<b>OPERATING EXPENSES</b>			
Salary and allowances	27	2,184,302,360	2,179,485,872
Rent, taxes, insurance, electricity etc.	28	657,701,212	634,454,439
Legal expenses	29	68,803,993	20,256,493
Postage, stamp, telecommunication etc.	30	43,451,615	44,604,307
Stationery, printing, advertisement etc.	31	175,812,104	148,203,308
Chief executive's salary and fees	32	15,603,817	14,095,183
Directors' fees	33	3,578,530	3,847,544
Auditors' fees	34	1,395,000	1,380,000
Depreciation and repair of Bank's assets	35	439,303,604	357,664,024
Other expenses	36	723,069,210	766,974,424
		<b>4,313,021,444</b>	<b>4,170,965,595</b>
<b>Total operating expenses (b)</b>		<b>4,313,021,444</b>	<b>4,170,965,595</b>
<b>Profit/(loss) before provision (c = (a-b))</b>		<b>6,564,167,234</b>	<b>5,204,542,530</b>
Provision for loans and advances	37	3,159,661,160	2,153,981,089
Provision for good borrower	15.2	10,000,000	7,377,931
Provision for diminution in value of investments	38	-	-
Other provisions	39	450,847,128	203,968,402
		<b>3,620,508,288</b>	<b>2,365,327,422</b>
<b>Total provision (d)</b>		<b>3,620,508,288</b>	<b>2,365,327,422</b>
<b>Profit/(loss) before taxation (c-d)</b>		<b>2,943,658,945</b>	<b>2,839,215,108</b>
Provision for taxation		1,584,528,570	1,343,843,250
Current tax		1,580,324,396	1,372,864,467
Deferred tax income		4,204,174	(29,021,217)
		<b>1,359,130,376</b>	<b>1,495,371,858</b>
<b>Net profit after taxation</b>		<b>1,359,130,376</b>	<b>1,495,371,858</b>
<b>Profit available for distribution</b>			
Surplus in profit and loss account from previous year		953,467,037	942,269,273
<b>Net profit for the period</b>		<b>1,359,130,376</b>	<b>1,495,371,858</b>
		<b>2,312,597,412</b>	<b>2,437,641,131</b>
<b>Appropriations</b>			
Statutory reserve		588,731,789	567,843,022
General reserve		-	(115,519,953)
Dividends etc.		902,869,650	1,031,851,026
Surplus in profit and loss account		820,995,973	953,467,037
		<b>2,312,597,412</b>	<b>2,437,641,131</b>
<b>Earning per share (EPS)</b>	40	<b>1.67</b>	<b>1.84</b>

These Financial Statements should be read in conjunction with the annexed notes 1 to 44.

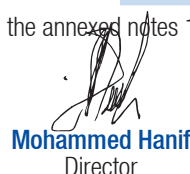


**Syed Mahbubur Rahman**  
Managing Director & CEO



**Altaf Hossain Sarker**  
Director

See the annexed report of even date



**Mohammed Hanif**  
Director



**Reshadur Rahman**  
Chairman

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

Dhaka,  
10 April 2019

**Dhaka Bank Limited**  
**Cash Flow Statement**  
For the year ended 31 December 2018

	Notes	2018 Taka	2017 Taka
<b>Cash Flow from Operating Activities</b>			
Interest / profit receipts in cash		19,731,575,577	16,005,513,079
Interest / profit payments		(12,997,807,755)	(10,332,266,049)
Dividend receipts		5,572,603	10,405,000
Fee and commission receipts		2,092,937,501	1,518,319,853
Recoveries on loans previously written off		41,105,402	49,202,153
Cash payments to Employees		(2,199,906,177)	(2,193,581,055)
Cash payments to suppliers		(289,462,711)	(214,444,109)
Income taxes paid		(1,613,974,996)	(1,290,315,902)
Receipts from other operating activities	41	193,765,589	238,749,972
Payments for other operating activities	42	(1,460,238,843)	(1,485,605,471)
<b>(i) Operating profit before changes in operating assets and liabilities</b>		<b>3,503,566,189</b>	<b>2,305,977,471</b>
<b>Changes in operating assets and liabilities</b>			
Purchase / Sale of trading securities		(103,953,330)	11,672,775
Loans and advances to Customers		(26,608,674,331)	(19,327,720,902)
Other assets	43	(2,920,381,121)	(8,773,910,241)
Deposits from other Banks		1,977,314,823	5,568,154,933
Deposits from Customers		25,176,744,106	7,305,635,473
Other liabilities account of Customers		62,857,184	82,400,563
Other liabilities	44	147,548,015	306,441,792
<b>(ii) Cash flow from operating assets and liabilities</b>		<b>(2,268,544,655)</b>	<b>(14,827,325,606)</b>
<b>Net cash flow from/(used in) operating activities (a)= (i+ii)</b>		<b>1,235,021,534</b>	<b>(12,521,348,135)</b>
<b>Cash flow from investing activities</b>			
Proceeds from sale of securities		1,181,727,570	665,172,853
Payment for purchase of securities		(4,322,534,334)	(1,895,881,889)
Purchase of property, plant & equipment		(980,303,540)	(319,718,198)
Proceeds from sale of property, plant & equipment		11,567,769	2,490,121
Purchase / sale of subsidiary		-	-
<b>Net cash flow from investing activities (b)</b>		<b>(4,109,542,535)</b>	<b>(1,547,937,112)</b>
<b>Cash Flow from Financing Activities</b>			
Borrowing from other Banks, FIs & agents		5,146,631,343	10,236,680,277
Issuance of non convertible subordinated bond		5,000,000,000	-
Redemption of non convertible subordinated bond		-	(800,000,000)
Dividends paid		-	(687,900,686)
<b>Net cash flow from/(used in) financing activities (c)</b>		<b>10,146,631,343</b>	<b>8,748,779,591</b>
<b>Net increase/ (decrease) in cash and cash equivalents (a+b+c)</b>		<b>7,272,110,342</b>	<b>(5,320,505,657)</b>
Add: Effects of exchange rate changes on cash and cash equivalents		764,305,752	1,303,653,561
Add: Cash and cash equivalents at beginning of the year		24,924,708,656	28,941,560,751
<b>Cash and cash equivalents at end of the year (*)</b>		<b>32,961,124,750</b>	<b>24,924,708,656</b>
<b>(*) Cash and cash equivalents</b>			
Cash in hand		2,422,277,323	1,839,841,316
Balance with Bangladesh Bank and its agent bank(s)		13,029,167,743	11,844,749,734
Balance with other Banks and financial institutions		17,494,371,384	11,224,922,706
Money at call on short notice		11,300,000	11,300,000
Prize bond		4,008,300	3,894,900
		<b>32,961,124,750</b>	<b>24,924,708,656</b>

These Financial Statements should be read in conjunction with the annexed notes 1 to 44.



**Syed Mahbubur Rahman**  
Managing Director & CEO

Dhaka,  
10 April 2019



**Altaf Hossain Sarker**  
Director



**Mohammed Hanif**  
Director



**Reshadur Rahman**  
Chairman

**Dhaka Bank Limited**  
Statement of Changes in Equity  
As at 31 December 2018

Particulars	(Amount in Taka)						Total Equity
	Paid up capital	Statutory Reserve	General Reserve	Asset Revaluation Reserve	Investment Revaluation Reserve	Surplus in profit and loss account	
Balance as at 01 January 2018	7,222,957,200	6,418,181,801	6,560,631	622,516,800	21,562,316	953,467,037	15,245,245,785
Changes in accounting policy	-	-	-	-	-	-	-
<b>Restated balance</b>	<b>7,222,957,200</b>	<b>6,418,181,801</b>	<b>6,560,631</b>	<b>622,516,800</b>	<b>21,562,316</b>	<b>953,467,037</b>	<b>15,245,245,785</b>
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	11,599,933	-	11,599,933
Currency transaction differences	-	-	-	-	-	-	-
<b>Net gains and losses not recognized in the income statement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,162,249</b>	<b>-</b>	<b>-</b>
Net Profit for the year	-	-	-	-	-	1,359,130,376	1,359,130,376
Adjustment made during the year	-	-	-	-	-	-	-
Transfer to reserve	-	-	-	-	-	-	-
Dividend:							
Stock dividend	902,869,650	-	-	-	-	(902,869,650)	-
Cash dividend	-	-	-	-	-	-	-
Changes in reserve	-	588,731,789	-	-	-	(588,731,789)	-
<b>Balance as at 31 December 2018</b>	<b>8,125,826,850</b>	<b>7,006,913,590</b>	<b>6,560,631</b>	<b>622,516,800</b>	<b>33,162,249</b>	<b>820,995,973</b>	<b>16,615,976,094</b>

These Financial Statements should be read in conjunction with the annexed notes 1 to 44.

Dhaka,  
10 April 2019

  
**Syed Mahubur Rahman**  
Managing Director & CEO

  
**Araf Hossain Sarker**  
Director

  
**Mohammed Hanif**  
Director

  
**Reshadur Rahman**  
Chairman

**Dhaka Bank Limited**  
Statement of Changes in Equity  
As at 31 December 2017

Particulars	(Amount in Taka)						
	Paid up capital	Statutory Reserve	General Reserve	Asset Revaluation Reserve-Restated	Investment Revaluation Reserve	Surplus in profit and loss account	Total Equity
Balance as at 1 January 2017	6,879,006,860	5,850,338,779	122,080,584	622,516,800	29,513,562	942,269,273	14,445,725,858
Changes in accounting policy	-	-	-	-	-	-	-
<b>Restated balance</b>	<b>6,879,006,860</b>	<b>5,850,338,779</b>	<b>122,080,584</b>	<b>622,516,800</b>	<b>29,513,562</b>	<b>942,269,273</b>	<b>14,445,725,858</b>
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	(7,951,246)	-	(7,951,246)
Currency transaction differences	-	-	-	-	-	-	-
<b>Net gains and losses not recognized in the income statement</b>	-	-	-	-	<b>21,562,316</b>	-	-
Net Profit for the year	-	-	-	-	-	1,495,371,858	1,495,371,858
Adjustment made during the year	-	-	-	-	-	-	-
Transfer to reserve	-	-	-	-	-	-	-
Dividend:							
Stock dividend	343,950,340	-	-	-	-	(343,950,340)	-
Cash dividend	-	-	-	-	-	(687,900,686)	(687,900,686)
Changes in reserve	-	567,843,022	(115,519,953)	-	-	(452,323,069)	-
<b>Balance as at 31 December 2017</b>	<b>7,222,957,200</b>	<b>6,418,181,801</b>	<b>6,560,631</b>	<b>622,516,800</b>	<b>21,562,316</b>	<b>953,467,037</b>	<b>15,245,245,785</b>

These Financial Statements should be read in conjunction with the annexed notes 1 to 44.

Dhaka,  
30 January 2019

  
**Syed Manubur Rahman**  
Managing Director & CEO

  
**Aftab Hossain Sarker**  
Director

  
**Mohammed Hanif**  
Director

  
**Reshadur Rahman**  
Chairman



**Dhaka Bank Limited**  
Liquidity Statement  
(Asset and Liability Maturity Analysis)  
As at 31 December 2018

Particulars	(Amount in Taka)						Total
	Upto 01 month	1 - 3 months	3 - 12 months	1 - 5 years	more than 5 years		
<b>Assets:</b>							
Cash in hand (including Balance with BB & its agents)	15,451,445,066	-	-	-	-	-	15,451,445,066
Balance with other Banks and financial institutions	9,139,121,384	6,755,250,000	1,600,000,000	-	-	-	17,494,371,384
Money at call on short notice	-	-	-	-	11,300,000	-	11,300,000
Investment	-	1,426,627,133	2,120,449,365	17,994,298,827	6,078,620,019	-	27,619,995,345
Loans and Advances	27,371,875,459	41,289,729,516	48,772,665,201	46,512,997,596	16,678,435,825	-	180,625,703,598
Fixed assets including premises, furniture and fixtures	-	-	-	1,333,327,412	3,573,053,753	-	4,906,381,165
Other assets	14,182,461,037	-	7,375,614,926	4,513,255,145	1,772,423,646	-	27,843,754,754
Non-Banking assets	-	-	-	23,166,033	-	-	23,166,033
<b>Total Assets</b>	<b>66,144,902,947</b>	<b>49,471,606,649</b>	<b>59,868,729,492</b>	<b>70,377,045,013</b>	<b>28,113,833,243</b>		<b>273,976,117,345</b>
<b>Liabilities:</b>							
Borrowing from Bangladesh Bank, Other Banks, financial institutions and agents	(650,000,000)	-	(23,445,439,495)	(2,584,745,274)	-	-	(26,680,184,769)
Deposits & Other Accounts	(23,499,387,572)	(38,308,256,255)	(98,790,165,709)	(21,955,002,192)	(14,636,668,128)	-	(197,189,479,856)
Non Convertible Subordinated Bond	-	-	(800,000,000)	(1,800,000,000)	(5,400,000,000)	-	(8,000,000,000)
Other liabilities	(7,332,214,323)	-	(18,158,262,303)	-	-	-	(25,490,476,626)
<b>Total Liabilities</b>	<b>(31,481,601,895)</b>	<b>(38,308,256,255)</b>	<b>(141,193,867,508)</b>	<b>(26,339,747,466)</b>	<b>(20,036,668,128)</b>		<b>(257,360,141,251)</b>
<b>Net Liquidity Gap</b>	<b>34,663,301,052</b>	<b>11,163,350,394</b>	<b>(81,325,138,015)</b>	<b>44,037,297,548</b>	<b>8,077,165,115</b>		<b>16,615,976,094</b>
<b>Cumulative Liquidity Gap</b>	<b>34,663,301,052</b>	<b>45,826,651,446</b>	<b>(35,498,486,569)</b>	<b>8,538,810,979</b>	<b>16,615,976,094</b>		<b>-</b>

# **Dhaka Bank Limited and its Subsidiaries**

## **Notes to the Consolidated & Separate Financial Statements**

**As at and for the year ended 31 December 2018**

## **1. Status of the Bank and principal activities**

### **1.1 Legal form of the Bank**

The Dhaka Bank Limited (the “Bank”) was incorporated in Bangladesh as a public limited Company as on 06 April 1995 under the Companies Act, 1994 and commenced commercial operation on 05 July 1995. The Bank went for the public issue of shares on 18 November 1999 and its shares are listed with the Stock Exchanges of Bangladesh. Now it has 101 branches all over Bangladesh which includes 64 urban and 37 rural branches, two offshore Banking unit at EPZ, Dhaka & EPZ, Chittagong and 03 SME Service Centers. Out of the above, 2 branches of the Bank are run under Islamic Shari’ah, the method of working is substantially different from other non-Islamic branches. The Bank has two subsidiary companies in the name of Dhaka Bank Securities Limited and Dhaka Bank Investment Limited. The Bank has been holding 99.99% shares of Dhaka Bank Securities Limited (6 branches in Dhaka, Chittagong and Sylhet) and Dhaka Bank Investment Limited. Moreover the Bank has a dedicated philanthropic unit named Dhaka Bank Foundation which has been operating since 28 July 2004.

The registered office of the Bank is at 100, Motijheel Commercial Area, Biman Bhaban, Dhaka-1000, Bangladesh.

### **1.2 Nature of business/principal activities of the Bank**

#### **1.2.1 Conventional Banking**

The principal activities of the Bank are to provide full range of commercial Banking services to its Customers through its branches and SME Centers and electronic delivery channels in Bangladesh.

#### **1.2.2 Islamic Banking**

The Bank operates Islamic Banking in two branches designated for this purpose in complying with the rules of Islamic Shari’ah. A separate balance sheet, profit and loss account and a statement of profit rate on deposits shown in Annexure–(i) and the figures appearing in the annexure have been incorporated in the respective heads of these financial statements as recommended by the Central Shari’ah Board for Islamic Banks in Bangladesh. A separate unit for Islamic Banking has been formed in Head Office to monitor and comply with the rules of Islamic Shari’ah and other Regulatory bodies.

#### **1.2.3 Off-shore Banking unit**

Off-Shore Banking Unit is a separate business unit of Dhaka Bank Limited, governed under the rules and guidelines of Bangladesh Bank. Currently, the Bank has two OBUs in DEPZ and CEPZ. The Bank obtained DEPZ Offshore Banking Unit permission vide letter no. BRPD (P)744(92)/2005-2181 dated June 18, 2005 and CEPZ Offshore Banking Unit permission vide letter no. BRPD (P-3)744(92)/2017-123 dated January 05, 2017. The Bank commenced the operation of its DEPZ Offshore Banking Unit with effect from May 10, 2006 and CEPZ Offshore Banking Unit with effect from February 12, 2017. Separate financial statements of Off-shore Banking Unit are also presented.

#### **1.2.4 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.

#### **1.2.5 Central processing center (CPC)**

Dhaka Bank Limited has established the central processing center (CPC) for trade and credit operations. The center maintains its accounting records in the general ledger of the respective branches. The import/export related processing and credit operations are centrally controlled and monitored by the CPC for efficient and effective decision-making and reduction of cost.

#### **1.2.6 Subsidiaries of the Bank**

##### **1.2.6.1 Dhaka Bank Securities Limited (Former DBL Securities Limited)**

As per decision of the 153<sup>rd</sup> meeting of the Board of Directors of Dhaka Bank Limited, a separate subsidiary Company in the name of DBL Securities Limited was formed to carry out the stock broker and stock dealer activities of Capital Market Services Division of the Bank. The Board of Directors of Dhaka Bank Limited in its 208<sup>th</sup> meeting renamed the subsidiary Company as “Dhaka Bank Securities Limited”

instead of “DBL Securities Limited”. 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 was injected by Dhaka Bank Limited as Fresh Capital during the year 2011. 05 (five) new Directors were inducted in the Board of Dhaka Bank Securities Limited by transferring 05 (five) share certificates @Tk.10.00 each of Dhaka Bank Securities Limited held by Dhaka Bank Limited. Now, the total number of Shareholding in Dhaka Bank Securities Limited is 171,599,994 shares after considering the stock dividend of Tk.60,000,000 and Tk.156,000,000 issued respectively in 2011 and 2014. Financial Statements of this subsidiary are portrayed in [Annexure-K](#).

### 1.2.6.2 Dhaka Bank Investment Limited

As per approval of the Board of Directors of Dhaka Bank Limited in its 190th meeting, a separate subsidiary Company in the name and style of “Dhaka Bank Investment Limited” was formed with Authorized Capital of Tk. 2,000,000,000 and Paid-up Capital of Tk. 250,000,000, amongst other, to conduct Merchant Banking Activities, to act as Issue Manager, Securities Management and Brokerage, Custodian Service, Investment and Asset Management, Portfolio Management, Capital Market operation etc. Dhaka Bank Limited subscribed Tk.249,999,940 divided into 24,999,994 shares @Tk.10 each with 99.99% of contribution to Equity participation. The Company is yet to receive the license from Bangladesh Securities and Exchange Commission (BSEC) to commence its operation. Financial Statements of this subsidiary are given in [Annexure-L](#).

## 2.0 Significant accounting policies and basis of preparation of the financial statements

### 2.1 Basis of accounting

#### 2.1.1 Statement of compliance

The Financial Reporting Act 2015 (FRA) was enacted in 2015. Under the FRA, the Financial Reporting Council (FRC) is to be formed and it is to issue financial reporting standards for public interest entities such as Banks. The Bank Company Act, 1991 has been amended to require Banks to prepare their financial statements under such financial reporting standards. The FRC has been formed but yet to issue any financial reporting standards as per the provisions of the FRA and hence International Financial Reporting Standards (IFRS) as approved by the Institute of Chartered Accountants of Bangladesh (ICAB) are still applicable.

Accordingly, the financial statements of the Bank and its subsidiaries (the “Group”) continue to be prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Bank Company Act, 1991, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994, Securities and Exchange Rules 1987.

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 (AAOIFI) for which a separate set of books and records are being maintained.

In case any requirement of the Bank Company Act, 1991, and provisions and circulars issued by Bangladesh Bank differ with those of IFRS and AAOIFI standards, the requirements of the Bank Company Act, 1991 and provisions and circulars issued by Bangladesh Bank shall prevail.

#### Material departures from the requirement of IFRS

Material deviations from the requirements of IFRS are as follows:

##### i) Investment in shares and securities

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

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

## ii) Revaluation gains/losses on government securities

**IFRS:** As per requirement of IFRS 9 where securities will fall under the category of fair value through profit or loss account, any change in the fair value of assets is recognised through the profit and loss account. Securities designated as amortised cost are measured at effective interest rate method and interest income is recognised through the profit and loss account.

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

## iii) Provision on loans and advances/investments

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

**Bangladesh Bank:** As per BRPD circular No.15 (27 September 2017), BRPD circular No.16 (18 November 2014), BRPD circular No.14 (23 September 2012), BRPD circular No. 19 (27 December 2012), BRPD circular No. 05 (29 May 2013) and BRPD circular No.1 (20 February 2018) a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also specific provision for sub-standard loans, doubtful loans and bad losses has to be provided at 5%, 20%, 50% and 100% respectively for loans and advances depending on time past due. Again as per BRPD circular no. 10 dated 18 September 2007 and BRPD circular no. 14 dated 23 September 2012, a general provision at 1% is required to be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by IFRS 9.

## iv) Recognition of interest in suspense

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

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

## v) Other comprehensive income

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

**Bangladesh Bank:** Bangladesh Bank has issued templates for financial statements which will strictly be followed by all Banks. The templates of financial statements issued by Bangladesh Bank neither include Other Comprehensive Income nor are the elements of Other Comprehensive Income allowed to be included in a single other Comprehensive Income (OCI) Statement. As such the Bank does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statement of changes in equity.

## vi) Financial instruments – presentation and disclosure

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

**vii) Repo and reverse repo transactions**

**IFRS:** As per IFRS 9 when an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo), the arrangement is treated as a loan and the underlying asset continues to be recognised at amortised cost in the entity's financial statements. The difference between selling price and repurchase price will be treated as interest expense. The same rule applies to the opposite side of the transaction (reverse repo).

**Bangladesh Bank:** As per Department of Off-Site Supervision (DOS) Circular letter no. 06 dated 15 July 2010 and subsequent clarification in DOS circular no. 02 dated 23 January 2013, when a Bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a normal sales transaction and the financial asset is derecognised in the seller's book and recognised in the buyer's book.

**vii) Financial guarantees**

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

**Bangladesh Bank:** As per BRPD 14, financial guarantees such as letter of credit and letter of guarantee will be treated as off-balance sheet items. No liability is recognised for the guarantee except the cash margin. As per BRPD Circular No.01 dated 03 January 2018 and BRPD Circular No.14 dated 23 September 2012, the Bank is required to maintain provision at 1% against gross off-balance sheet exposures (which includes undrawn loan commitments).

**viii) Cash and cash equivalents**

**IFRS:** Cash and cash equivalent items should be reported as cash item as per IAS 7.

**Bangladesh Bank:** Some cash and cash equivalents items such as money at call on short notice, treasury bills with maturity of more than three months and prize bond are not shown as cash and cash equivalents. Money at call on short notice is shown separately in the balance sheet. Treasury bills with maturity of more than three months and prize bond are shown under investment in the balance sheet.

**ix) Non-Banking assets**

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

**Bangladesh Bank:** As per BRPD circular no. 14 dated 25 June 2003, there is a separate balance sheet item named Non-Banking assets existed in the standard format.

**x) Cash flow statement**

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

Reconciliation of net profit with cash flows from operating activities as per BSEC/CMRRCD/2006-158/208/Admin/81 dated 20 June 2018 presented after note no. 44

**Bangladesh Bank:** As per BRPD circular no. 14 dated 25 June 2003, cash flow is the mixture of direct and indirect methods.

**xi) Balance with Bangladesh Bank: (Cash Reserve Ratio - CRR)**

**IFRS:** CRR maintained with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per IAS 7.

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

#### xii) **Presentation of intangible asset**

**IFRS:** An intangible asset must be identified and recognised, and the disclosure must be given as per IAS 38.

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

#### xiii) **Off-balance sheet items**

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

**Bangladesh Bank:** As per BRPD circular no. 14 dated 25 June 2003, off balance sheet items (e.g. Letters of credit, Letters of guarantee etc.) must be disclosed separately on the face of the balance sheet.

#### xiv) **Loans and advances/Investments net of provision**

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

**Bangladesh Bank:** As per BRPD circular no. 14 dated 25 June 2003, provision on loans and advances/investments are presented separately as liability and cannot be netted off against loans and advances.

### 2.1.2 **Basis of measurement**

The financial statements have been prepared on the historical cost basis except for the following material items:

- Government Treasury Bills and Bonds designated as ‘Held for Trading (HFT)’ are measured weekly using ‘mark to market’ concept with gain credited to revaluation reserve but loss charged to Profit and Loss Account.
- Government Treasury Bills and Bonds designated as ‘Held to Maturity (HTM)’ are amortized each year with resulting gain credited to revaluation reserve but loss charged to Profit and Loss Account.
- Land is recognized at cost at the time of acquisition and subsequently measured at fair value as per BAS-16 ‘Property Plant & Equipment’ and BSEC notification SEC/CMRRCD/2009-193/150/-- Admin dated 18 August 2013.

### 2.1.3 **Functional and presentation currency**

Items included in the financial statements of the Bank are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The financial statements of the Bank are presented in Bangladeshi Taka (BDT) which is the Bank’s both functional and presentation currency.

### 2.1.4 **Use of estimates and judgments**

The preparation of the financial statements in conformity with IAS and IFRS 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. The most significant areas where estimates and judgements have been made are on provision for loans and advances, income tax, deferred tax, Employee benefits and liquidity statement. Key estimates include

- Provision for loan and advances
- Deferred tax assets/liabilities
- Provision for gratuity and superannuation fund
- Depreciation of fixed assets
- Amortization of Intangible assets

## 2.2 Basis of consolidation

The consolidated financial statements include the financial statements of Dhaka Bank Limited, the Offshore Banking Unit and its two subsidiaries i.e. Dhaka Bank Securities Limited and Dhaka Bank Investment Limited made up to the end of the financial year.

The consolidated financial statements have been prepared in accordance with IFRS-10 based on a common period ended 31 December 2018.

A Banking software system UBS produces consolidated Balance Sheet and Profit and 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.

### Transaction eliminated on consolidation

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Profits/(losses) resulting from transactions within Group are also eliminated on consolidation.

## 2.3 Cash and cash equivalents

Cash and cash equivalents include notes and coins in hand, unrestricted balances held with Bangladesh Bank and highly liquid financial assets which are subject to insignificant risk of changes in their fair value and are used by the Bank's management for its short-term commitments.

For the purpose of the cash flow statement, cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and normally those with less than three months maturity from the date of acquisition and include cash and balances at central Banks, treasury bills and other eligible bills and balances with other Banks and financial institutions.

## 2.4 Loans and advances and provision thereon

<b>General provision on:</b>	<b>2018</b>	<b>2017</b>
Unclassified general loans and advances/investments	1.00%	1.00%
Unclassified small and medium enterprise financing	0.25%	0.25%
Unclassified loans/investment for housing finance and on loans for professionals	1.00%	2.00%
Unclassified consumer financing other than housing finance and loans for professionals	5.00%	5.00%
Unclassified agricultural loans	1.00%	2.50%

<b>Specific provision on:</b>	<b>2018</b>	<b>2017</b>
Substandard loans and advances/investments other than agricultural loans	20%	20%
Doubtful loans and advances/investment other than agricultural loans	50%	50%
Substandard and doubtful agricultural loans	5%	5%
Bad/loss and advances/investments	100%	100%

BRPD circular No.14 (23 September 2012) as amended by BRPD circular No. 19 (27 December 2012) also provides scope for further provisioning based on qualitative judgments. In these circumstances impairment losses are calculated on individual loans considered individually significant based on which specific provisions are raised. If the specific provisions assessed under the qualitative methodology are higher than the specific provisions assessed under the formulaic approach, the higher of the two is recognised in liabilities under "Provision for loans and advances" with any movement in the provision charged/released in the profit and loss account. Classified loans are categorised into sub-standard, doubtful and bad/loss based on the criteria stipulated by Bangladesh Bank guideline.

## 2.5 Loan write-off

Write off against classified Loans and Advances are considered to the extent that there is no realistic prospect of recovery and legal cases those were unsettled for more than five years as per guidelines of Bangladesh Bank.

However, write off application will not reduce the total claim against the borrower and detailed records of such write off accounts are generally maintained in a separate ledger.

## 2.6 Investments

Investments are initially recognized at cost, including acquisition charges associated with the investment. Premiums are amortized and discount accredited, using the effective or historical yield method. Accounting treatment of government treasury securities and bonds (categorized as HFT or/and HTM) is made following Bangladesh Bank DOS Circular Letter No. 05, dated 26 May 2008. The valuation methods of investments used are:

### a) Held to maturity (HTM)

Investments which are intended to be held till maturity are classified as "Held to Maturity". These are measured at amortized cost at each year end by taking into account any discount or premium on acquisition. Premiums are amortized and discount accredited, using the effective or historical yield method. Any increase or decrease in value of such investments is booked to equity and in the profit and loss statement respectively.

### b) Held for trading (HFT)

Investment classified in this category are acquired principally for the purpose of selling or repurchasing in short trading or designated as such by the management. After initial recognition, investments are measured at fair value and any change in the fair value is recognized in the profit and loss statement (if decrease) and revaluation reserve (if increase) as per Bangladesh Bank DOS Circular no. 05 dated 28 January 2009.

### c) Investment in listed shares and securities

These securities are bought and held primarily for the purpose of selling them in future or holding for dividend income. These are reported at cost. Unrealized gains are not recognized in the profit and loss account. But provision for diminution in value of investment is provided in the financial statements which market price is below the cost price of investment as per Bangladesh Bank guideline (Note-6.2.1)

### d) Investment in unquoted shares and securities

The Bank's investments in shares (unquoted) are recorded at cost and income thereon is accounted for when the right to receive payment is established. Provisions are made for any loss arising from diminution in value of investments. (Note-6.2.1)

### e) Investment in Commercial Paper

Investment in Commercial Papers is reported at cost and are bought and held for a short term maturity. Interest income on Commercial Papers is recognized in Profit & Loss Statement on accrual basis. Repayment of principal with capitalized interest is made at maturity.

### f) REPO and Reverse REPO

Since 01 September 2010, transactions of REPO and Reverse REPO are recorded based on DOS Circular no. 06, dated 15 July 2010 of Bangladesh Bank. In case of REPO of both coupon and non-coupon bearing (Treasury bill) securities, the Bank adjusts the Revaluation Reserve Account for HFT securities and stops the weekly revaluation (if the revaluation date falls within the REPO period) of the same security. For interest bearing security, the Bank does not accrue interest during REPO period.

### g) Investment in subsidiary

Investment in subsidiaries is accounted for under the cost method of accounting in the Bank's financial statements in accordance with the International Accounting Standard (IAS). Accordingly, investments in subsidiaries are stated in the Bank's Balance Sheet at cost, less impairment losses if any.



Value of investment is enumerated as follows :

Investment Class	Initial Recognition	Measurement after initial recognition	Recording of changes
Held for Trading (T Bills, T Bonds, etc.)	Cost	Fair Value	Loss to profit and loss account, gain to revaluation reserve through profit and loss account.
Held to Maturity (T Bills, T Bonds etc.)	Cost	Amortized Cost	Increase or decrease in value to equity and in the profit and loss statement respectively.
Prize Bond	Cost	Cost	None
Shares (Quoted )	Cost	Market value	Loss (gain net off) to profit and loss account but no unrealized gain booking.
Shares (Unquoted)	Cost	At cost or book value as per last audited balance sheet, whichever is lower	Loss to profit and loss account but no unrealized gain booking.
Investment in Islamic Bond	Cost	Cost	None
Commercial Paper	Cost	Amortized cost	None

## 2.6(a) Property, plant and equipment and depreciation

Property, plant and equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the Bank and the cost of the assets can be reliably measured.

- i) All fixed assets are stated at cost less accumulated depreciation as per IAS-16. The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.
- ii) The Bank recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Bank and the cost of the item can be measured reliably. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance, is normally charged off as revenue expenditure in the period in which it is incurred.
- iii) Depreciation is charged on straight-line method at the following rates on cost of assets from the month of their purchase as per revised policy with effect from the year 2018.

Category of Assets	Rate of Depreciation
Land	Nil
Building	2.5%
Furniture and Fixtures	10%
Office Appliances & Equipment	20%
Computer Equipment	20%
Vehicles	20%

## 2.7 Intangible assets

Intangible assets include purchased computer software which is stated at cost less any impairment losses and amortisation calculated on a straight-line basis. In accordance with the provisions of IAS 38 the cost of purchased software which is not an integral part of the related hardware is booked under intangible assets. Intangible assets with finite useful life are amortised, generally on straight-line basis, over their useful lives as follows:

Computer Software	10%
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Intangible assets are subject to an impairment review if there are events or changes in circumstances which indicate that the carrying amount may be impaired. Modification, up-gradation and maintenance costs are charged to the profit and loss account as incurred.

*Depreciation on Computer Software has been changed to 10% from 20% based on the estimated useful life of the software and has been accounted for in accordance with IAS 8.*

## 2.8 Impairment of assets

The policy for all assets or cash-generating units for the purpose of assessing such assets for impairment is as follows:

The Bank assesses at the end of each reporting period or more frequently if events or changes in circumstances indicate that the carrying value of an asset may be impaired, whether there is any indication that an asset may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the Bank makes an estimate of the assets' recoverable amount. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount by debiting to profit and loss account.

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may be impaired. Building includes a floor space in the BGMEA Bhaban at Hatirjheel, Kawran Bazar, Dhaka, against which there is a dispute and Honorable High Court had published a verdict to demolish the building but recently the deadline to do the same has been extended further. Besides, Bank will receive compensation from BGMEA once the building is demolished. So, Bank will maintain provision or will make impairment loss at the time of demolition of the structure or at the time of settlement of the issue with BGMEA. **[For details, please see Note-9 & 18.2].**

## 2.9 Asset revaluation reserve

Dhaka Bank Limited revalued the Land during the year 2011 by an independent valuation firm according to Paragraph 36 of IAS-16 as per approval of the Board of Directors of the Bank. As per Risk Based Capital Adequacy Guidelines for Banks under BASEL - III, the Revaluation Reserve for Assets and Securities will diminish at 20% per year on the base amount of 31 December 2015 so that the whole revaluation reserve amount will not get capital treatment after the end of five years (starting from January 2015). **[For details, please see Note-16.9 & 18.2].**

## 2.10 Other assets

As per BRPD Circular No. 14 dated 25 June 2003, all balance sheet accounts not covered specifically in other areas of the supervisory activity and such accounts may be quite insignificant in the overall financial condition of the Bank has been shown in other assets. These assets are grouped into income and non-income generating activities. Other assets include investment in subsidiaries, Capital work in progress, prepaid expenses security deposits and other branch adjustments etc.

## 2.11 Receivables

Receivables are recognized when there is a contractual right to receive cash or another financial asset from another entity.

## 2.12 Non-Banking assets

Non-Banking assets are acquired on account of the failure of a debtor to repay the loan in time after receiving the decree from the Court regarding the right & title of mortgaged property during the year 2010. The value of the properties has been incorporated in the books of accounts on the basis of third party valuation report.

## 2.13 Leased assets

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating Leases.

### a) The Bank as lessor

Amounts due from leases under finance lease are recorded in the assets side of the Balance Sheet at the amount of the Bank's net investment in the leases. Finance lease rental income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Bank's net investment outstanding in respect of the leases. No depreciation has been charged for such lease in the account.

## **b) The Bank as lessee**

Assets held under finance leases are recognized as assets of Bank at fair value at the date of acquisition or if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a Finance Lease 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.

## **2.14 Share capital**

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

## **2.15 Statutory reserve**

Under section 24.1 of The Bank Company Act, 1991 (amended 2013) Banks are required to transfer 20% of its current year's profit before tax to reserve until such reserve equals to its paid up capital.

## **2.16 Non-controlling interest in subsidiaries**

Non-controlling interest in business is an accounting concept that refers to the portion of a subsidiary Company's stock that is not owned by the parent Company. The magnitude of the non-controlling interest in the subsidiary Company is always less than 50% of outstanding shares; else the Company would cease to be a subsidiary of the parent.

## **2.17 Non-convertible subordinated bond**

- i) The Bank issued Redeemable Non-Convertible Subordinated Bond of Tk.2,000,000,000 as Supplementary Capital (Tier-2) of the Bank for a term of 07 (seven) years to strengthen the capital base of the Bank on the consent of Bangladesh Securities and Exchange Commission Vide Letter No. SEC/CI/CPLC-10/2001-256 dated 09.09.2010. It has been fully redeemed in December, 2017.
- ii) The Bank issued another tranche of Non-Convertible Subordinated Bond of Tk. 3,000,000,000 with consent of BSEC vide letter no. BSEC/CI/DS-34/2015/643 dated 28.12.2015 and subsequently approved by Bangladesh Bank vide letter no. BRPD (BFIS) 661/14B (P) 2016-2474 dated April 17, 2016 to strengthen the capital base in line with the newly introduced Capital Adequacy Guidelines under BASEL-III Accord. The redemption will start from the year 2019.
- iii) The Bank issued 3rd tranche of Non-Convertible Subordinated Bond of Tk. 5,000,000,000 with consent of BSEC vide letter no. BSEC/CI/CPLC/DS-210/2009/210 dated March 28, 2018 and from Bangladesh Bank vide letter no. BRPD (BFIS) 661/14B (P) 2018-2569 dated April 17, 2018.

## **2.18 Deposits and other accounts**

Deposits by customers and Banks are recognized when the Bank enters into contractual provisions of the arrangements with the counterparties, which is generally on trade date and initially measured at the consideration received.

## **2.19 Borrowings from other Banks, financial institutions and agents**

Borrowed funds include call money deposits, borrowings; re-finance borrowings and other term borrowings from Banks. These are stated in the balance sheet at amounts payable. Interest paid/ payable on these borrowings is charged to the profit and loss account.

## **2.20 Interest suspense account**

Interests on classified loans were not taken into income account. The amount was credited to interest suspense account. Interest/profit on classified advances is accounted for on a cash receipt basis.

## **2.21 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 at present. 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) with effect from 1st January 2001 under section 3 & 4 of part- A of first schedule of Income Tax Ordinance, 1984. During the year 2017, Dhaka Bank Limited had appointed an actuary and the Bank contributes to the fund annually as per Superannuation Fund Rules of the Bank. Bank has conducted an actuarial valuation for the said Superannuation Fund in 2017 and contributions to the fund will be maintained onward as per actuary report.

## c) Gratuity

The Bank operates an Employee Gratuity Fund Trust by a Board of Trustees consisting of seven members at present. All confirmed Employees who have been in the service of the Bank for a minimum of five years without break, should be eligible to have the benefit under the gratuity scheme. The Gratuity Trust Rules got recognition from the National Board of Revenue (NBR) with 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. Bank has conducted an actuarial valuation for the said Gratuity Fund in 2017 and contribution to the gratuity fund will be made onward as per actuary report.

## 2.22 Revenue recognition

The interest income is recognized complying with the conditions of interest income recognition as provided in **IFRS 9 - "Financial Instruments"**.

- a) **Interest income/profit received** - The interest/profit receivable on unclassified loans and advances/investments is recognized on accrual basis. Interest/profit on classified advances is accounted for on a cash receipt basis.  
Interest on Credit Card outstanding is calculated on daily product balance but charged on monthly basis. Interest is charged on Credit Card up to 28 December 2018. Monthly bill of Credit Card is issued on 28th day of each month.
- b) **Investment income** - Interest income on investments is recognized on accrual basis.
- c) **Fees and commission income** - Fees and commission income arises on services provided by the Bank and recognized on a cash receipt basis. Commission charged to customers on letter of credit and letter of guarantee are credited to income at the time effecting the transactions.
- d) **Dividend income** - Dividend income from shares is recognized at the time when it is realized.
- e) **Interest/profit paid and other expenses** - The interest/profit paid on deposits, borrowings and other expenses are recognized on accrual basis.

## 2.23 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 are converted into equivalent Taka currency at the ruling exchange rates on the respective date of such transactions as per IAS-21 "The Effects of Changes in Foreign Exchange Rates".
- c) Effects of exchange rate differences (rates at which transactions were initially recorded and the rate prevailing on the reporting date/date of settlements) applied on the monetary assets or liabilities of the Bank are recorded in the Profit and Loss Account as per IAS 21 'The Effect of changes in foreign exchange rates'.

**Commitment:** Commitments for outstanding forward foreign exchange contracts (SWAP) disclosed in these Consolidated Financial Statements and Financial Statements are translated at contracted rates. Contingent liabilities/commitments for letter of credit, letter of guarantee and acceptance denominated in foreign currencies are expressed in terms of Taka at the rates of exchange ruling on the balance sheet date.

## 2.24 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 37.50% as prescribed in the Finance Act, 2018 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 transactions 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 International Accounting Standard (IAS)-12. (See Note: 15.8).

## 2.25 Earnings per shares (EPS)

Earnings per share (EPS) have been calculated in accordance with IAS 33 “Earnings per Share” which has been shown on the face of Profit and Loss Account. This has been calculated dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year. Previous year’s figures have been restated as per guidelines of IAS 33. (See Note: 40).

## 2.26 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 #14 dated 23 September 2012.

## 2.27 Memorandum items

Memorandum items are maintained to have control over all items of importance and for such transactions where the Bank has only a business responsibility and no legal commitment. Bills for Collection, Stock of Travellers cheques, Savings Certificates, Wage Earner Bonds fall under the memorandum items. However, Bills for Collection is shown under contingent liabilities as per Bangladesh Bank’s format of reporting.

## 2.28 Cash flow statement

The cash flow statement has been prepared in accordance with IAS 7, Cash Flow Statements considering the requirements specified in BRPD circular No. 14 dated 25 June 2003 issued by the Banking Regulation and Policy Department of Bangladesh Bank. The cash flow statement shows the structure of changes in cash and cash equivalents during the financial year.

## 2.29 Statement of changes in equity

The statement of changes in equity reflects information about the increase or decrease in net assets or wealth during the year. Statement of Changes in Equity is prepared principally in accordance with IAS-1 “Presentation of Financial Statements” and under the guidelines of Bangladesh Bank BRPD Circular No.14 dated 25 June 2003.

## 2.30 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 2018 and under the guidelines of Bangladesh Bank BRPD Circular No.14 dated 25 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

### 2.30a 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 affect the financial statements significantly.

Un-reconciled entries in case of inter-branch transactions as on the reporting date are not mentionable due to the time gap before finalizing the same.

### 2.31 Offsetting

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

### 2.32 Reporting period

These financial statements cover one calendar year from 01 January 2018 to 31 December 2018.

### 2.33 Post Balance sheet event

The Board of Directors of the Company approved the financial statements of the Company for the year ended 31 December 2018 in its 349th meeting on April 10, 2019.

### 2.34 General

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

### 2.35 Number of Employees

The number of Employees engaged for the year or part thereof was 1,917 (Male- 1,485 & Female-432). The Bank recruited 269 numbers of staff during the year. Attrition rate is 6.31% in 2018 compared to 6.21% in 2017.

### 2.36 Compliance of disclosure on risk management with related pronouncement of Bangladesh Bank

#### i. Risk management

The financial sector of emerging economies like that of Bangladesh is undergoing a monumental and persistent change. The premier reasons for this rapid evolution are increased interaction with world economies, diversification of services and products of the clients which are of newer genre and advancement of intra-division initiatives of the financial organizations for achievement of enhanced efficiency. The resultant effect for the financial sector is a newer facet of risk phenomena, which are unique at source and requires innovative approach to deal with.

Dhaka Bank Limited is addressing these ever-developing risk phenomena through a coordinated model of identifying the sources, assessment and control mechanism of the following core risks-

- Internal Control & Compliance Risk;
- Market Risk Management;
- Foreign Exchange Risk;
- Interest Rate Risk;
- Equity Risk;
- Credit Risk;
- Asset Liability Management Risk;
- Money Laundering Risk;
- Information and Communication Technology Security Risk;
- Internal Audit;
- Fraud and Forgeries.

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.

## **ii. Internal control and compliance risk management**

With the advent of globalization vis-à-vis technological changes, Banking has become more and more diversified. As the Banking function entails high risk, effective internal control system, good corporate governance, transparency and accountability have become more important for Banking sector worldwide. Internal control system identifies the risk inherent in the process, adopts mitigation measures and ensures compliance thereof.

As per guidelines issued by Bangladesh Bank, Dhaka Bank Limited established an organizational structure which allows segregation of duties among key functional units. Internal Control & Compliance Division (ICCD) has been reconstructed into 4 (four) units, i.e., (i) Compliance Unit, (ii) Monitoring Unit (iii) Audit & Inspection Unit and (iv) IS/IT Audit Unit.

## **iii. Internal control & compliance**

- Integral part of the daily activities of a Bank;
- Identifies the risks associated with the process followed in the effectiveness and efficiency of operations;
- Risk of compliance with applicable laws, regulations and internal policies;
- In order to mitigate the risks, effective internal controls are developed and monitored along with the Compliance Standards.

The Compliance Unit ensures that Bank complies with all Regulatory requirements while conducting its business. They maintain liaison with the Regulators at all level and notify the other units regarding Regulatory changes.

The Monitoring Unit monitors the operational performance of various branches. They collect relevant data and analyze those to assess the risks of individual unit. In case they find any major deviation, they recommend to the Head of ICCD for sending Audit & Inspection Team for thorough review.

The Audit & Inspection Unit performs periodic and special audit when required. Dhaka Bank Limited has different section within this team responsible for carrying out specific tasks.

The IS/IT Audit Unit conducts regular IS/IT audit in all branches/divisions/departments/Units of Head Office.

To achieve these objectives Dhaka Bank Limited is gradually moving towards risk based internal audit to evaluate the risk management system and control procedures prevailing in various areas of its operation. Dhaka Bank Limited already introduced risk based internal audit and continues the same with necessary improvements when felt necessity. In risk based audit, the audit team evaluates the level of inherent risk of individual borrower as well as the level of a particular branch on the basis of a risk matrix. The Audit Committee of the Board subsequently reviews all audit/inspections reports and instructs to take corrective measures.

## **iv. Market risk management**

### **a) Foreign exchange risk**

To address the issue of Foreign Exchange Risk Management, all foreign exchange activities have 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 Limited follows all prudential procedures for covering foreign exchange risks as per guidelines of Bangladesh Bank. Treasury Division always monitors the market scenario of risks and manages the foreign exchange operations in a way so that earnings are not hampered against any adverse movement in market prices. The foreign exchange risk is at minimum level as all the transactions are carried out on behalf of the customers against L/Cs and foreign remittances. All Nostro accounts are reconciled on monthly basis and outstanding entry beyond 30 days is reviewed by the management for its settlement.

**b) 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.

**c) Equity risk**

Equity risk arises from movement in market value of equities held. The risks are monitored by the Basel Unit of the Bank under a well-defined prudent investment framework.

**v. Credit risk management**

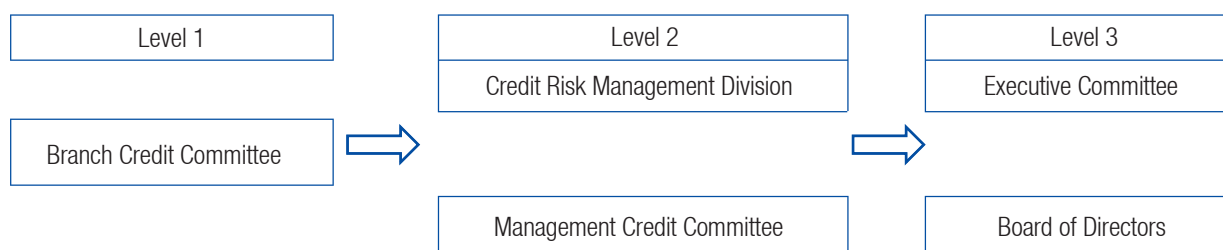
Credit Risk, broadly adverted as the uncertainty to meet financial obligations as per agreed terms and condition by the borrowers during the tenor of the credit facilities, occupies the largest constituent in the risk spectrum of financial institutions. Efficacy in credit risk management is demanded to secure the Bank's asset quality as well as market reputation. Credit Risk Management largely controls the risk appetite of financial institutions as an effective risk management process of the credit facilities brings up the constancy of the growth even in the dire market situation.

Dhaka Bank Limited has formulated 2 (two) phases in managing credit risk as depicted below:

**a) Pre approval phase**

- Identifying the sources of risk;
- Assessment of the magnitude of the risk;
- Devising the terms and condition to control the risk (if feasible and supported by the Credit Risk Management Policy of the Bank).

**Credit risk management process flow at pre approval phase:**



**b) Post approval phase**

- Implementation of risk control process i.e. documentation and securitization;
- Supervision of extended facilities;
- Identification of the Red Flag borrowers;
- Addressing the Red Flag borrowers according to the prevailing Regulatory framework.

**Recent development in credit risk management**

One of the recent developments in the Bank's credit risk management has been the adoption of a revised Credit Risk Management Policy that acknowledges the metamorphosis of the stimulants of credit risk and contriving the scheme to curb the effect of the evolved scenario. The epitome of the revised Credit Risk Management policy are-

- Segregation of the clientele base of the Bank under purview of the existing Regulatory framework and client's portfolio.
- Re-script Bank's lending strategy i.e. expansion or contraction to various industry.
- Re-fixing the industry-wise exposure ceiling in view of the industry life cycle, economic importance and repayment record.
- Revision of the product-wise i.e. Demand, Continuous and Term Loan exposure cap.
- Restructure of the approving authority related to different types credit facilities.



**vi. Asset liability management risk**

Dhaka Bank Limited meets at least once a month to analyze, review and formulate strategy to manage the balance sheet of the Bank. It formed the Asset Liability Committee (ALCO) in March 2003. The Asset Liability Committee (ALCO) of the Bank monitors market risk and liquidity risk and at the same time it interprets the market views and competition. ALCO prepares the liquidity plan as per the maturity profile of Assets & Liabilities, review rate of interest on deposits and advances, foreign exchange position and analyzes the different financial ratios. The ALCO comprises of the Managing Director & CEO, Additional Managing Director, Deputy Managing Directors, CFO, Head of SME & IBD, Head of Corporate Banking, Head of Credit Risk Management, Head of Retail, Head of Treasury and Head of Risk Management Division.

**vii. Money laundering risk management**

Reputational Risk arises from non-compliance of relevant laws and regulations related to Money Laundering by the reporting agencies as the loss of reputation and expenses incurred as penalty. Every branch has a nominated AML compliance officer who will review and evaluate the daily transactions of his branch and report to Deputy CAMLCO or CAMLCO if any abnormal / suspicious activities is detected for further analysis and reporting to Bangladesh Bank. The Bank has a Chief Anti Money Laundering Compliance Officer (CAMLCO) who is also the Deputy Managing Director-Operations at Head Office. The Bank has a Central Compliance Unit (CCU), Head Office for ensuring the compliance related to AML/CFT of all branches. CCU collects the mandatory statements related to AML/CFT from branches and submits to Bangladesh Bank after confirming the statements are in order and as per the prescribed format.

In compliance with the Money Laundering Prevention Act 2012 & Anti-Terrorism Act 2009 (amended in 2012, 2013) Dhaka Bank Limited has revised its AML/CFT policy in due course. Branches has been instructed or guided to review the KYC and TP of their clients as and when requires depending upon the nature and volume of the transaction of their client to mitigate the AML risk.

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.

**viii. Information and communication technology security risk**

Banking environment has become highly competitive now-a-days. Being able to grow and sustain in the ever-changing market scenario, Banks have to use latest technologies and tools which can help in developing learner and more flexible structure that can react or respond as per the dynamics of the situation of the market. IT is also acting as an instrument of cost efficiency and effective communication with people and institutions associated with the Banking business. Moreover, IT is moving from a back office function to a prime assistant in increasing the value of a Bank over time. In line with these, IT Division of Dhaka Bank Limited Ltd., has taken pro-active measures such as strengthening and standardizing Bank's infrastructure in respect of security, communication and networking, achieving inter branch connectivity, moving towards Real Time Gross Settlement (RTGS) environment etc. to face the fierce competition locally and globally.

To continue fulfilling these objectives, we have made some significant changes to IT functions so far.

**a) Core Banking software up gradation**

Dhaka Bank Limited is one of the forerunners in introducing a modern customer centric core Banking solution named Flexcube (Oracle) in early 2004 which has served both the Bank and the customer to the fullest extent. It is very evident that technology in the Banking arena has been changing rapidly over the years which enabled the client reaching the Bank via their handheld devices. In light of these, Dhaka Bank Limited decided to upgrade the Core Banking Software to keep the Bank abreast of the foreseeable technology change. The preparatory works and the work plan have been finalized by the Bank and the vendor. The up gradation has been completed in 2017. We view this as an opportunity to cater our services to the doorstep of our clients.

**b) Central Bank and internal business reporting**

Bangladesh Bank (The Central Bank of Bangladesh) has introduced a large number of reports from each commercial Bank under various interval frequencies, such as, Monthly, Quarterly etc. Major portion of these reports data are extracted from the Core Banking Solution and forwarded to the respective divisions/branches to verify and place to the Central Bank.

- **RIT (Rationalized Input Template):** Bangladesh Bank are maintaining a SAP solution based on RS/400 system for importing data from a very critical and unique format, which is called RIT (Rationalized Input Template). IT Division is working restlessly to supply these data to the concerned divisions, so that it can be accommodated with the central Bank system.
- **go-AML:** Anti-Money Laundering is a very big challenge to Bangladesh Government to support the local and international compliance. The Central Bank already changed its major architecture in both physical and software system. New software is in the project pilot phase, which requires data each month. Dhaka Bank Limited IT Division prepares Cash Transaction data, Customer Data and relevant stakeholder's data each month for due submission to Bangladesh Bank.
- **Online CIB:** CIB is one of the most important reports for each and every Commercial Bank in Bangladesh, which reflects the borrowers' position with the Bank. Dhaka Bank Limited IT Division extracts these data through some complex process each month and publishes it into intra-net portal.
- **Import and export reporting:** IT has developed application integrated with the core Banking system for batch uploading of import and export information of the clients so that man-hour can be reduced and efficiency of reporting can be increased.
- **Green Banking activities:** We have been using a high performance automated core Banking software and e-mail for intra Bank correspondence where no more manual Banking is required. With a view to reducing the usage of hard copy statement as well as to popularize paperless Banking, Dhaka Bank Limited introduced e-statements, M-Banking, Internet Banking, ATM, ADM. Through e-statements client can view, download or print an electronic version of the statement that looks just like the paper version.

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

#### c) **Network hardware redundancy at Data Center**

- Dhaka Bank IT Division has initiated a project to reduce network downtime at zero level by implementing auto switching between redundant hardware in the Data Center. The project will be executed in 2 phases.
- **1st Phase:** In this phase network team is working to install 2 core routers where all the links from vendors will be connected. The configuration between these two routers is arranged in such a way that in case one router goes down, the other will take over all the traffic.
- **2nd Phase:** In this phase 2 core firewall will be installed at Data Center with Intrusion Prevention System. After completion of this phase current firewall will be transferred to Disaster Recovery Site.

#### d) **Utilities bill payment**

Dhaka Bank Limited being a tech-savvy Bank supported by state-of-the-art technology always prioritizes digitalized financial and Banking services that we have been doing for more than a decade. Although we carry out formal Banking operations through our 101 branches locations but virtually we are present here and there across the globe through real-time online Banking, card services, internet Banking, utility bill collection units, MRP & MRV Fee, WASA bill, mobile bill and remittance network.

### ix. **Internal audit**

The internal audit function which is centrally controlled, monitors compliance with policies and standards and the effectiveness of internal control structure of the Bank. Internal Control and Compliance Division of the Bank carries out internal audit with a view to enrich the compliance culture and full control on the exertion of the Banking operations. The division directly report simultaneously to the Board Audit Committee and the Managing Director & CEO. Sometimes internal audit team conducts surprise visit to the branches. Regular monitoring has been done for the effectiveness of the control and compliance policies and procedures with the effect to evaluate the application of Internal Control System, and Internal Audit Policy, Policy for financial risk, existing rules and regulations, other obligation from Regulatory authority etc.

## x. Fraud and forgeries

The Bank is operating its business with the public money. As a custodian of such money, Bank has to set up strong internal control structure, introduce corporate governance, practise ethical standards in the Bank for safeguard and interest of the stakeholders. Public confidence has been shaken when different types of malpractice, fraud and forgeries occurred in the Banking sector. Dhaka Bank Limited is fully aware of its responsibility towards stakeholders specially depositors.

## 2.37 Audit committee of the board of directors

### i) Particulars of audit committee

The Audit Committee of the Board was duly constituted by the Board of Directors of the Bank in accordance with the BRPD Circular Letter No. 11 dated 27 October 2013 issued by Bangladesh Bank. The Committee was formed with the following members of the Board:

Sl. No.	Name	Status with the Bank	Status with the Committee	Educational Qualification
01	Mr. M. A. Yussouf Khan	Independent Director	Chairman (with effect from 09.10.2018) & Member (Till 08.10.2018)	Bachelor of Arts
02	Mr. Syed Abu Naser Bukhtear Ahmed	Independent Director	Member (Chairman till 13.07.2018)	MBA
03	Mr. Reshadur Rahman	Chairman	Member (Till 27.06.2018)	Graduate
04	Mrs. Rokshana Zaman	Director	Member	Intermediate
05	Mr. Tahidul Hossain Chowdhury	Director	Member	Bachelor of Arts
06	Mrs. Manoara Khandaker	Director	Member (With effect from 28.06.2018)	Bachelor of Arts

### ii) Meeting held with audit committee

During the period up to December 2018, 07 (Seven) Meetings of the Audit Committee of the Board were held. The Committee in these Meetings discussed the following issues and made relevant recommendations/ instructions to the Management for compliance:

- Submission of Latest Compliance Status of Audit Reports of Different Branches of Dhaka Bank Limited, Audits conducted from January to December, 2017.
- Submission of Latest Compliance Status of Audit Reports of Different Branches of Dhaka Bank Limited, Audits conducted from January to December, 2016.
- Half Yearly (July – December, 2017) Statement of Self-Assessment of Anti-Fraud Internal Controls under DOS Circular Letter No.10 Dated May 09, 2017 of Bangladesh Bank.
- Audited Consolidated Financial Statement of the Company and Financial Statements of the Bank for the year ended 31st December 2017.
- Quarterly statement of Loan Classification and Provisioning (CL) of the Bank for the period ended December 31, 2017.
- Quarterly statement of Loan Classification and Provisioning (CL) of the Bank for the period ended March 31, 2018.
- Un-audited Quarterly Consolidated Financial Statements of the Company and Financial Statements of the Bank for the period ended 31<sup>st</sup> March, 2018.
- Movement of Classification from January, 2017 to December, 2017.
- Updated Status of several investigations.
- Deviations in Quarterly Operations Report for the Quarter Ended March, 2018.
- Material Pending issues of Internal Audit of Head Office Division/Units of the year 2017.

- Information Memo on Core Banking Data Migration and subsequent Reconciliation.
- Re-appointment of External Auditors of the Bank for the year 2018.
- Half Yearly (January-June, 2018) Statement of Self-Assessment of Anti-Fraud Internal Controls under DOS Circular Letter No.10 dated May 09, 2017 of Bangladesh Bank.
- Un-audited Half Yearly Consolidated Financial Statements of the Company and Financial Statements of the Bank for the period ended 30th June, 2018.
- Quarterly statement of Loan Classification and Provisioning (CL) of the Bank for the period ended June 30, 2018.
- Un-audited Quarterly Consolidated Financial Statements of the Company and Financial Statements of the Bank for the period ended 30<sup>th</sup> September, 2018.
- Facility allowed under Exception.
- Quarterly statement of Loan Classification and Provisioning (CL) of the Bank for the period ended September 30, 2018.
- Annual Health of Dhaka Bank Limited for the year 2017.
- Material and significant issues of Bangladesh Bank Inspection reports.
- Special Inspection (Surprise) Report on Dhaka Bank Limited.
- Compliance and responses of 20<sup>th</sup> Comprehensive Bangladesh Bank Inspection Report on Dhaka Bank Limited, Head Office as on 31.12.2017.

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

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

### 2.38 Shari'ah supervisory committee

Shari'a Supervisory Committee of Dhaka Bank Ltd. has been formed with the veteran Islamic Scholars, Economist, Bankers and competent Faqihs having vast knowledge. In this regard, the Bank has followed the criteria for selection of Shari'ah Supervisory Committee member according to BRPD Circular No.15 dated 09.11.2009 of Bangladesh Bank. The Board of Directors constituted the Shari'ah Supervisory Committee of Dhaka Bank Limited for the period from January 2016 to December 31, 2018. The members are as follows:

Sl. No.	Name	Designation	Status	Date of Birth	Education Qualification
1	M. AzizulHuq	Chairman	1 <sup>st</sup> CEO of IBBL, SIBL, IFIL	16.10.1935	MA (Economics)
2	Prof. Mowlana Mohammad Salahuddin	Member (Faqih)	Khatib of National Mosque, Baitul Mukarram	01.11.1944	Kamil, MA, Phd
3	Dr. Mohd. Haroon Rashid	Member (Faqih)	Member Secretary, Shari'ah Supervisory Committee, AB Bank Ltd.	11.06.1969	Fazill, MA, PhD
4	Hafej Mawlana Abdul Gaffar	Member (Faqih)	Imam & Khatib, Shahidbag Jame Mosque & Vice Principal, Madrasa Jamiatul Uloomil Islamia, Tejgoan, Dhaka	05.11.1960	Takmil, Darul Ulum Dewband, UP, India
5	Md. Fariduddin Ahmed	Member (Expert in Islamic Banking)	Ex Managing Director, IBBL EX. Managing Director & Advisor, Exim Bank Ltd.	25.07.1947	BA, DAIBB
6	Omar Sadat	Member (Lawyer)	Lawyer & Head of Chamber: Sadat Sarwat & Associates	20.08.1974	Bar-at-law, LL.M, LL.B (Hons.)
7	Syed Mahbubur Rahman	Member (Ex-Officio)	Managing Director & CEO Dhaka Bank Ltd.	16.02.1962	MBA, IBA, University of Dhaka
8	Md. Kamaruzzaman	Member Secretary (Acting)	VP, Islamic Banking Division	01.03.1976	MM, MA, MBA, LL.B

**During the period up to December 2018, the following issues were discussed in the meetings:**

1. Approval of Islamic Liability Products i) Mudaraba cash Waqf Deposit product ii) Mudaraba Ratib Salary Account & iii) Mudaraba Cash waqf Deposit Account of Islamic Banking Operations.
2. Discussion on Shari'ah Inspection Report of Islamic Banking Branches (IBBs) as on dated 31.12.2017.
3. Approval of Shari'ah Supervisory Committee Opinion for publication in Bank's Annual Report 2017.
4. Approval of final rates on various Mudaraba Deposits on the basis of weight age for the year 2018.
5. Discussion on Islamic Banking Software UBS for Islamic Banking Operations.
6. Maintenance of Compensation GL separately from income Account.
7. To train the Employees of the Bank with the Knowledge of Islamic Banking, Economics & Finance.
8. Compliance of Shari'ah principle in all transaction of Deposits & Investments.
9. Marketing & Development of Islamic Banking Products through conventional branches using online.
10. Discussion on enhancement of Islamic Banking Activities.
11. Discussion on Risk Based Shari'ah Audit.

**2.39 Information about segment reporting**

The Bank operates under the following business segments:

(Figure in '000)

Particulars	Conventional	Islamic	OBU	DBSL	DBIL	Total
Total Operating Income	9,895,985	351,358	629,846	173,632	5,642	11,056,463
Allocated Expenses	4,161,977	83,940	67,104	82,054	191	4,395,266
Operating Profit (Before Tax & Provision)	5,734,007	267,418	562,742	91,578	5,451	6,661,196
Total Provision (Loans/Advances & Others)	3,584,389	-	36,119	10,000	-	3,630,508
Profit Before Tax	2,149,618	267,418	526,623	81,578	5,451	3,030,688
Provision for Income Tax	1,584,529	-	-	34,623	1,908	1,621,060
Net Profit	565,089	267,418	526,623	46,955	3,543	1,409,628
Segment Assets	239,507,965	9,572,910	20,483,244	5,535,318	297,589	275,397,025
Segment Liabilities	239,507,965	9,572,910	20,483,244	5,535,318	297,589	275,397,025

The operations of these segments are specifically identified by Income, Expenses, Assets and Liabilities. Based on such allocation, balance sheet as at 31 December 2018 and profit and loss account for the year ended 31 December 2018 have been prepared.

**2.40 Compliance with financial reporting standards as applicable in Bangladesh**

The Financial Reporting Act 2015 (FRA) was enacted in 2015. Under the FRA, the Financial Reporting Council (FRC) is to be formed and it is to issue financial reporting standards for public interest entities such as Banks. The Bank Company Act, 1991 has been amended to require Banks to prepare their financial statements under such financial reporting standards. The FRC has been formed but yet to issue any financial reporting standards as per the provisions of the FRA and hence International Financial Reporting Standards (IFRS) as issued by the Institute of Chartered Accountants of Bangladesh (ICAB) are still applicable.

Accordingly, the financial statements of the Bank and its subsidiaries (the "Group") continue to be prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Bank Company Act, 1991, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994, Securities and Exchange Rules 1987.

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.

In case of any requirement of the Bank Company Act, 1991, and provisions and circulars issued by Bangladesh Bank differ with those of IFRS and AAOFI standards, the requirements of the Bank Company Act, 1991, and provisions and circulars issued by Bangladesh Bank shall prevail.

While reporting the financial statements, Dhaka Bank Limited applied all the applicable of IAS and IFRS as adopted by ICAB. Details are given below:

Sl. No.	IAS No.	IAS Title	Compliance Status
1	1	Presentation of Financial Statements	Complied *
2	2	Inventories	Not Applicable
3	7	Statement of Cash Flows	Complied
4	8	Accounting Policies, Changes in Accounting Estimates and Errors	Complied
5	10	Events after the Balance Sheet Date	Complied
6	11	Construction Contracts	Not Applicable
7	12	Income Taxes	Complied
8	16	Property, Plant & Equipment	Complied
9	17	Leases	Complied
10	18	Revenue	Complied
11	19	Employee Benefits	Complied
12	20	Accounting for Government Grants and Discloser of Government Assistance	Not Applicable
13	21	The Effects of Changes in Foreign Exchanges Rates	Complied
14	23	Borrowing Costs	Complied
15	24	Related Party Disclosures	Complied
16	26	Accounting and Reporting by Retirement Benefit Plans	Complied
17	27	Separate Financial Statements	Complied
18	28	Investment in Associates	Not Applicable
19	31	Interest in Joint Venture	Not Applicable
20	32	Financial Instruments: Presentation	Complied *
21	33	Earnings per Share	Complied
22	34	Interim Financial Reporting	Complied
23	36	Impairment of Assets	Complied
24	37	Provisions, Contingent liabilities and Contingent Assets	Complied
25	38	Intangible Assets	Complied
26	39	Financial Instruments: Recognition and Measurement	Complied *
27	40	Investment Property	Not Applicable
28	41	Agriculture	Not Applicable

Sl. No.	IFRS No.	IFRS Title	Compliance Status
1	1	First-time Adoption of Bangladesh Financial Reporting Standards	Not Applicable
2	2	Share-based Payment	Not Applicable
3	3	Business Combinations	Not Applicable
4	4	Insurance contracts	Not Applicable
5	5	Non-Current Assets Held for Sale and Discontinued Operations	Not Applicable
6	6	Exploration for and Evaluation of Mineral	Not Applicable
7	7	Financial Instruments: Disclosures	Complied *
8	8	Operating Segments	Complied

Sl. No.	IFRS No.	IFRS Title	Compliance Status
9	9	Financial Instrument	Complied
10	10	Consolidated Financial Statements	Complied
11	11	Joint Arrangements	Not Applicable
12	12	Disclosure of Interest in other Entities	Complied
13	13	Fair Value Measurement	Complied
14	14	Regulatory Deferral Accounts	Not Applicable
15	15	Revenue from contracts with customers	Not Applicable

\* Subject to departure disclosed in note no. 2.1.1

\* In order to comply with certain specific rules and regulations of the Central Bank (Bangladesh Bank) which are different from IAS/IFRS, some of the requirements specified in these IAS/IFRSs are not applied.

#### Standards issued but not yet effective

The Institute of Chartered Accountants of Bangladesh (ICAB) has adopted following new standards and amendments to standards during the year 2018. All previously adopted reporting standards are consistently applied by the Bank as explained in Note 3.16.

#### IFRS 16 Leases:

IFRS 16, issued in January 2016 replaces existing leases guidance and effective for reporting period beginning on or after 1 January 2019. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. The Bank shall implement IFRS 16 subject to Bangladesh Bank approval.

The Bank is assessing the potential impact on its financial statements resulting from the application of IFRS 16.

#### IFRS 17 Insurance contract:

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. The Bank has not yet assessed in potential impact of IFRS 17 on its financial statements.

The Bank is assessing the potential impact on its financial statements resulting from the application of IFRS 17.

### 2.41 Approval of Audited Financial Statements

These financial statements were reviewed by the Audit Committee of the Board of the Bank in its 90<sup>th</sup> meeting held on April 10, 2019 and was subsequently approved by the Board of Directors of the Bank in its 349<sup>th</sup> meeting held on April 10, 2019.

		31.12.2018 Taka	31.12.2017 Taka
<b>3. Cash</b>			
Cash in hand	(Note: 3.1)	2,422,277,323	1,839,841,316
Balance with Bangladesh Bank and its agent bank(s)	(Note: 3.2)	13,029,167,743	11,844,749,734
		<b>15,451,445,066</b>	<b>13,684,591,050</b>
<b>3(a) Consolidated Cash</b>			
Dhaka Bank Limited	(Note: 3)	15,451,445,066	13,684,591,050
Dhaka Bank Securities Limited		100,000	100,000
Dhaka Bank Investment Limited		-	-
		<b>15,451,545,066</b>	<b>13,684,691,050</b>
<b>3.1 Cash in hand</b>			
In local currency		2,319,241,771	1,794,943,053
In foreign currencies		103,035,552	44,898,263
		<b>2,422,277,323</b>	<b>1,839,841,316</b>

Cash in hand (local currency) includes balance of Cash held at Automated Teller Machine (ATM) of Tk.167,268,500 as on 31.12.2018.

<b>3.1(a) Consolidated Cash in hand</b>			
Dhaka Bank Limited	(Note: 3.1)	2,422,277,323	1,839,841,316
Dhaka Bank Securities Limited		100,000	100,000
Dhaka Bank Investment Limited		-	-
		<b>2,422,377,323</b>	<b>1,839,941,316</b>
<b>3.2 Balance with Bangladesh Bank and its agent bank(s)</b>			
Balance with Bangladesh Bank			
In local currency		11,659,607,293	11,042,061,959
Conventional		11,234,960,230	10,620,604,771
Al-Wadiah current account		424,647,064	421,457,187
In foreign currencies		1,092,935,344	613,398,289
Balance with Sonali Bank as agent of Bangladesh Bank		12,752,542,637	11,655,460,248
		276,625,106	189,289,486
		<b>13,029,167,743</b>	<b>11,844,749,734</b>

As per Bangladesh Bank circulars/guidelines, balance with Bangladesh Bank is a part of cash and cash equivalent regardless of any restriction. However, to meet up the foreign currency liabilities of the bank, the cover fund against the liabilities has been kept and booked in Bangladesh Bank FC Clearing account as well as Nostro Bank Accounts.

<b>3.2(a) Consolidated Balance with Bangladesh Bank and its agent bank(s)</b>			
Dhaka Bank Limited	(Note: 3.2)	13,029,167,743	11,844,749,734
Dhaka Bank Securities Limited		-	-
Dhaka Bank Investment Limited		-	-
		<b>13,029,167,743</b>	<b>11,844,749,734</b>

### 3.3 Statutory deposits

Cash Reserve Ratio and Statutory Liquidity Ratio have been calculated and maintained as per Section 33 of the Bank Company Act 1991 (amended up to 2013) and MPD Circular No. 04, dated 01.12.2010, MPD Circular No.05 dated 01.12.2010, MPD Circular No.01 dated 23.06.2014 and MPD Circular No.01 dated 03.04.2018.

#### 3.3.1 Cash Reserve Ratio (CRR)

##### Conventional Banking

##### Bi-weekly Requirement

##### (5.50% of Average Demand and Time Liabilities)

Required Reserve	10,212,321,543	10,376,314,455
Actual reserve maintained	10,736,217,350	10,499,248,280
<b>Surplus</b>	<b>523,895,808</b>	<b>122,933,825</b>
<b>Required</b>	<b>5.50%</b>	<b>6.50%</b>
<b>Maintained</b>	<b>5.78%</b>	<b>6.58%</b>



**Daily Requirement****(5.00% of Average Demand and Time Liabilities)**

Required Reserve

Actual reserve maintained

**Surplus****Required****Required****Maintained****Islamic Banking****Bi-weekly Requirement****(5.50% of Average Demand and Time Liabilities)**

Required Reserve

Actual reserve maintained

**Surplus****Required****Maintained****Daily Requirement****(5.00% of Average Demand and Time Liabilities)**

Required Reserve

Actual reserve maintained

**Surplus****Required****Maintained****3.3.2 Statutory Liquidity Ratio (SLR)****Conventional Banking****(13% of Average Demand & Time Liabilities)**

Required Reserve

Actual reserve maintained

**Surplus****Required****Maintained****Islamic Banking****(5.50% of Average Demand and Time Liabilities)**

Required Reserve

Actual reserve maintained

**Surplus****Required****Maintained****Held for Statutory Liquidity Ratio (Conventional)**

Cash in Hand

Balance with Bangladesh Bank and its agent Bank(s) over CRR

Government Securities (excluding Assured Liquidity Support)

**Held for Statutory Liquidity Ratio (Islamic)**

Cash in Hand

Balance with Bangladesh Bank and its agent Bank(s) over CRR

Government Securities (excluding Assured Liquidity Support)

	31.12.2018 Taka	31.12.2017 Taka
Required Reserve	9,283,928,675	9,578,136,420
Actual reserve maintained	11,224,745,662	10,625,125,899
<b>Surplus</b>	<b>1,940,816,987</b>	<b>1,046,989,479</b>
<b>Required</b>	<b>5.00%</b>	<b>6.00%</b>
<b>Required</b>	<b>5.50%</b>	<b>6.50%</b>
<b>Maintained</b>	<b>6.65%</b>	<b>7.21%</b>
Required Reserve	387,725,003	400,881,050
Actual reserve maintained	424,647,064	664,398,360
<b>Surplus</b>	<b>36,922,061</b>	<b>263,517,310</b>
<b>Required</b>	<b>5.50%</b>	<b>6.50%</b>
<b>Maintained</b>	<b>6.02%</b>	<b>10.77%</b>
Required Reserve	352,477,275	370,044,045
Actual reserve maintained	424,647,064	421,457,187
<b>Surplus</b>	<b>72,169,789</b>	<b>51,413,142</b>
<b>Required</b>	<b>5.50%</b>	<b>6.50%</b>
<b>Maintained</b>	<b>6.63%</b>	<b>7.40%</b>
Required Reserve	24,138,214,555	20,752,628,910
Actual reserve maintained	25,248,623,276	21,571,342,636
<b>Surplus</b>	<b>1,110,408,721</b>	<b>818,713,726</b>
<b>Required</b>	<b>13.00%</b>	<b>13.00%</b>
<b>Maintained</b>	<b>13.60%</b>	<b>13.51%</b>
Required Reserve	387,725,003	339,207,040
Actual reserve maintained	506,939,138	430,123,016
<b>Surplus</b>	<b>119,214,136</b>	<b>90,915,976</b>
<b>Required</b>	<b>5.50%</b>	<b>5.50%</b>
<b>Maintained</b>	<b>7.19%</b>	<b>6.97%</b>
Cash in Hand	2,383,911,746	1,810,294,438
Balance with Bangladesh Bank and its agent Bank(s) over CRR	1,012,424,119	248,811,444
Government Securities (excluding Assured Liquidity Support)	21,575,911,854	19,322,527,587
	<b>24,972,247,719</b>	<b>21,381,633,470</b>
Cash in Hand	40,017,077	29,546,878
Balance with Bangladesh Bank and its agent Bank(s) over CRR	36,922,061	20,576,139
Government Securities (excluding Assured Liquidity Support)	430,000,000	380,000,000
	<b>506,939,138</b>	<b>430,123,016</b>

Dhaka Bank Limited has maintained the above SLR and CRR requirement based on weekly average total demand and time liabilities (ATDTL) of the base month which is two months prior to the reporting month.

As per DOS Circular No. 05 dated 26 May 2008, all the Government treasury bond and bill will be open for SLR requirement and Dhaka Bank Limited has maintained the required SLR as per said circular.

		<b>31.12.2018</b> <b>Taka</b>	<b>31.12.2017</b> <b>Taka</b>
<b>3.4 Maturity grouping of cash</b>			
On Demand		15,451,445,066	13,684,591,050
Upto 1 month		-	-
Over 1 month but not more than 3 months		-	-
Over 3 months but not more than 6 months		-	-
Over 6 months but not more than 1 year		-	-
Over 1 year but not more than 5 years		-	-
Over 5 years		-	-
		<b>15,451,445,066</b>	<b>13,684,591,050</b>
<b>4. Balance with other banks and financial institutions</b>			
In Bangladesh	(Note: 4.1)	15,780,447,575	10,021,244,562
Outside Bangladesh	(Note: 4.2)	1,713,923,809	1,203,678,144
		<b>17,494,371,384</b>	<b>11,224,922,706</b>
<b>4(a) Consolidated Balance with other banks and financial institutions</b>			
In Bangladesh	(Note: 4.1(a))	15,929,923,232	10,190,843,071
Outside Bangladesh	(Note: 4.2(a))	1,713,923,809	1,203,678,144
		<b>17,643,847,041</b>	<b>11,394,521,215</b>
<b>4.1 In Bangladesh</b>			
Current Deposits			
Sonali Bank Limited		57,604,168	126,921,755
Janata Bank Limited		299,471,961	5,322,574
Southeast Bank Limited			212,514
Standard Chartered Bank (Visa Settlement)		15,374,804	26,476,733
Brac Bank Limited			-
Agrani Bank Limited		18,181,418	14,613,580
Dutch Bangla Bank Limited			-
Islami Bank Bangladesh Limited		10,190,295	33,617,466
United Commercial Bank Limited		2,906,404	16,093,204
		<b>403,729,050</b>	<b>223,257,827</b>
<b>Special Notice Deposits (SND)</b>			
Janata Bank Limited		93,623	191,283
Dutch Bangla Bank Limited		10,519,776	10,584,822
Sonali Bank Limited		69,808	-
AB Bank Limited		648,243	583,159
Agrani Bank Limited		2,298,694	43,133
National Bank Limited		838,381	3,648,686
		<b>14,468,526</b>	<b>15,051,083</b>
<b>Fixed Deposits</b>			
<b>Commercial Banks</b>			
Social Islami Bank Limited		-	827,000,000
Islami Bank Bangladesh Ltd		1,251,750,000	-
Eastern Bank Limited		2,503,500,000	2,067,500,000
AB Bank Limited			-
Premier Bank Limited			-
BRAC Bank Limited			413,500,000
Mercantile Bank Limited			620,250,000
Trust Bank Limited			827,000,000
The City Bank Limited		5,007,000,000	2,894,500,000
		<b>8,762,250,000</b>	<b>7,649,750,000</b>
<b>Financial Institutions</b>			
Phoenix Finance and Investment Limited		100,000,000	133,185,652
Prime Finance		-	-
International Leasing & Financial Services Limited		-	-
Bay Leasing		500,000,000	-
National Housing		4,000,000,000	-
IDLC Finance Limited		2,000,000,000	2,000,000,000
Peoples Leasing Company Limited		-	-
		<b>6,600,000,000</b>	<b>2,133,185,652</b>
		<b>15,780,447,575</b>	<b>10,021,244,562</b>

		<b>31.12.2018 Taka</b>	<b>31.12.2017 Taka</b>
<b>4.1(a) Consolidated In Bangladesh</b>			
Dhaka Bank Limited	(Note: 4.1)	15,780,447,575	10,021,244,562
Dhaka Bank Securities Limited		172,997,289	188,476,888
Dhaka Bank Investment Limited		292,109,835	286,821,899
		16,245,554,699	10,496,543,348
Less: Intercompany transaction		315,631,467	305,700,277
		<b>15,929,923,232</b>	<b>10,190,843,071</b>
<b>4.2 Outside Bangladesh (Nostro Accounts)</b>			
Current Deposits			
Standard Chartered Bank, New York		460,991,613	95,266,686
Mashreq Bank, New York		49,946,621	115,520,063
Habib American Bank, New York, OBU		617,461,786	277,064,344
Commerz Bank, Frankfurt		4,027,322	6,042,995
Habib American Bank		12,054,821	150,664,263
Wells Fargo Bank N.A., New York		38,432,239	98,789,768
United Bank of India		11,009,823	19,952,936
JP Morgan Chase Bank NA		36,020,362	124,948,105
Standard Chartered Bank, Mumbai		9,225,786	72,184,469
Sonali Bank, Kolkata		5,264,354	21,600,758
AB Bank Mumbai		5,336,528	36,601,527
Nepal Bangladesh Bank		4,627,325	660,670
Sampath Bank, Srilanka		3,406,253	210,223
Bhutan National Bank		15,665,332	2,760,623
Bank of Bhutan		796,492	358,880
Habib Metropolitan Bank Ltd. Pakistan		22,571,705	13,058,968
Dhaka Bank OBU Nostro		208,625,000	-
ICICI Bank Limited, India		28,889,850	59,814
Mashreq Bank, Mumbai		34,812,677	31,174,282
Axis Bank Ltd, India		39,051,529	19,634,644
Union Bank of Switzerland		10,935,242	720,657
Commerz Bank, Frankfurt		(4,722,058)	64,274,866
Standard Chartered Bank, Frankfurt		39,635,017	437,675
Unicredit S.P.A. Milano		1,530,387	3,691,583
Commerz Bank, Frankfurt		2,724,597	3,019,999
Standard Chartered Bank, Japan		42,460,324	15,405,437
Standard Chartered Bank, London		5,372,065	9,316,599
United Bank of India		1,349,567	17,950,312
Commerz Bank, Frankfurt		4,797,121	696,447
Al-Rajhi Bank, Kingdom of Saudi Arabia		1,624,128	1,610,551
		<b>1,713,923,809</b>	<b>1,203,678,144</b>

(Details are given in **Annexure - A**)

In order to meet up the foreign currency liabilities of the bank, the cover fund against the liabilities has been kept and booked in Nostro Bank Accounts as well as Bangladesh Bank Foreign Currency Clearing account. All balances of Nostro Accounts have been reconciled.

**4.2(a) Consolidated Outside Bangladesh (Nostro Accounts)**

Dhaka Bank Limited	(Note: 4.2)	1,713,923,809	1,203,678,144
Dhaka Bank Securities Limited		-	-
Dhaka Bank Investment Limited		-	-
		<b>1,713,923,809</b>	<b>1,203,678,144</b>

		<b>31.12.2018 Taka</b>	<b>31.12.2017 Taka</b>
<b>4.3</b>	<b>Account-wise/grouping of balance with other banks and financial institutions</b>		
	Current Deposits	2,117,652,859	1,426,935,971
	Short-Notice Deposits	14,468,526	15,051,083
	Fixed Deposits	15,362,250,000	9,782,935,652
		<b>17,494,371,384</b>	<b>11,224,922,706</b>
<b>4.4</b>	<b>Maturity grouping of balances with other banks and financial institutions</b>		
	On demand	2,132,121,384	2,441,987,054
	Upto 1 month	7,007,000,000	5,789,000,000
	Over 1 month but not more than 3 months	6,755,250,000	2,864,535,652
	Over 3 months but not more than 6 months	1,600,000,000	100,000,000
	Over 6 months but not more than 1 year	-	29,400,000
	Over 1 year but not more than 5 years	-	-
	Over 5 years	-	-
		<b>17,494,371,384</b>	<b>11,224,922,706</b>
<b>5.</b>	<b>Money at call on short notice</b>		
	With Banking companies (Note: 5.1)	11,300,000	11,300,000
	With non-banking financial institutions (Note: 5.2)	-	-
		<b>11,300,000</b>	<b>11,300,000</b>
<b>5(a)</b>	<b>Consolidated Money at call on short notice</b>		
	Dhaka Bank Limited (Note: 5)	11,300,000	11,300,000
	Dhaka Bank Securities Limited	-	-
	Dhaka Bank Investment Limited	-	-
		<b>11,300,000</b>	<b>11,300,000</b>
<b>5.1</b>	<b>With Banking companies</b>		
	Midland Bank Ltd	-	-
	The City Bank Ltd	-	-
	Mercantile Bank Ltd	-	-
	ICB Islamic Bank Limited	11,300,000	11,300,000
		<b>11,300,000</b>	<b>11,300,000</b>
	ICB Islamic Bank Limited has been repaying their liabilities phase by phase under "The Oriental Bank Limited (Reconstruction) Scheme, 2007 as per Bangladesh Bank instructions vide Ref : BRPD(R-1)651/9(10)2007-446 dated 02.08.2007.		
<b>5.2</b>	<b>With non-banking financial institutions</b>		
	International Leasing & Financial Service Limited	-	-
	Lanka Bangla Finance Ltd.	-	-
	Prime Finance	-	-
		<b>-</b>	<b>-</b>
<b>5.3</b>	<b>Maturity grouping of money at call on short notice</b>		
	On demand	-	-
	Upto 1 month	-	-
	Over 1 month but not more than 3 months	-	-
	Over 3 months but not more than 6 months	-	-
	More than 6 months but less than 1 year	-	2,000,000
	More than 1 year but less than 5 years	11,300,000	6,000,000
	More than 5 years	-	3,300,000
		<b>11,300,000</b>	<b>11,300,000</b>
<b>6.</b>	<b>Investments</b>		
	Government securities (Note: 6.1)	22,009,920,154	19,706,422,487
	Other investments (Note: 6.2)	5,610,075,190	3,475,371,860
		<b>27,619,995,345</b>	<b>23,181,794,347</b>

		31.12.2018 Taka	31.12.2017 Taka
<b>6(a) Consolidated Investments</b>			
Dhaka Bank Limited	(Note: 6)	27,619,995,345	23,181,794,347
Dhaka Bank Securities Limited		3,021,899,751	2,858,707,363
Dhaka Bank Investment Limited		-	-
		<b>30,641,895,095</b>	<b>26,040,501,710</b>
<b>6.1 Government securities</b>			
Bangladesh Bank bills	(Note: 6.1.1)	492,964,054	4,397,491,220
Treasury bonds	(Note: 6.1.2)	21,082,947,801	14,925,036,367
Government islamic bond		430,000,000	380,000,000
Prize bond		4,008,300	3,894,900
		<b>22,009,920,154</b>	<b>19,706,422,487</b>
<b>6.1(a) Consolidated Government securities</b>			
Dhaka Bank Limited	(Note: 6.1)	22,009,920,154	19,706,422,487
Dhaka Bank Securities Limited		-	-
Dhaka Bank Investment Limited		-	-
		<b>22,009,920,154</b>	<b>19,706,422,487</b>
<b>6.1.1 Bangladesh Bank bills</b>			
7 days Bangladesh Bank Bills		492,964,054	4,397,491,220
		<b>492,964,054</b>	<b>4,397,491,220</b>
<b>6.1.2 Treasury Bonds</b>			
2 years Bangladesh Government Treasury Bond		5,728,288,569	1,500,249,997
5 years Bangladesh Government Treasury Bond		4,535,625,544	6,079,495,753
10 years Bangladesh Government Treasury Bond		8,542,753,594	6,419,317,676
15 years Bangladesh Government Treasury Bond		2,049,674,096	699,378,491
20 years Bangladesh Government Treasury Bond		226,605,998	226,594,451
		<b>21,082,947,801</b>	<b>14,925,036,367</b>
<b>6.2 Other investments</b>			
Investment in shares	(Note: 6.2.1)	330,075,190	226,121,860
Investment in subordinated bonds	(Note: 6.2.2)	5,280,000,000	3,099,250,000
"Investment in Commercial Paper"	(Note: 6.2.3)	-	150,000,000
		<b>5,610,075,190</b>	<b>3,475,371,860</b>
<b>6.2(a) Consolidated Other investments</b>			
Dhaka Bank Limited	(Note: 6.2)	5,610,075,190	3,475,371,860
Dhaka Bank Securities Limited		3,021,899,751	2,858,707,363
Dhaka Bank Investment Limited		-	-
		<b>8,631,974,941</b>	<b>6,334,079,223</b>
<b>6.2.1 Shares</b>			
Quoted (Publicly Traded)		30,075,190	26,121,860
Unquoted		300,000,000	200,000,000
		<b>330,075,190</b>	<b>226,121,860</b>
(Details are given in <b>Annexure - B</b> )			
<b>6.2.2 Investment in subordinated bonds</b>			
MTBL		900,000,000	900,000,000
Mercantile Bank Ltd.		180,000,000	240,000,000
The City Bank Ltd.		100,000,000	159,250,000
One Bank Limited		600,000,000	300,000,000
Bank Asia Limited		750,000,000	750,000,000
Shahjalal Islami Bank Ltd.		500,000,000	-
Trust Bank Ltd.		500,000,000	-
Dutch Bangla Bank Ltd.		500,000,000	-
Islami Bank Bangladesh Ltd.		500,000,000	-
Southeast Bank Limited		750,000,000	750,000,000
		<b>5,280,000,000</b>	<b>3,099,250,000</b>

**31.12.2018**  
**Taka**

**31.12.2017**  
**Taka**

MTBL Subordinated Bond - date of purchase was 16.02.2017 and redemption will start on 16.02.2020; Mercantile Bank Subordinated Bond - date of purchase was on 29.06.2014 and redemption will start on 30.06.2017; The City Bank Limited Subordinated Bond - date of purchase was on 12.12.2018 and redemption will start on 21.12.2021; One Bank Limited Subordinated Bond - date of purchase was on 27.10.2016 and redemption will start on 27.10.2019 (30 Crore); One Bank Limited Subordinated Bond - date of purchase was on 12.12.2018 and redemption will start on 12.06.2023 (30 Crore); Bank Asia Limited Subordinated Bond - date of purchase is on 23.04.2017 and redemption will start on 23.04.2020; Shahjalal islami Bank Limited Subordinated Bond - date of purchase was on 19.12.2018 and redemption will start on 19.12.2021; Trust Bank Limited Subordinated Bond - date of purchase was on 19.12.2018 and redemption will start on 19.12.2021; Dutch Bangla Bank Limited Subordinated Bond - date of purchase was on 24.12.2018 and redemption will start on 24.12.2021; Islami Bank Bangladesh Limited Subordinated Bond - date of purchase was on 24.12.2018 and redemption will start on 24.12.2021; Southeast Bank Limited Subordinated Bond - date of purchase was on 27.10.2016 and redemption will start on 27.10.2019.

As per DOS Circular No. 02 dated 16 September 2013 and subsequent DOS Circular No. 03 dated 20 December 2015 of Bangladesh Bank, the total market value of investment in the Capital Market of any Bank cannot be exceeded 25% of the total amount of Paid up Capital, Share Premium Account, Statutory Reserve and surplus in profit and loss account of the Bank. In compliance with the guidelines of the Bangladesh Bank, the portfolio exposure of Dhaka Bank Ltd. is 19.50% as of December 31, 2018.

### 6.2.3 Investment in Commercial Paper

Hashem Food Limited	-	-
KSRM Billete Industries Limited	-	-
Partex Leminates Ltd	-	150,000,000
	-	<b>150,000,000</b>

### 6.3 Investment in Securities are classified as per Bangladesh Bank Circular

Held for Trading (HFT)		
28 days Treasury Bills	-	-
30 days Treasury Bills	-	-
91 days Treasury Bills	-	-
182 days Treasury Bills	-	-
364 days Treasury Bills	-	-
2 years Bangladesh Government Treasury Bond	-	-
5 years Bangladesh Government Treasury Bond	-	-
10 years Bangladesh Government Treasury Bond	-	-
15 years Bangladesh Government Treasury Bond	-	-
	-	-
<b>Held to Maturity (HTM)</b>		
7 days Bangladesh Bank Bills	-	4,397,491,220
91 days Treasury Bills	-	-
182 days Treasury Bills	-	-
364 days Treasury Bills	492,964,054	-
2 years Bangladesh Government Treasury Bond	5,728,288,569	1,500,249,997
5 years Bangladesh Government Treasury Bond	4,535,625,544	6,079,495,753
10 years Bangladesh Government Treasury Bond	8,542,753,594	6,419,317,676
15 years Bangladesh Government Treasury Bond	2,049,674,096	699,378,491
20 years Bangladesh Government Treasury Bond	226,605,998	226,594,451
	<b>21,575,911,854</b>	<b>19,322,527,587</b>
	<b>21,575,911,854</b>	<b>19,322,527,587</b>

As per DOS Circular NO. 01 dated 19 January 2014, the maximum limit of holding approved Securities under Held to Maturity (HTM) is 110% of SLR for all nonprimary dealer banks and Dhaka Bank Limited has invested in Treasury bonds under HTM category as per said circular.

### 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	-	-
	-	-

		31.12.2018 Taka	31.12.2017 Taka
<b>6.5</b>	<b>Maturity Grouping of Investments</b>		
	On demand	-	-
	Over 2 Days but not more than 3 Months	1,426,627,133	5,705,784,675
	Over 3 months but not more than 6 months	702,964,054	816,765,158
	More than 6 months but less than 1 year	1,417,485,312	2,855,830,583
	Over 1 year but not more than 5 years	17,994,298,827	7,287,206,987
	Over 5 years	6,078,620,019	6,516,206,945
		<b>27,619,995,345</b>	<b>23,181,794,347</b>
<b>7.</b>	<b>Loans, advances and lease/investments including Bills purchased and discounted</b>		
	Loans, cash credits, overdrafts, etc./Investments	(Note: 7.1) 177,668,277,411	150,806,196,218
	Bills purchased and discounted	(Note: 8) 2,957,426,187	3,210,833,048
		<b>180,625,703,598</b>	<b>154,017,029,266</b>
<b>7(a)</b>	<b>Consolidated Loans, advances and lease/investments including Bills purchased and discounted</b>		
	Dhaka Bank Limited	(Note: 7) 180,625,703,598	154,017,029,266
	Dhaka Bank Securities Limited	2,063,073,447	2,088,210,237
	Dhaka Bank Investment Limited	-	-
		182,688,777,045	156,105,239,503
	Less: Inter company transaction	2,189,406,680	2,237,597,610
		<b>180,499,370,364</b>	<b>153,867,641,893</b>
<b>7.1</b>	<b>Loans, cash credits, overdrafts, etc./Investments Broad category-wise breakup</b>		
	In Bangladesh		
	Secured Overdraft/Quard	40,730,950,135	34,906,979,506
	Cash Credit/Murabaha	7,318,714,679	6,871,534,101
	House Building Loan	1,117,941,923	1,009,756,433
	Transport Loan	2,027,356,659	1,180,903,554
	Term Loan	63,684,032,228	51,948,964,722
	Loan Against Trust Receipt	8,723,422,579	6,222,107,802
	Payment Against Documents	126,824,442	156,176,413
	Loan Against Imported Merchandize	-	1,965,997
	Loan Against Accepted Bills	-	228,280,607
	Packing Credit	750,249,713	631,655,435
	Lease Finance / Izara	(Note: 7.3) 4,603,501,584	3,348,153,978
	Credit Card	422,932,090	350,713,201
	Retail Loan	3,119,623,478	2,756,196,992
	Other Loans (Including Bai-Muajjal)	45,042,727,899	40,529,593,209
		177,668,277,411	150,142,981,951
	Outside Bangladesh	-	663,214,268
		<b>177,668,277,411</b>	<b>150,806,196,218</b>
<b>7.1(a)</b>	<b>Consolidated Loans, cash credits, overdrafts, etc./Investments</b>		
	Dhaka Bank Limited	(Note: 7.1) 177,668,277,411	150,806,196,218
	Dhaka Bank Securities Limited	2,063,073,447	2,088,210,237
	Dhaka Bank Investment Limited	-	-
		179,731,350,858	152,894,406,455
	Less: Inter company transaction	2,189,406,680	2,237,597,610
		<b>177,541,944,177</b>	<b>150,656,808,845</b>

	<b>31.12.2018 Taka</b>	<b>31.12.2017 Taka</b>
<b>7.2 Residual maturity grouping of loans including bills purchased and discounted</b>		
Repayable on Demand	27,371,875,459	19,668,975,660
Upto 1 month	15,988,974,760	17,671,280,491
Not more than 3 months	25,300,754,755	23,477,222,166
More than 3 months but not more than 6 months	29,694,941,002	30,339,170,975
More than 6 months but not more than 1 year	19,077,724,199	18,973,347,445
More than 1 year but not more than 5 years	46,512,997,596	32,920,731,915
More than 5 years	16,678,435,825	10,966,300,615
	<b>180,625,703,598</b>	<b>154,017,029,266</b>
<b>7.3 Investment in lease/ izara finance</b>		
Lease rental receivable within 1 year	288,322,679	2,574,628,748
Lease rental receivable more than 1 year	4,315,178,906	773,525,229
Total lease/ izara rental receivable	4,603,501,584	3,348,153,978
Less: unearned interest/profit receivable	-	-
<b>Net investment in lease/izara finance</b>	<b>4,603,501,584</b>	<b>3,348,153,978</b>
<b>7.4 Product wise loans and advances</b>		
Loans	130,288,712,065	107,865,787,564
Cash Credits	7,362,547,015	7,098,899,988
Overdrafts	40,017,018,331	35,841,508,666
Bills purchased and discounted (Note: 8)	2,957,426,187	3,210,833,048
	<b>180,625,703,598</b>	<b>154,017,029,266</b>
<b>7.5 Loans on the basis of significant concentration including bills purchased &amp; discounted</b>		
a. Advances to allied concerns of Directors (Note: 7.5.1)	34,136,130	3,766,966
b. Advances to Chief Executive	-	-
c. Advances to Other Senior Executives	-	-
d. <u>Advances to Customer's Group:</u>		
Agriculture loan	1,884,073,314	1,961,961,069
Commercial lending	12,652,462,131	22,364,753,824
Export financing	21,290,307,859	13,428,887,401
Consumer credit scheme	2,132,021,508	4,605,284,977
Small and Medium Enterprise (SME)	30,831,549,754	12,647,161,256
Staff Loan	1,366,355,649	1,305,020,308
Others	110,434,797,252	97,700,193,465
	<b>180,625,703,598</b>	<b>154,017,029,266</b>
<b>7.5.1</b> The amount represents loan in the name of existing directors & related parties of the bank. Details are provided in <b>Annexure-G</b> .		
<b>7.6 Advances to customers for more than 10% of Bank's total capital</b>		
<b>Total capital of the Bank</b>		
Number of Customers	26	21
Amount of outstanding loans and advances*	94,104,714,017	69,684,162,630
Amount of classified loans and advances	57,308,887	1,730,537,175
Measures taken for recovery	-	-

\*The amount represents the sum of total loans and advances (both funded and non funded) to each customer exceeding 10% of total capital of the bank as at 31 December 2018.

(Details are given in **Annexure - C**)



	31.12.2018 Taka	31.12.2017 Taka
<b>7.7 Industry-wise loans, advances and lease/investments</b>		
Agricultural	1,884,073,314	1,961,961,069
Pharmaceuticals	2,841,039,426	2,095,992,873
Textile & Garment	49,907,032,558	42,455,481,250
Chemical	7,458,706,555	6,153,017,980
Food & allied	11,466,412,948	10,565,000,686
Transport & Communication	5,533,644,367	5,435,460,811
Electronics & Automobile	422,437,655	968,229,336
Housing & Construction	17,609,016,187	16,999,644,565
Engineering & Metal Industres including Ship Breaking	15,897,004,723	13,993,257,887
Energy & Power	8,332,741,260	5,257,658,769
Service	8,374,990,683	5,044,726,734
Others	50,898,603,921	43,086,597,307
	<b>180,625,703,598</b>	<b>154,017,029,266</b>
<b>7.8 Geographical location-wise (division) distribution</b>		
<b>Urban</b>		
Dhaka Region	128,878,194,815	106,099,419,533
Chittagong Region	29,537,777,059	27,438,420,373
South Region	3,927,623,091	4,157,113,459
North Region	3,614,942,492	3,291,285,006
Sylhet Region	2,525,723,845	2,021,112,862
Other	933,637,071	624,109,541
	<b>169,417,898,373</b>	<b>143,631,460,773</b>
<b>Rural</b>		
Dhaka Region	8,034,541,138	7,205,944,235
Chittagong Region	1,190,838,812	1,183,403,085
South Region	-	-
North Region	1,887,467,481	1,878,633,468
Sylhet Region	94,957,794	117,587,705
Other	-	-
	<b>11,207,805,225</b>	<b>10,385,568,492</b>
	<b>180,625,703,598</b>	<b>154,017,029,266</b>
<b>7.9 Sector-wise loans, advances and lease/investments</b>		
Government & Autonomous bodies	-	-
Financial Institutions (Public & Private)	2,511,762,985	3,104,721,222
Private Sector	178,113,940,612	150,912,308,044
	<b>180,625,703,598</b>	<b>154,017,029,266</b>
<b>7.10 Classification of loans, advances and lease/investments</b>		
<b>Unclassified</b>		
Standard	164,507,006,583	142,013,884,527
Special Mention Account	7,109,688,925	2,794,294,465
	<b>171,616,695,508</b>	<b>144,808,178,991</b>
<b>Classified</b>		
Sub-Standard	1,185,224,408	321,518,861
Doubtful	517,804,239	1,809,802,653
Bad or loss	7,305,979,443	7,077,528,761
	<b>9,009,008,090</b>	<b>9,208,850,274</b>
	<b>180,625,703,598</b>	<b>154,017,029,266</b>

			31.12.2018 Taka	31.12.2017 Taka
<b>7.11 A)</b>	<b>Provision required for loans and advances</b>			
<b>Status</b>	<b>Base for Provision</b>	<b>Rate %</b>		
<b>Unclassified:</b>				
Unclassified		0%	-	-
Unclassified	24,789,415,279	0.25	61,973,538	54,728,258
Unclassified	124,039,945,869	1	1,240,399,459	1,059,232,984
Unclassified	2,548,697,846	2	50,973,957	52,588,065
Unclassified		2.5	-	-
Unclassified	975,021,958	5	48,751,098	29,224,967
Unclassified	220,245,863	20	44,049,173	39,503,057
Unclassified			-	-
Unclassified	2,115,914,140	50	1,057,957,070	-
Unclassified	5,612,034,270	100	5,612,034,270	6,431,281,269
Unclassified		Special	-	-
Special Mention account	949,138,812	0.25	2,372,847	1,295,233
Special Mention account	5,782,459,611	1	57,824,596	16,336,745
Special Mention account	14,993,907	2	299,878	207,527
Special Mention account	13,196,310	5	659,816	117,272
Special Mention account		50	-	271,096,795
Special Mention account	52,485,043	100	52,485,043	-
			<b>8,229,780,744</b>	<b>7,955,612,172</b>
<b>Classified:</b>				
Sub-Standard	161,614	5	8,081	62,080
Sub-Standard	862,285,287	20	172,457,057	40,441,067
Doubtful	1,234,332	5	61,717	-
Doubtful	283,756,648	50	141,878,324	759,313,221
Bad or loss	-	Special	-	283,103,018
Bad or loss	3,937,125,332	100	3,937,125,332	3,324,282,480
			<b>4,251,530,511</b>	<b>4,407,201,865</b>
Required Provision for loans & advances			12,481,311,255	12,362,814,037
Total Provision maintained			8,887,631,501	7,779,475,833
Provision will be maintained in future			3,593,679,754	4,583,338,204
<b>Excess / short provision as at 31 December</b>			<b>-</b>	<b>-</b>

Note: (1) Provision has been kept as per DBI letter ref no: DBI-1/192/2019/725 dated 02 April 2019. As per requirement of the letter total provision shortfall for the year 2018 has been identified Taka 415.57 crore, along with provision shortfall had been identified and deferred in the year 2017. As per the instruction of the above mentioned letter the Bank is required to maintain additional provision of Taka 50 crore in 2018 in addition to the previously maintained provision of Taka 205.28 crore for the year 2018 and the remaining shortfall amount of Taka 365.57 crore will be provided 50% in the year 2019 and the remaining 50% in the year 2020.

<b>B)</b>	<b>Provision for good borrower</b>		<b>22,523,697</b>	<b>12,523,697</b>
Provision for good borrower has been kept following the BRPD Circular No. 06, dated 19 March 2015 & BRPD Circular Letter No. 03, dated 16 February 2016.				
<b>C)</b>	<b>Provision required for Off-Balance Sheet Exposures</b>			
<b>Status</b>	<b>Base for Provision</b>	<b>Rate %</b>		
Acceptances and Endorsements	47,488,743,492	1	474,887,435	328,681,312
Letter of Credit	31,118,725,956	1	311,187,260	270,855,697
Letter of Guarantee	39,514,079,521	1	395,140,795	230,831,352
<b>Required provision</b>			<b>1,181,215,490</b>	<b>830,368,362</b>
Total Provision Maintained			<b>1,181,215,490</b>	<b>830,368,362</b>
<b>Excess / (Short) Provision as at 31 December</b>			<b>-</b>	<b>-</b>

## 7.12 Securities against loans including bills purchased & discounted

### a. Secured

Collateral of movable / immovable assets  
Local Banks & Financial Institutions guarantee  
Foreign Banks Guarantee  
Export documents  
Government Guarantee

#### Fixed Deposits Receipts

Own FDR  
FDR of Other Banks  
Personal Guarantee  
Corporate Guarantee  
Other Securities  
Government bonds

### b. Unsecured

## 7.13 Particulars of Loans, advances and lease/investments

- (i) Loans considered good in respect of which the bank company is fully secured;
- (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;
- (iv) Loans adversely classified; provision not maintained there against;
- (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;
- b) Amount realized against loan previously written off; \*\*
- c) Amount of provision kept against loan classified as "bad/loss" on the date of preparing the balance sheet;
- d) Interest creditable to the Interest Suspense A/c;
- (xi) Cumulative amount of the written off loan;\*\*\*

(See Note-7.5.1)

	31.12.2018 Taka	31.12.2017 Taka
	96,716,284,507	99,166,339,608
	-	-
	-	-
	10,377,473,777	-
	-	-
	1,778,953,585	3,696,144,561
	109,849,893	445,858,876
	1,250,939,066	1,374,990,235
	26,028,723,154	20,007,433,817
	44,363,479,615	7,478,684,052
	-	21,847,578,119
	180,625,703,598	154,017,029,266
	<b>180,625,703,598</b>	<b>154,017,029,266</b>
	96,716,284,507	99,166,339,608
	1,250,939,066	1,374,990,235
	1,888,803,478	4,142,003,436
	-	-
	1,400,491,779	1,308,787,274
	34,136,130	3,766,966
	1,400,491,779	1,308,830,690
	34,136,130	3,810,381
	-	-
	1,108,155,668	1,538,092,035
	41,105,402	49,202,153
	3,937,125,332	3,607,385,498
	-	-
	6,539,692,416	6,121,520,944

\* The amount represents loan in the name of existing directors and officers of the Bank.

\*\*The detail of Recovery up to December 31, 2018 from loan previously written off may be seen in the **Annexure - E**

\*\*\* The detail of the amount of the written - off loans up to December 31, 2018 may be seen in the **Annexure - F**

		31.12.2018 Taka	31.12.2017 Taka
<b>8. Bills purchased and discounted</b>			
In Bangladesh		2,696,766,182	711,569,593
Outside Bangladesh		260,660,005	2,499,263,455
		<b>2,957,426,187</b>	<b>3,210,833,048</b>
<b>8(a) Consolidated Bills purchased and discounted</b>			
Dhaka Bank Limited	(Note: 8)	2,957,426,187	3,210,833,048
Dhaka Bank Securities Limited		-	-
Dhaka Bank Investment Limited		-	-
		<b>2,957,426,187</b>	<b>3,210,833,048</b>
<b>8.1 Maturity grouping of bills purchased &amp; discounted</b>			
Payable within 1 month		1,569,132,672	1,475,722,525
Over 1 month but less than 3 months		1,188,770,850	1,378,650,315
Over 3 months but less than 6 months		199,522,665	356,460,208
6 months or more		-	-
		<b>2,957,426,187</b>	<b>3,210,833,048</b>
<b>9. Fixed assets including premises, furniture and fixtures</b>			
<b>Cost/ Revaluation</b>			
Land		2,950,332,536	2,950,332,536
Building		622,721,217	622,721,217
Furniture and fixture including office decoration		465,832,187	453,711,763
Office appliances and equipment		1,315,360,663	1,035,562,183
Computer		256,561,870	239,317,326
Software		663,180,606	107,607,120
Bank's vehicle		288,604,723	199,916,665
		6,562,593,802	5,609,168,810
Less: Accumulated depreciation		1,656,212,636	1,346,275,507
		<b>4,906,381,165</b>	<b>4,262,893,303</b>
(Details are given in <b>Annexure - D</b> )			
Building includes a floor space in the BGMEA Bhaban at Hatirjheel, Kawran Bazar, Dhaka, against which there is a dispute and Honorable High Court had published a verdict to demolish the building but recently the deadline to do the same has been extended further. Besides, Bank will receive compensation from BGMEA once the building is demolished. So, Bank will maintain provision or will make impairment loss at the time of demolition of the structure or at the time of settlement of the issue with BGMEA.			
<b>9(a) Consolidated Fixed assets including premises, furniture and fixtures</b>			
Dhaka Bank Limited	(Note: 9)	4,906,381,165	4,262,893,303
Dhaka Bank Securities Limited		9,582,611	6,488,239
Dhaka Bank Investment Limited		-	-
		<b>4,915,963,776</b>	<b>4,269,381,542</b>
<b>10. Other Assets</b>			
Investment in Shares of subsidiary companies	(Note: 10.1)	1,749,999,880	1,749,999,880
Stationery, stamps, printing materials etc.		34,417,989	44,821,499
Advance rent		334,233,100	378,401,447
Prepaid expenses against advertisement		32,157,920	23,936,330
Interest/Profit accrued and other receivable	(Note: 10.2)	758,189,088	491,744,070
Security deposit		22,423,766	22,349,966
Preliminary, formation, Work in progress, renovation expenses and prepaid expenses	(Note: 10.3)	3,971,398,900	3,429,830,055
Branch adjustments	(Note: 10.4)	2,245,217,929	66,491,777
Suspense account	(Note: 10.5)	83,728,215	269,019,211
Others	(Note: 10.6)	18,611,987,967	16,570,563,558
		<b>27,843,754,754</b>	<b>23,047,157,792</b>

"Work in progress includes a building under construction in Gulshan for head office purpose and is awaiting for the approval of RAJUK for commercial conversion. After getting the approval, registration process will be started immediately in the name of Dhaka Bank Limited and will be transferred to fixed assets.

Bank has maintained Tk.6.95 Lac provision @1% against Tk.6.95 Crore payment to RAJUK as advance for a plot at Motijheel.

		31.12.2018 Taka	31.12.2017 Taka
<b>10(a) Consolidated Other assets</b>			
Dhaka Bank Limited	(Note: 10)	27,843,754,754	23,047,157,792
Dhaka Bank Securities Limited		267,665,363	291,889,279
Dhaka Bank Investment Limited		5,478,701	5,200,771
		<b>28,116,898,818</b>	<b>23,344,247,842</b>
Less: Inter-company transactions			
Investment in Dhaka Bank Securities Limited		1,499,999,940	1,499,999,940
Investment in Dhaka Bank Investment Limited		249,999,940	249,999,940
Stock dividend from Dhaka Bank Securities Limited		-	-
Receivable from Dhaka Bank Investment Limited		1,173,725	1,173,725
Receivable from Dhaka Bank Securities Limited		155,787,264	55,787,264
		1,906,960,869	1,806,960,869
		<b>26,209,937,949</b>	<b>21,537,286,973</b>
<b>10.1 Investment in shares of subsidiary companies</b>			
Dhaka Bank Securities Limited	(Note:1.2.6.1)	1,499,999,940	1,499,999,940
(99.99% owned subsidiary company of DBL)			
Dhaka Bank Investment Limited	(Note:1.2.6.2)	249,999,940	249,999,940
(99.99% owned subsidiary company of DBL)			
		<b>1,749,999,880</b>	<b>1,749,999,880</b>
The total number of Shareholding in Dhaka Bank Securities Limited is 171,599,994 shares after considering the stock dividend issued in 2011 and 2014.			
<b>10.2 Interest accrued and other receivable</b>			
Amount represents interest/profit accrued on loans/investment but not collected, commission & brokerage receivable on shares and debenture and other income receivable etc.			
<b>10.3</b>	The amount represents payment in advance against opening of new branches, various types of insurance premiums, legal expenses, software maintenance etc. It also includes the advance for work in progress of Head Office Building at Gulshan and Kakrail.		
<b>10.4 Branch adjustment</b>	Branch adjustment account represents outstanding amount of Inter-Branch and Head Office transactions at the Balance Sheet date.		
<b>10.5 Suspense account</b>	Suspense Account represents advance paid against renovation of different branches which is Capital Expenditure and will be adjusted after receiving the final bills.		
<b>10.6 Others</b>			
Advance Tax	(Note: 10.6.1)	4,495,696,337	2,881,721,341
Deferred Tax Assets	(Note: 15.8)	17,558,808	21,762,982
Account receivable others	(Note: 10.6.2)	14,098,732,822	13,667,079,236
		<b>18,611,987,967</b>	<b>16,570,563,558</b>
<b>10.6.1 Advance Tax</b>			
Opening Balance		2,881,721,341	1,591,405,439
Add: Paid during the year		1,613,974,996	1,290,315,902
		4,495,696,337	2,881,721,341
Less: Adjustment during the year		-	-
		<b>4,495,696,337</b>	<b>2,881,721,341</b>
<b>10.6.2 Account receivable others</b>			
Receivable against Bangladesh / Paribar Sanchaya Patra		308,262,312	180,078,159
Fees receivable		43,583,355	4,422,392
Receivable from share sale proceeds		572,603	1,226,336
Finance to AD branches for Local Documentary Bill Purchased	(Note: 10.6.2.a)	2,235,173,720	2,198,196,309
Finance to AD branches for Import Bill Discounting	(Note: 10.6.2.b)	11,089,105,476	11,195,948,315
Protestation account		1,766,805	1,666,805
ATM settlement account		260,816,500	27,589,748
Receivable from exchange houses		2,491,062	990,184
Receivable from Dhaka Bank Investment Limited		1,173,725	1,173,725
Receivable from Dhaka Bank Securities Limited		155,787,264	55,787,264
		<b>14,098,732,822</b>	<b>13,667,079,236</b>

**31.12.2018**  
**Taka**

**31.12.2017**  
**Taka**

**10.6.2.a** In accordance with the FE Circular No.03 dated 04 February 2013 of Bangladesh Bank, the amount represents bills discounted Tk.2,198,196,309 to facilitate the exporters of the country.

**10.6.2.b** In accordance with the BRPD Circular No.28 dated 05 September 2010 of Bangladesh Bank, Dhaka Bank Limited's Off-shore Banking Unit (OBU) has been financing the importers who import at usance basis through Bank's Authorised Dealer (AD) branches.

## 10.7 Income generation grouping of Other assets

### Income generating

Investment in Shares of subsidiary companies	1,749,999,880	1,749,999,880
Account receivable others		
Finance to AD branches for Local Documentary Bill Purchased	2,235,173,720	2,198,196,309
Finance to AD branches for Import Bill Discounting	11,089,105,476	11,195,948,315
	<b>15,074,279,076</b>	<b>15,144,144,504</b>

### Non-income generating

Stationery, stamps, printing materials etc.	34,417,989	44,821,499
Advance rent	334,233,100	378,401,447
Prepaid expenses against advertisement	32,157,920	23,936,330
Interest/Profit accrued and other receivable	758,189,088	491,744,070
Security deposit	22,423,766	22,349,966
Preliminary, formation, work in progress, renovation expenses and prepaid expenses	3,971,398,900	3,429,830,055
Branch adjustments	2,245,217,929	66,491,777
Suspense account	83,728,215	269,019,211
Advance tax paid	4,495,696,337	2,881,721,341
Deferred Tax Assets	17,558,808	21,762,982
Account receivable others		
Receivable against Bangladesh / Paribar Sanchaya Patra	308,262,312	180,078,159
Protestation account	1,766,805	1,666,805
Receivable from exchange houses	2,491,062	990,184
Receivable from Dhaka Bank Investment Limited	1,173,725	1,173,725
Receivable from Dhaka Bank Securities Limited	155,787,264	55,787,264
Fees receivable	43,583,355	4,422,392
Receivable from share sale proceeds	572,603	1,226,336
ATM settlement account	260,816,500	27,589,748
	<b>12,769,475,678</b>	<b>7,903,013,288</b>

**27,843,754,754**

**23,047,157,792**

## 11. Non-banking assets

Land and Building

**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 property was incorporated in the books of account on the basis of third party valuation report provided by a surveyor Company. The property has been auctioned and sold to the highest bidder at a price of Tk.26,000,000. The contract for sale (baina) has been executed for Tk.20,000,000 and the rest amount of Tk.6,000,000 has been paid by the bidder in the respective branch. After completion of all legal formalities the asset will be handed over to the purchaser.

### 11(a) Consolidated Non-banking assets

Dhaka Bank Limited	(Note: 11)	23,166,033	23,166,033
Dhaka Bank Securities Limited		-	-
Dhaka Bank Investment Limited		-	-
		<b>23,166,033</b>	<b>23,166,033</b>

		31.12.2018 Taka	31.12.2017 Taka
<b>12. Borrowings from other banks, financial institutions and agents</b>			
In Bangladesh	(Note: 12.1)	15,138,004,801	15,102,340,246
Outside Bangladesh		11,542,179,968	6,431,213,181
		<b>26,680,184,769</b>	<b>21,533,553,426</b>
<b>12.1 In Bangladesh</b>			
<b>Call Borrowing</b>			
Sonali Bank Limited		-	300,000,000
Janata Bank		-	165,400,000
Southeast Bank		300,000,000	-
Rupali Bank		350,000,000	-
Mutual Trust Bank Limited		-	200,000,000
		<b>650,000,000</b>	<b>665,400,000</b>
<b>Bangladesh Bank refinance</b>			
Small and Medium Enterprise		87,143,145	139,359,965
Syndication		2,584,745,274	2,765,356,235
Green Banking		12,500	82,792
Export Development Fund		9,758,788,399	9,459,217,386
FSSP Fund		57,315,484	68,994,548
Mudaraba Refinance		2,000,000,000	2,003,929,319
		<b>14,488,004,801</b>	<b>14,436,940,246</b>
<b>Outside Bangladesh</b>			
Bank Muscat, Oman		417,250,000	831,924,670
Nabil Bank, Nepal		709,325,000	628,155,603
IFC		5,841,500,000	1,657,779,528
Caixa Bank		1,524,680,485	858,304,438
RAKBANK		417,250,000	-
MUFG Bank		834,500,000	-
NMB Bank		417,250,000	-
United Bank		441,308,828	-
Standard Chartered		417,250,000	-
Credit Europe Bank		292,075,000	-
Bank of Tokyo		-	2,069,490,152
NIC Asia Bank Ltd		-	167,020,920
IDCOL, Bangladesh		229,790,655	218,537,869
		<b>11,542,179,968</b>	<b>6,431,213,181</b>
		<b>26,680,184,769</b>	<b>21,533,553,426</b>

Dhaka Bank Limited received Investment Bond's Fund from Bangladesh Bank against Mudaraba Term Deposit Receipt (MTDR) as per Bangladesh Bank Circular No.FRTMD(PDS)146/2004-15 dated 15.09.2004.

The amount of Tk. 11,542,179,968 represents fund borrowed from foreign banks by Off-shore Banking Unit.

#### 12.2 Disclosure regarding Outstanding Repo on 31 December 2018

Sl. No.	Counterparty Name	Agreement date	Reversal date	Amount in Taka
1	STANDCHAR	26-Dec-18	1-Jan-19	979,346,958
2	JAMUNABK	26-Dec-18	1-Jan-19	332,725,143

#### 12.3 Disclosure regarding Outstanding Reverse Repo on 31 December 2018

Sl. No.	Counterparty Name	Agreement date	Reversal date	Amount in Taka
-	-	-	-	-

#### 12.4 Disclosure regarding Overall transaction of Repo and Reverse Repo during 2018

Sl. No.	Counterparty Name	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year
<b>Securities sold under Repo</b>				
1	With Bangladesh Bank	864,924,340	864,924,340	-
2	With other Banks & FIs	694,688,421	1,312,072,101	901,764,895
<b>Securities purchased under Reverse Repo</b>				
1	From Bangladesh Bank	NIL	NIL	NIL
2	From other Banks & FIs	245,532,049	994,463,000	608,960,791

		<b>31.12.2018 Taka</b>	<b>31.12.2017 Taka</b>
<b>12.5 Analysis by security</b>			
Secured (assets pledge as security for liabilities)		-	-
Unsecured		26,680,184,769	21,533,553,426
		<b>26,680,184,769</b>	<b>21,533,553,426</b>
<b>12.6 Repayment pattern</b>			
Repayable on demand		650,000,000	665,400,000
Repayable on maturity		26,030,184,769	20,868,153,426
		<b>26,680,184,769</b>	<b>21,533,553,426</b>
<b>12.7 Maturity grouping</b>			
Repayable on demand		650,000,000	665,400,000
Repayable within 1 month		-	-
Over 1 month but within 3 months		-	-
Over 3 month but within 6 months		57,315,484	68,994,548
Over 6 months but within 1 year		23,388,124,012	18,033,802,643
Over 1 year but within 5 years		2,584,745,274	2,765,356,235
Over 5 years		-	-
		<b>26,680,184,769</b>	<b>21,533,553,426</b>
<b>12(a) Consolidated Borrowings from other banks, financial institutions and agents</b>			
Dhaka Bank Limited	(Note: 12)	26,680,184,769	21,533,553,426
Dhaka Bank Securities Limited		2,302,952,085	2,337,592,550
Dhaka Bank Investment Limited		-	-
		28,983,136,854	23,871,145,977
Less: Inter company transaction		2,189,406,680	2,237,597,610
		<b>26,793,730,174</b>	<b>21,633,548,367</b>
<b>13. Deposits and other accounts</b>			
Current and other accounts	(Note: 13.1)	20,619,616,485	20,025,396,323
Bills payable	(Note: 13.2)	2,845,247,938	2,826,174,811
Savings deposits	(Note: 13.3)	20,091,972,393	19,061,994,573
Term deposits	(Note: 13.4)	153,632,643,040	128,121,855,220
		<b>197,189,479,856</b>	<b>170,035,420,927</b>
<b>Non-interest bearing accounts</b>			
<b>13.1 Current and other accounts</b>			
Current account		11,646,516,690	11,164,633,072
Foreign currency deposits		184,946,326	1,849,561,598
Margin under Letter of Credit		1,670,565,822	1,101,635,757
Margin under Letter of Guarantee		1,484,246,679	852,060,951
Deposits awaiting disposal		147,412,625	973,346,674
Sundry deposit	(Note: 13.1.1)	5,485,928,343	4,084,158,272
		<b>20,619,616,485</b>	<b>20,025,396,323</b>
<b>13.1.1 Sundry deposit</b>			
F.C held against Back to Back L/C		4,776,923,791	3,857,565,330
Sundry creditors		570,243,772	95,752,320
Unclaimed deposits		61,437,786	61,239,558
Risk fund		8,464,166	6,583,592
Security deposits for locker		8,451,715	7,360,530
Advance lease rent		60,407,112	55,656,943
		<b>5,485,928,343</b>	<b>4,084,158,272</b>



	<b>31.12.2018 Taka</b>	<b>31.12.2017 Taka</b>
<b>13.2 Bills payable</b>		
Pay order	2,035,996,865	1,954,270,035
Demand draft	809,251,074	871,904,776
	<b>2,845,247,938</b>	<b>2,826,174,811</b>
<b>Total Non-interest bearing accounts</b>	<b>23,464,864,423</b>	<b>22,851,571,134</b>
<b>Interest bearing Account</b>		
<b>13.3 Savings deposits</b>		
Savings account	19,534,306,958	18,556,159,571
Mudaraba savings accounts	557,665,434	505,835,002
	<b>20,091,972,393</b>	<b>19,061,994,573</b>
<b>13.4 Term deposits</b>		
Special Notice Deposits	18,035,517,604	16,745,221,057
Fixed Deposits	108,214,234,679	85,699,682,960
Deposit Pension Scheme	27,167,601,350	25,631,490,774
Gift Cheque	34,523,149	34,823,903
Marriage Deposit Scheme	-	193
Non Resident Foreign Currency Deposit (NFCD)	180,766,258	10,636,333
	<b>153,632,643,040</b>	<b>128,121,855,220</b>
<b>13.4(a) Consolidated Term deposits</b>		
Dhaka Bank Limited	153,632,643,040	128,121,855,220
Dhaka Bank Securities Limited	-	-
Dhaka Bank Investment Limited	-	-
	153,632,643,040	128,121,855,220
Less: Inter company transaction	315,631,467	305,700,277
	<b>153,317,011,573</b>	<b>127,816,154,943</b>
<b>Total Interest bearing Account</b>	<b>173,724,615,433</b>	<b>147,183,849,793</b>
<b>Total Deposits and other accounts</b>	<b>197,189,479,856</b>	<b>170,035,420,927</b>
<b>13.5 Deposits and Other Accounts</b>		
Deposits from Banks	13,433,012,417	11,455,697,594
Deposits from Customers	183,756,467,439	158,579,723,333
	<b>197,189,479,856</b>	<b>170,035,420,927</b>
<b>Deposits from Banks</b>		
Current Deposits and Other Accounts	-	-
Savings Bank/Mudaraba	20,214,906	8,034,025
Special Notice Deposits	3,195,881	11,257,074,167
Fixed Deposits	13,409,601,630	190,589,402
	<b>13,433,012,417</b>	<b>11,455,697,594</b>
<b>Deposits from Customers</b>		
<b>i) Current Deposits and Other Accounts</b>		
Current Account	11,646,516,690	11,164,633,072
Foreign Currency Deposits	184,946,326	1,849,561,598
Margin under Letter of Credit	1,670,565,822	1,101,635,757
Margin under Letter of Guarantee	1,484,246,679	852,060,951
Deposits Awaiting Disposal	147,412,625	973,346,674
Sundry Deposit	5,485,928,343	4,084,158,272
	<b>20,619,616,485</b>	<b>20,025,396,323</b>

	<b>31.12.2018</b> <b>Taka</b>	<b>31.12.2017</b> <b>Taka</b>
<b>ii) Bills Payable</b>		
Pay Order	2,035,996,865	1,954,270,035
Demand Draft	809,251,074	871,904,776
	<b>2,845,247,938</b>	<b>2,826,174,811</b>
<b>iii) Savings Deposits</b>		
Savings Account	19,534,306,958	18,556,159,571
Mudaraba Savings Accounts	537,450,528	497,800,977
	<b>20,071,757,486</b>	<b>19,053,960,548</b>
<b>iv) Term Deposits</b>		
Special Notice Deposits	18,032,321,724	5,488,146,890
Fixed Deposits	94,804,633,049	85,509,093,558
Deposit Pension Scheme	27,167,601,350	25,631,490,774
Gift Cheque	34,523,149	34,823,903
Marriage Deposit Scheme	-	193
Non Resident Foreign Currency Deposit (NFCD)	180,766,258	10,636,333
	<b>140,219,845,530</b>	<b>116,674,191,651</b>
	<b>183,756,467,439</b>	<b>158,579,723,333</b>
<b>13.6 Payable on Demand and Time Deposits</b>		
<b>a) Demand Deposits</b>		
Current Account	11,646,516,690	11,164,633,072
Savings Deposits (10%)	2,009,197,239	1,906,199,457
Foreign Currency Deposits	184,946,326	1,849,561,598
Margin under Letter of Credit	1,670,565,822	1,101,635,757
Margin under Letter of Guarantee	1,484,246,679	852,060,951
Deposits Awaiting Disposal	147,412,625	973,346,674
Sundry Deposit	5,485,928,343	4,084,158,272
Bills Payable	2,845,247,938	2,826,174,811
	<b>25,474,061,662</b>	<b>24,757,770,591</b>
<b>b) Time Deposits</b>		
Savings Deposits (90%)	18,082,775,153	17,155,795,116
Special Notice Deposits	18,035,517,604	16,745,221,057
Fixed Deposits	108,214,234,679	85,699,682,960
Deposit Pension Scheme	27,167,601,350	25,631,490,774
Gift Cheque	34,523,149	34,823,903
Marriage Deposit Scheme	-	193
Non Resident Foreign Currency Deposit (NFCD)	180,766,258	10,636,333
	<b>171,715,418,194</b>	<b>145,277,650,336</b>
	<b>197,189,479,856</b>	<b>170,035,420,927</b>
<b>13.7 Maturity grouping of deposits and other accounts</b>		
<b>Other than Bank Deposits</b>		
Repayable on demand	23,499,387,572	22,886,395,037
Repayable within 1 month	38,284,845,468	24,552,743,771
Over 1 month but within 3 months	48,788,893,760	44,456,233,733
Over 3 months but within 6 months	12,197,223,440	11,114,058,433
Over 6 months but within 1 year	24,394,446,880	22,228,117,060
Over 1 year but within 5 years	21,955,002,192	20,005,305,180
Over 5 years but within 10 years	14,636,668,128	13,336,870,120
	<b>183,756,467,439</b>	<b>158,579,723,333</b>

		<b>31.12.2018 Taka</b>	<b>31.12.2017 Taka</b>
<b>Inter-bank deposits</b>			
Repayable on demand		-	-
Repayable within 1 month		23,410,787	11,265,108,192
Over 1 month but within 3 months		-	-
Over 3 months but within 6 months		13,409,601,630	190,589,402
Over 6 months but within 1 year		-	-
Over 1 year but within 5 years		-	-
Over 5 years but within 10 years		-	-
		<b>13,433,012,417</b>	<b>11,455,697,594</b>
		<b>197,189,479,856</b>	<b>170,035,420,927</b>
<b>13.8 Sector wise Deposits</b>			
Government		359,154,650	1,326,950,175
Public Sector		7,786,879,933	7,905,490,032
Private sector		189,043,445,273	160,802,980,720
		<b>197,189,479,856</b>	<b>170,035,420,927</b>
<b>13. (a) Consolidated Deposits and other accounts</b>			
Dhaka Bank Limited	(Note: 13)	197,189,479,856	170,035,420,927
Dhaka Bank Securities Limited		-	-
Dhaka Bank Investment Limited		-	-
		<b>197,189,479,856</b>	<b>170,035,420,927</b>
Less: Inter company transaction		315,631,467	305,700,277
		<b>196,873,848,389</b>	<b>169,729,720,650</b>
<b>14. Non Convertible Subordinated Bond</b>		<b>8,000,000,000</b>	<b>3,000,000,000</b>
<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 BSEC vide letter no. SEC/CI/CPLC-10/2001-256 dt.09.09.2010. The redemption of the Bond has been started from the year 2015. The Bond has been fully redeemed in December 2017.</p> <p>The Bank issued 2nd tranche of Non Convertible Subordinated Bond of Tk. 3,000,000,000 with consent of BSEC vide letter no. BSEC/CI/DS-34/2015/643 dated 28.12.2015 and subsequently approved by Bangladesh Bank vide letter no. BRPD(BFIS)661/14B(P)2016- 2474 dated April 17, 2016 to strengthen the capital base in line with the newly introduced Capital Adequacy Guidelines under BASEL-III Accord.</p> <p>Moreover, the Bank issued 3rd tranche of Non-Convertible Subordinated Bond of Tk. 5,000,000,000 with consent of BSEC vide letter no. BSEC/CI/CPLC/ DS-210/2009/210 dated March 28, 2018 and from Bangladesh Bank vide letter no. BRPD (BFIS) 661/14B (P) 2018-2569 dated April 17, 2018.</p>			
<b>15. Other Liabilities</b>			
Accrued interest		458,982,797	48,201,672
Provision on loans and advances	(Note: 15.1)	8,887,631,501	7,779,475,833
Provision for Good Borrower	(Note: 15.2)	22,523,697	12,523,697
Provision for Off Balance Sheet Exposure	(Note: 15.3)	1,181,215,490	830,368,362
Interest suspense account	(Note: 15.4)	2,306,715,100	1,874,880,813
Provision against expenses	(Note: 15.5)	403,144,418	51,466,437
Provision for decrease in value of investments	(Note: 38)	-	-
Provision for Other Assets	(Note: 15.6)	12,151,156	12,151,156
Fund for Dhaka Bank Foundation	(Note: 36.1)	29,823,259	27,432,031
Provision for Current Tax	(Note: 15.7)	5,748,025,360	4,167,700,964
Deferred tax liability		-	-
Tax deducted at source & payable		340,703,072	333,278,461
Excise Duty payable		90,433,845	35,001,271
Other account payable	(Note: 15.9)	6,009,126,932	4,466,153,662
		<b>25,490,476,626</b>	<b>19,638,634,359</b>

		31.12.2018 Taka	31.12.2017 Taka
<b>15(a) Consolidated Other liabilities</b>			
Dhaka Bank Limited	(Note: 15)	25,490,476,626	19,638,634,359
Dhaka Bank Securities Limited		1,128,872,036	1,039,740,118
Dhaka Bank Investment Limited		17,949,408	15,926,605
		<b>26,637,298,070</b>	<b>20,694,301,082</b>
Less: Inter-company transactions			
Dhaka Bank Securities Limited		155,787,264	55,787,264
Dhaka Bank Investment Limited		1,173,725	1,173,725
		<b>156,960,989</b>	<b>56,960,989</b>
		<b>26,480,337,082</b>	<b>20,637,340,094</b>
<b>15.1 Provision for loans and advances</b>			
<b>i) The Movement in specific provision for Bad and Doubtful Debts:</b>			
Provision held at the beginning of the year		4,407,201,865	2,409,087,464
Specific provision	(+)	1,895,834,137	2,614,003,456
Recoveries from written off loans	(+)	-	-
Fully provided debt written off	(-)	(236,366,229)	(511,121,061)
Provision no longer required	(-)	(1,815,139,263)	(104,767,993)
<b>Provision held at the end of the year</b>		<b>4,251,530,511</b>	<b>4,407,201,865</b>
<b>ii) The movement in general provision on unclassified loans:</b>			
Provision held at the beginning of the year		3,372,273,967	3,832,296,334
Additional provision for the year		1,457,474,542	(460,022,367)
<b>Provision held at the end of the year</b>		<b>4,829,748,509</b>	<b>3,372,273,967</b>
		<b>8,887,631,501</b>	<b>7,779,475,833</b>
<b>15.2 Provision for Good Borrower</b>			
Opening Balance		12,523,697	9,454,000
Add: Addition during the year		10,000,000	7,377,931
Less: Disbursement during the year		-	4,308,234
		<b>22,523,697</b>	<b>12,523,697</b>
<b>15.3 Provision for Off Balance Sheet Exposures</b>			
Opening balance		830,368,362	626,399,959
Add: Addition during the year		350,847,128	203,968,402
		<b>1,181,215,490</b>	<b>830,368,362</b>
Bank has made a provision of Tk. 350,847,128 @ 1.00% on off balance sheet exposure (i.e. Acceptance & Endorsement, Letter of Credit & Letter of Guarantee) as per BRPD Circular number 14 dated 23.09.2012 from current year's profit. The total amount of provision of Tk.1,181,215,490 is deemed sufficient on requirement as on 31 December 2018.			
<b>15.4 Interest Suspense Account</b>			
Balance at the beginning of the year		1,874,880,813	1,831,665,015
Amount transferred to "Interest Suspense" A/c during the year	(+)	3,312,506,214	1,542,524,155
Amount recovered from "Interest Suspense" A/c during the year	(-)	(2,803,812,941)	(1,428,447,557)
Amount written off during the year	(-)	(76,858,987)	(70,860,800)
<b>Balance at the end of the year</b>		<b>2,306,715,100</b>	<b>1,874,880,813</b>
<b>15.5 Provision against Expenses</b>			
Provision for Audit Fees		1,395,000	1,380,000
Provision for House Rent, Telephone, Utility, Risk Premium etc.		213,408,447	8,199,251
Provision for Promotional Expenses for Exchange Houses		435,019	382,079
Provision for Superannuation Fund		13,500,000	13,500,000
Provision for gratuity fund		27,912,000	27,912,000
Provision for Travel Passage		146,493,953	93,107
		<b>403,144,418</b>	<b>51,466,437</b>

As per Actuary Report, Bank has to maintain provision for Tk.8.37 Crore against Gratuity and Tk.4.05 Crore against Superannuation Fund within December 2019. In line with the requirement, Bank has maintained provision for Tk.2.79 Crore against Gratuity and Tk.1.35 Crore against Superannuation Fund as one-third portion of the requirement.

	<b>31.12.2018 Taka</b>	<b>31.12.2017 Taka</b>
<b>15.6 Provision for Other Assets</b>		
Balance at the beginning of the year	12,151,156	11,797,024
Add: Addition during the year	-	354,132
	<b>12,151,156</b>	<b>12,151,156</b>
<b>15.7 Provision for Current Tax</b>		
Opening Balance	4,167,700,964	2,794,836,497
Add: Provision made during the year	1,580,324,396	1,372,864,467
	5,748,025,360	4,167,700,964
Less: Adjustment during the year	-	-
	<b>5,748,025,360</b>	<b>4,167,700,964</b>

Provision for taxation has been made on accounting profit considering taxable allowances / disallowances as per Income Tax Ordinance 1984.

Income Tax 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 the Income Tax Authority. But under section 120 of Income Tax Ordinance 1984, the assessment for the year 2004, 2005 and 2006 had been re-opened and the Bank had filed appeal to the Honorable High Court against the additional demand. The Bank has also filed appeal against the assessment order for the year 2007, 2008, 2009, 2010, 2011 to the Honorable High Court. The Bank received Tax Clearance Certificate for the year 2012, 2013 and 2014. But under section 120 of Income Tax Ordinance 1984, the assessment for the year 2014 had been re-opened at 07.01.2019 and the Bank will file appeal. The Income Tax Return for the year 2015 (Assessment year 2016-2017) assessment and Appeal has been completed and apply for revise order as per jurisdiction of Appeal order. For the year 2016 (Assessment year 2017-2018) assessment has been completed recently and due tax will be paid within stipulated time. And year 2017 tax return had been submitted. For 2018 tax return will be submitted within 15 July 2019.

#### 15.7(a) Consolidated Provision for Current Tax

Dhaka Bank Limited	(Note: 15.7)	5,748,025,360	4,167,700,964
Dhaka Bank Securities Limited		214,628,090	180,895,067
Dhaka Bank Investment Limited		16,315,683	14,407,880
		<b>5,978,969,133</b>	<b>4,363,003,911</b>

#### 15.8 Deferred tax liabilities/(Asset)

<u>31 December 2018</u>	<u>Carrying amount</u>	<u>Tax base</u>	<u>(Taxable)/ deductible temporary difference</u>
Fixed Asset excluding land	1,956,048,629	1,964,611,246	(8,562,617)
Less: Non adjusting difference for Vehicle exceeding Tk 2,500,000	(66,029,404)	-	(66,029,404)
	<b>1,890,019,225</b>	<b>1,964,611,246</b>	<b>(74,592,021)</b>
Provision for gratuity	27,900,000	-	(27,900,000)
Provision for Supper annuation fund	13,500,000	-	(13,500,000)
Deductible temporary difference	-	-	(115,992,021)
Applicable tax rate	-	-	37.5%
<b>Deferred Tax Asset</b>	-	-	<b>(43,497,008)</b>
Revaluation reserve of land at carrying amount	648,455,000	-	648,455,000
Applicable Tax Rate	4%	-	4%
<b>Deferred Tax Liability</b>	-	-	<b>25,938,200</b>
<b>Net Deferred Tax (Asset)/ Liability as on 31 December 2018</b>	-	-	<b>(17,558,808)</b>

31 December 2017	Carrying amount	Tax base	31.12.2018	31.12.2017
			Taka	Taka
			(Taxable)/ deductible temporary difference	
Fixed Asset excluding land	1,312,560,767	1,321,288,052		(8,727,285)
Less: Non adjusting difference for Vehicle exceeding Tk 2,500,000	(69,125,669)	-		(69,125,669)
	<b>1,243,435,098</b>	<b>1,321,288,052</b>		<b>(77,852,954)</b>
Provision for gratuity	27,900,000	-		(27,900,000)
Provision for Super annuation fund	13,500,000			(13,500,000)
Taxable temporary difference				(119,252,954)
Applicable tax rate				40%
<b>Deferred Tax Liability</b>				<b>(47,701,182)</b>
Revaluation reserve of land at carrying amount	648,455,000	-		648,455,000
Applicable Tax Rate				4%
<b>Deferred Tax Liability</b>				<b>25,938,200</b>
<b>Net Deferred Tax (Asset)/ Liability as on 31 December 2017</b>				<b>(21,762,982)</b>

#### Deferred tax expense/ (Income)

Closing Deferred tax (Asset)/Liability excluding liability for revaluation reserve for land	(17,558,808)	(21,762,982)
Opening Deferred tax liability excluding liability for revaluation reserve for land	(21,762,982)	7,258,236
	<b>4,204,174</b>	<b>(29,021,217)</b>

Deferred tax (asset)/liability has been recognised and measured as per BAS 12 'Income taxes' and BRPD circular no. 11 dated 12 December 2011.

#### 15.8(a) Consolidated Deferred tax liabilities

Dhaka Bank Limited	4,204,174	7,258,236
Dhaka Bank Securities Limited	890,065	2,170,619
Dhaka Bank Investment Limited	-	-
	<b>5,094,239</b>	<b>9,428,854</b>

#### 15.9 Other Account Payable

3 month and 5 years Bangladesh/Pratirakhkha Sanchay Patra	141,351,663	224,736,231
Application, Processing, Membership & Utilisation Fee	17,550,367	4,876,030
Adjusting Account Credit	(169,962,879)	17,925,976
Export Proceeds Suspense	771,920,851	1,250,479,221
Vendors' Security Deposit	6,205,144	6,722,072
Finance from Bill Discounting OBU	(Note: 15.9.1) 2,410,905,733	2,283,443,574
Compensation Income of Islamic Banking operations	(Note: 15.9.2) 33,896,329	22,912,759
ATM settlement account	278,375,073	-
Import Payment Suspense	2,498,884,651	635,057,800
Baina against Non-Banking Assets	(Note: 15.9.3) 20,000,000	20,000,000
	<b>6,009,126,932</b>	<b>4,466,153,662</b>

**15.9.1** Authorised Dealer Branches maintained cover fund of Tk.2,283,443,574 through Off-shore Banking Unit (OBU) to further facilitate the exporters in accordance with FE Circular No.03 dated 04 February 2013 of Bangladesh Bank.

**15.9.2** The amount of Tk.22,912,759 represents profits on various overdue Investments of Islamic Banking operations, which has been maintained as per Shari'ah Principle.

**15.9.3** The amount represents the contract for sale (baina) executed for Tk.20,000,000 against the mortgaged land along with building which was mutated in the name of Dhaka Bank Limited (Note-11). The amount will be adjusted after receiving the rest amount of the auction and execution of the sale deed.

	31.12.2018 Taka	31.12.2017 Taka
<b>16 Share capital</b>		
<b>16.1 Authorised Capital</b>		
1,000,000,000 ordinary shares of Tk.10 each	10,000,000,000	10,000,000,000

The Bank increased its authorized capital from Tk 6,000 million to Tk 10,000 million by passing a special resolution in the Bank's 4th Extra Ordinary General Meeting (EGM) held on 04 July 2010.

#### 16.2 Issued, Subscribed and Paid-up Capital

722,295,720 ordinary shares (2017: 625,364,260 ordinary shares of Tk. 10.00 each) of Tk.10 each issued for cash  
90,286,965 ordinary shares ( 2017: 62,536,426 ordinary shares of Tk. 10.00 each) of Tk.10.00 each

7,222,957,200	6,879,006,860
902,869,650	343,950,340
<b>8,125,826,850</b>	<b>7,222,957,200</b>

The Bank has increased its paid up capital by issuance of 12.5% bonus share i.e 90,286,965 ordinary shares of Tk. 10.00 each as on 02/07/2018.

The Bank had denominated its face value of share at Tk. 10.00 per share instead of Tk. 100.00 of each share by passing a special resolution in the banks 4th EGM held on 04 July 2010.

#### 16.3 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.

#### 16.4 Right Issue

The Bank has increased its paid up capital twice by issuance of 2R:5 and 1R:2 right share at par on 15 April 2003 and 30 November 2005 respectively.

#### 16.5 History of Paid-up Capital

Year	Declaration	No.of share	Value in Capital	Cumulative
1995	Opening Capital	1,000,000	100,000,000	100,000,000
1996	10% Stock Dividend	100,000	10,000,000	110,000,000
1997	20% Stock Dividend	220,000	22,000,000	132,000,000
1998	9% Stock & 10% Cash Dividend	1,438,800	143,880,000	275,880,000
1999	25% Cash		-	275,880,000
2000	25% Cash & 10% Stock Dividend	275,880	27,588,000	303,468,000
2001	25% Cash & 25% Stock Dividend	758,670	75,867,000	379,335,000
2002	20% Cash & (15,17,340 nos. right shares)	1,517,340	151,734,000	531,069,000
2003	15% Cash & 25% stock Dividend	1,327,673	132,767,250	663,836,200
2004	35% Stock & 1R:2	5,642,608	564,260,813	1,228,097,000
2005	5% Stock Dividend	614,049	61,404,853	1,289,501,900
2006	10% Cash & 20% Stock Dividend	2,579,004	257,900,383	1,547,402,300
2007	25% Stock Dividend	3,868,506	386,850,575	1,934,252,875
2008	15% Cash & 10% Stock Dividend	1,934,253	193,425,287	2,127,678,200
2009	25% Stock Dividend (Split: Note 16.2)	244,682,988	531,919,540	2,659,597,700
2010	35% Stock Dividend	93,085,920	930,859,195	3,590,457,030
2011	5% Cash & 30% Stock Dividend	107,713,707	1,077,137,069	4,667,594,130
2012	16% Stock Dividend	74,681,503	746,815,034	5,414,409,190
2013	17% Cash & 5% stock Dividend	27,072,045	270,720,450	5,685,129,640
2014	14% Cash & 10% stock Dividend	56,851,294	568,512,945	6,253,642,600
2015	6% Cash & 10% stock Dividend	62,536,424	625,364,239	6,879,006,860
2016	10% Cash & 5% stock Dividend	34,395,033	343,950,340	7,222,957,200
2017	12.5% stock Dividend	90,286,965	902,869,650	8,125,826,850

## 16.6 Percentage of shareholding

Particulars	31.12.2018		31.12.2017	
	% of holdings	Value of Shares (Tk.)	% of holdings	Value of Shares (Tk.)
<b>1. Local Ownership</b>				
Financial Institutions	12.2479	995,243,400	11.7447	848,310,550
Sponsors	40.1716	3,264,276,140	39.6152	2,861,389,280
General Public	44.0292	3,577,741,910	37.8668	2,735,097,010
Mutual Funds	0.9342	75,914,870	0.7183	51,879,870
Unit Funds	1.1010	89,462,400	0.5134	37,083,440
ICB Account Holders	0.0884	7,186,340	0.0833	6,018,690
ICB Head office (Investors A/c)	0.0483	3,927,940	0.0488	3,524,920
ICB Mutual Fund	0.0205	1,665,000	0.0014	100,000
ICB Unit Fund	0.1335	10,850,000	0.0076	550,000
ICB AMCL Unit Fund	0.0308	2,500,000	0.0208	1,500,000
Non-Resident Bangladeshi (NRB)	0.2526	20,521,900	0.2526	18,243,260
ICB Asset Management Company Ltd.	0.1490	12,106,250	0.1249	9,020,000
ICB Investors A/C, Local Office	0.1152	9,360,000	-	-
ICB Capital Management Limited	0.3042	24,719,700	0.1801	13,009,760
ICB AMCL First Mutual Fund	0.2830	23,000,000	-	-
Other Investor's A/C			8.6941	627,969,570
	<b>99.9094</b>	<b>8,118,475,850</b>	<b>99.8720</b>	<b>7,213,696,350</b>
<b>2. Foreign Ownership</b>				
Financial Company	0.0904	7,351,000	0.1280	9,260,850
Individual Investors	-	-	-	-
	<b>0.0904</b>	<b>7,351,000</b>	<b>0.1280</b>	<b>9,260,850</b>
	<b>100.00</b>	<b>8,125,826,850</b>	<b>100.00</b>	<b>7,222,957,200</b>

## 16.7 Classification of shareholders by holding

Holdings	31.12.2018		31.12.2017	
	No. of share holders	Number of Shares	No. of share holders	Number of Shares
1 to 500 shares	11,223	1,786,730	12,225	1,835,880
501 to 5,000 shares	11,120	20,364,000	10,911	19,282,235
5,001 to 10,000 shares	1,797	12,798,351	1,625	12,115,480
10,001 to 20,000 shares	1,136	16,163,876	891	13,044,438
20,001 to 30,000 shares	434	10,741,514	340	8,401,683
30,001 to 40,000 shares	230	8,035,686	179	6,378,595
40,001 to 50,000 shares	141	6,507,448	159	7,431,536
50,001 to 100,000 shares	267	18,972,326	271	20,807,920
100,001 to 1,000,000 shares	367	104,422,544	310	88,740,899
1000001 & above shares	104	612,790,210	86	544,257,054
	<b>26,819</b>	<b>812,582,685</b>	<b>26,997</b>	<b>722,295,720</b>



## 16.8 Name of the Directors and their shareholdings as on 31 December

Sl. No.	Name of Directors	2018		2017	
		No. of shares	Value of share (Tk.)	No. of shares	Value of share (Tk.)
1	Mr. Reshadur Rahman (Chairman)	27,427,125	274,271,250	24,379,667	243,796,670
2	Mr. Md. Amirullah (Vice Chairman)	16,253,583	162,535,830	14,447,630	144,476,300
3	Mr. Abdul Hai Sarker (Director)	18,533,376	185,333,760	16,029,668	160,296,680
4	Mrs. Rokshana Zaman (Director)	19,906,041	199,060,410	17,694,260	176,942,600
5	Mr. Altaf Hossain Sarker (Director)	22,661,678	226,616,780	20,143,714	201,437,140
6	Mr. Mohammed Hanif (Director)	24,751,768	247,517,680	22,001,572	220,015,720
7	Mr. Abdullah Al Ahsan (Director)	16,254,980	162,549,800	14,448,872	144,488,720
8	Mr. Khondoker Monir Uddin (Director)	23,336,282	233,362,820	20,743,363	207,433,630
9	Mr. Tahidul Hossain Chowdhury (Director)	16,319,791	163,197,910	14,506,481	145,064,810
10	Mr. Jashim Uddin (Director)	16,253,732	162,537,320	14,447,762	144,477,620
11	Mr. Khondoker Jamil Uddin (Director)	16,253,507	162,535,070	14,447,562	144,475,620
12	Mr. Mirza Yasser Abbas (Director)	29,927,817	299,278,170	26,602,504	266,025,040
13	Mr. Amanullah Sarker (Director)	16,253,587	162,535,870	14,447,633	144,476,330
14	Mr. M.N.H. Bulu (Director)			14,464,553	144,645,530
15	Mrs. Manoara Khandaker (Director)	16,282,332	162,823,320	nil	nil
16	Mr. M.A. Yussouf Khan (Independent Director)	nil	nil	nil	nil
17	Mr. Muzibur Rahman (Independent Director)	nil	nil	nil	nil
	<b>Total</b>	<b>280,415,599</b>	<b>2,804,155,990</b>	<b>248,805,241</b>	<b>2,488,052,410</b>

## 16.9 Capital to Risk Weighted Assets Ratio (CRAR) - as per BASEL III

### Tier - I Capital (going - concern capital)

#### Common Equity Tier 1 Capital (CET 1)

Paid up Capital

Statutory Reserve

General Reserve

Surplus in Profit and Loss Account

#### Regulatory Adjustment:

Deferred Tax Assets (DTA)

Book value of Goodwill and value of all other Intangible Assets\*\*

(Written down value of Software which is treated as Intangible Assets)

Additional Tier 1 Capital (AT 1)

#### Total Tier - I Capital

### Tier - II Capital (gone concern capital)

General Provision

Asset Revaluation Reserve (50%)

Revaluation Reserve for HTM & HFT Securities (50%)

Non-convertible Subordinated Bond

#### Regulatory Adjustment

#### Total Tier - II Capital

### A. Total Eligible Capital

	31.12.2018 Taka	31.12.2017 Taka
	8,125,826,850	7,222,957,200
	7,006,913,590	6,418,181,801
	6,560,631	6,560,631
	820,995,973	953,467,037
	<b>15,960,297,045</b>	<b>14,601,166,669</b>
	17,558,808	21,762,982
	539,820,091	39,783,794
	<b>15,402,918,146</b>	<b>14,539,619,893</b>
	-	-
	<b>15,402,918,146</b>	<b>14,539,619,893</b>
(Note - 16.9.1)	5,817,316,479	4,202,642,329
(Note-18.2)	64,845,500	129,691,000
(Note-16.9.2)	6,168,164	12,336,327
(Note-16.9.3)	7,830,323,797	3,000,000,000
	<b>13,691,653,940</b>	<b>7,344,669,656</b>
	-	-
	<b>13,691,653,940</b>	<b>7,344,669,656</b>
	<b>29,094,572,086</b>	<b>21,884,289,549</b>

	31.12.2018 Taka	31.12.2017 Taka
<b>B. Risk Weighted Assets</b>		
Credit Risk		
Balance sheet business	162,510,849,693	144,737,835,014
Off- Balance sheet business	32,542,690,924	22,137,025,678
	<b>195,053,540,617</b>	<b>166,874,860,692</b>
Market Risk	889,772,440	3,701,657,912
Operational Risk	14,297,084,251	12,376,972,302
<b>Total Risk-weighted Assets</b>	<b>210,240,397,308</b>	<b>182,953,490,906</b>
<b>C. Required Capital on Risk Weighted Assets</b>	<b>24,966,047,180</b>	<b>20,582,267,727</b>
<b>D. Capital Surplus / (Shortfall) [A-C]</b>	<b>4,128,542,906</b>	<b>1,302,021,822</b>
<b>Total Capital Ratio (%)</b>	<b>13.84%</b>	<b>11.96%</b>

Capital Requirement	2018		2017	
	Required (%)	Held (%)	Required (%)	Held (%)
Tier - I Capital (going concern capital)	6.125%	7.33%	5.50%	7.95%
Tier - II Capital (gone concern capital)	-	6.51%	-	4.01%
<b>Total</b>	<b>11.875%</b>	<b>13.84%</b>	<b>11.250%</b>	<b>11.96%</b>

**16.9.1** As per Risk Based Capital Adequacy Guideline for Banks under BASEL - III, 2014, the Tier 2 Capital under heading "General Provision" was limited to the actual amount of General Provision or 1.25% of Credit Risk Weighted Assets, which is lower. In subsequent BRPD Circular Letter No. 05 dated May 31, 2016, full amount of General Provision is allowed to be treated as part of Tier-II Capital.

**16.9.2** As per risk based capital adequacy guidelines for banks under BASEL - III, the revaluation reserve for assets and securities will diminish at 20% per year on the base amount of 31 December 2014 so that the whole revaluation reserve amount will not get capital treatment after the end of five years (starting from January 2015).

**16.9.3** As per the risk based capital adequacy guidelines in line with Basel-III issued in December 2014 by Bangladesh Bank, the amount of subordinated debt in the Regulatory capital will have to be reduced (amortized) in the last 05 (five) years of the bond's life by 20% from the amount of the instrument. According to the rules, an amount of Tk.1,600,000,000 of non-convertible subordinated bond has not been treated as Supplementary Capital (Tier-2) in 2016. According to the guidelines, Tk.400,000,000 in 2013, Tk.800,000,000 crore in 2014, Tk.1,200,000,000 in 2015 and Tk.1,600,000,000 in 2016 of non convertible subordinated bond has not been treated as supplementary capital (Tier-2). It has been fully redeemed in 2017 and has not contributed in Bank's Capital.

DBL 2nd Subordinated Bond amounting Tk. 3,000,000,000.00 was issued on May, 2016 which is treated as Supplementary Capital (Tier- 2). The tenure of the bond is 7 years. Hence, the reduction of the bond amount from Regulatory capital started from May 2018.

Capital to Risk weighted Assets Ratio (CRAR) has been calculated as per risk based capital adequacy guidelines in line with BASEL-III issued in December 2014, DOS Circular No. 02 dated 04 April 2015 & BRPD Circular No. 05 dated 31 May 2016 on reporting CRAR & leverage ratio by Bangladesh Bank.

16.9(a) Consolidated Capital to Risk Weighted Assets Ratio (CRAR) - as per BASEL III	31.12.2018 Taka	31.12.2017 Taka
<b>Tier - I Capital (going - concern capital)</b>		
<b>Common Equity Tier 1 Capital (CET 1)</b>		
Paid up Capital	8,125,826,850	7,222,957,200
Minority Interest	62,379	57,329
Statutory Reserve	7,006,913,590	6,418,181,801
General Reserve	6,560,631	6,560,631
Surplus in Profit and Loss Account	1,417,367,180	1,502,345,228
	<b>16,556,730,630</b>	<b>15,150,102,189</b>

	31.12.2018 Taka	31.12.2017 Taka
<b>Regulatory Adjustment:</b>		
Book value of Goodwill and value of all other Intangible Assets** (*Written down value of Software which is treated as Intangible Assets)	539,820,091	39,783,794
Deferred Tax Assets (DTA)	18,807,125	23,901,364
	<b>15,998,103,414</b>	<b>15,086,417,031</b>
	-	-
<b>Additional Tier 1 Capital (AT 1)</b>		
<b>Total Tier - I Capital</b>	<b>15,998,103,414</b>	<b>15,086,417,031</b>
<b>Tier - II Capital (gone concern capital)</b>		
General Provision	5,817,316,479	4,202,642,329
Asset Revaluation Reserve (50%) (Note-18.2)	64,845,500	129,691,000
Revaluation Reserve for HTM & HFT Securities (50%) [Note-2.5(a) & (b) and 18.3]	6,168,164	12,336,327
Non-convertible Subordinated Bond (Note-16.9.1)	8,000,000,000	3,000,000,000
	<b>13,888,330,143</b>	<b>7,344,669,656</b>
	-	-
<b>Total Tier - II Capital</b>	<b>13,888,330,143</b>	<b>7,344,669,656</b>
<b>A. Total Eligible Capital</b>	<b>29,886,433,558</b>	<b>22,431,086,687</b>
<b>B. Risk Weighted Assets</b>		
Credit Risk		
Balance sheet business	164,420,909,007	146,192,738,000
Off-Balance sheet business	32,542,690,924	22,137,025,678
	<b>196,963,599,931</b>	<b>168,329,763,678</b>
Market Risk	3,878,414,822	6,853,922,949
Operational Risk	14,680,344,905	12,812,895,731
<b>Total Risk-weighted Assets</b>	<b>215,522,359,658</b>	<b>187,996,582,358</b>
<b>C. Required Capital on Risk Weighted Assets</b> (11.25% on Total Risk Weighted Assets)	<b>25,593,280,209</b>	<b>21,149,615,515</b>
<b>D. Capital Surplus / (Shortfall) [A-C]</b>	<b>4,293,153,348</b>	<b>1,281,471,172</b>
<b>Total Capital Ratio (%)</b>	<b>13.87%</b>	<b>11.93%</b>

Capital Requirement	2018		2017	
	Required (%)	Held (%)	Required (%)	Held (%)
Tier - I Capital (going concern capital)	6.13%	7.42%	5.50%	8.02%
Tier - II Capital (gone concern capital)	-	6.44%	-	3.91%
<b>Total</b>	<b>11.875%</b>	<b>13.87%</b>	<b>11.250%</b>	<b>11.93%</b>

Capital to Risk weighted Assets Ratio (CRAR) has been calculated as per risk based capital adequacy guidelines in line with BASEL-III issued in December 2014, DOS Circular No. 02 dated 04 April 2015 & BRPD Circular No. 05 dated 31 May 2016 on reporting CRAR & leverage ratio by Bangladesh Bank.

	31.12.2018 Taka	31.12.2017 Taka
<b>17. Statutory Reserve</b>		
Opening balance	6,418,181,801	5,850,338,779
Add: Addition during the year	588,731,789	567,843,022
	<b>7,006,913,590</b>	<b>6,418,181,801</b>

As per Section 24 of Bank Companies Act 1991 (amended up to 2013), 20% of pre tax profit has been transferred to Statutory Reserve Account.

		31.12.2018 Taka	31.12.2017 Taka
<b>18. Other Reserve</b>			
General reserve	(Note 18.1)	6,560,631	6,560,631
Assets revaluation reserve	(Note 18.2)	622,516,800	622,516,800
Investment revaluation reserve	(Note 18.3)	33,162,249	21,562,316
		<b>662,239,680</b>	<b>650,639,747</b>
<b>18(a) Consolidated other Reserve</b>			
Dhaka Bank Limited		662,239,680	650,639,747
Dhaka Bank Securities Limited		36,700,000	33,700,000
Dhaka Bank Investment Limited		-	-
		<b>698,939,680</b>	<b>684,339,747</b>
<b>18.1 General Reserve</b>			
Opening balance		6,560,631	122,080,584
Add: Addition during the year		-	-
		6,560,631	122,080,584
Less: Transfer to Capital Account for issue of Bonus Shares		-	115,519,953
		<b>6,560,631</b>	<b>6,560,631</b>

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

#### 18.2 Assets Revaluation Reserve

Opening balance	622,516,800	622,516,800
Adjustment for deferred tax	-	-
	<b>622,516,800</b>	<b>622,516,800</b>

Dhaka Bank Limited revalued the 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 para 62 of BAS-12- Income Taxes, deferred tax liability arises from asset revaluation reserve shall be recognized in other comprehensive income. But deferred tax liability has been deducted from asset revaluation reserve as there is no line item of other comprehensive income in the financial statements of Bank.

Location	Area of Land	Value before	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

#### 18.3 Investment Revaluation Reserve

##### Revaluation Reserve for HTM Securities

Opening balance	21,562,316	28,702,360
Add: Addition during the year	33,803,404	-
Less: Adjustment during the year	(22,203,471)	(7,140,044)
Closing balance	33,162,249	21,562,316

##### Revaluation Reserve for HFT Securities

Opening balance	-	811,202
Add: Addition during the year	-	-
Less: Adjustment during the year	-	(811,202)
Closing balance	-	-
	<b>33,162,249</b>	<b>21,562,316</b>

Interest income of HTM and HFT securities transferred to Revaluation Reserve Account as per Bangladesh Bank DOS Circular No. 05 dated 26.05.2008 of which 50% of revaluation reserve for HTM & HFT used to be treated as Supplementary Capital. Now as per Basel III accord, capital treatment of the same is being diminished by 20% each year.

	<b>31.12.2018 Taka</b>	<b>31.12.2017 Taka</b>
<b>19. Surplus in profit and loss account</b>		
Opening balance	953,467,037	942,269,273
Add: Post-tax profit for the year	1,359,130,376	1,495,371,858
Transferred from general reserve	-	115,519,953
Adjustment made during the year	-	-
	<b>2,312,597,412</b>	<b>2,553,161,084</b>
Less: Transfer to statutory reserve	588,731,789	567,843,022
Stock dividend	902,869,650	343,950,340
Cash dividend	-	687,900,686
	<b>1,491,601,439</b>	<b>1,599,694,048</b>
	<b>820,995,973</b>	<b>953,467,037</b>
<b>19(a) Consolidated surplus in profit and loss account (attributable to equity holders of DBL)</b>		
<b>Opening balance</b>	<b>1,502,345,228</b>	<b>1,385,575,519</b>
Add: Post-tax profit for the period	1,409,623,391	1,608,743,805
Transferred from general reserve	-	115,519,953
Adjustment made during the period	-	-
	<b>2,911,968,619</b>	<b>3,109,839,276</b>
Less: Transfer to statutory reserve	588,731,789	567,843,022
Transfer to investment fluctuation fund	3,000,000	7,800,000
Stock dividend	902,869,650	343,950,340
Cash dividend	-	687,900,686
Stock dividend paid by subsidiary	-	-
	<b>1,494,601,439</b>	<b>1,607,494,048</b>
	<b>1,417,367,180</b>	<b>1,502,345,228</b>
<b>19.1(a) Non-controlling interest</b>		
Opening balance	57,329	45,991
Add: Addition for the year from Dhaka Bank Securities Limited	4,696	10,807
Addition for the year from Dhaka Bank Investment Limited	354	531
Dhaka Bank Investment Limited	-	-
	<b>62,379</b>	<b>57,329</b>
<b>20. Profit &amp; Loss Account</b>		
<b>Income</b>		
Interest, discount and similar income	18,985,328,720	13,714,929,994
Dividend Income	5,572,603	10,405,000
Fee, Commission and Brokerage	2,092,937,501	1,518,319,853
Gains less Losses arising from dealing securities	-	-
Gains less Losses arising from investment securities	2,197,866,255	2,875,187,984
Gains less Losses arising from dealing in foreign currencies	807,032,797	1,358,421,120
Income from non-banking assets	-	-
Other operating income	197,039,684	234,570,211
Profit less Losses on interest rate changes	-	-
	<b>24,285,777,559</b>	<b>19,711,834,161</b>
<b>Expenses</b>		
Interest, fee and commission	13,408,588,881	10,336,326,037
Administrative expenses	3,150,648,630	3,046,327,147
Other operating expenses	723,069,210	766,974,424
Depreciation and repairs of Bank's assets	439,303,604	357,664,024
	<b>17,721,610,325</b>	<b>14,507,291,631</b>
	<b>6,564,167,234</b>	<b>5,204,542,530</b>

	<b>31.12.2018 Taka</b>	<b>31.12.2017 Taka</b>
<b>21 Contingent Liabilities</b>		
<b>Acceptance &amp; Endorsement</b>		
<b>Letters of Credit</b>	<b>47,488,743,492</b>	<b>32,868,131,246</b>
	<b>31,118,725,956</b>	<b>27,085,569,676</b>
Usance/Defer Letter of Credit	14,649,873,029	11,862,464,424
Sight Letter of Credit	6,950,364,922	8,300,578,082
Back to Back Letter of Credit	4,724,029,221	2,707,268,694
BD-Sight (EDF)	720,938,044	1,181,871,874
Back to Back - Local	4,073,520,739	3,033,386,602
<b>Letters of Guarantee</b>	<b>39,514,079,521</b>	<b>23,083,135,224</b>
	(Note: 21.2)	
Bid Bond	1,699,205,195	1,191,487,419
Performance Bond	19,587,919,437	11,910,943,564
Counter Guarantee	2,654,413,047	1,400,540,558
Other Guarantee	14,841,046,998	8,580,163,683
Shipping Guarantee	731,494,844	-
<b>Bills for Collection</b>	<b>12,416,814,820</b>	<b>11,591,497,583</b>
Local Bills for Collection	8,086,296,988	6,713,162,813
Foreign Bills for Collection	4,330,517,832	4,878,334,770
<b>Other contingent liabilities</b>	<b>6,333,057,725</b>	<b>3,493,879,200</b>
	(Note: 21.1)	
Bangladesh/Pratirakhkha/Paribar Sanchay Patra	1,481,685,000	2,223,155,000
ICB Unit Certificate	51,340,900	51,340,900
Forward Exchange Position	837,484,272	910,288,000
US Investment & Premium Bond	411,931,050	309,095,300
Contingent Interest Suspense	3,550,616,503	-
	<b>136,871,421,513</b>	<b>98,122,212,930</b>

**21.1** The amount represents the forward position of foreign currencies at the end of the period December 31, 2018 which are very short term in nature and adjustment are made on a continuous basis.

**21.2 Letters of Guarantee**

Money for which the Bank is contingently liable in respect of guarantees given favouring:

Directors	-	-
Government	28,621,334,169	16,303,298,433
Bank and other financial institutions	720,145,573	1,071,468,991
Others	10,172,599,779	5,708,367,800
	<b>39,514,079,521</b>	<b>23,083,135,224</b>

	<b>2018 Taka</b>	<b>2017 Taka</b>
<b>22. Interest income/profit on investments</b>		
Term Loan	9,514,733,330	6,924,033,644
Overdrafts	5,143,962,162	3,528,189,671
Loan against Imported Merchandise/Murabaha	89,618	554,541
Loan against Trust Receipt	883,467,304	928,859,532
Packing Credits	60,177,894	35,760,079
Cash Credits / Bai-Muajjal	969,146,350	805,292,773
Payment against Documents	65,633,981	14,282,494
House Building Loan	219,489,601	236,862,524
Transport Loan	181,148,127	82,651,164
Syndicate Loan	466,963,751	409,376,626
Hire Purchase	32,876,179	32,317,383
Lease Rental/Izara	499,659,859	288,376,156
Credit Card	57,336,462	44,424,759
<b>Total Interest / profit &amp; Rental Income on loans &amp; advances</b>	<b>18,094,684,618</b>	<b>13,330,981,344</b>
Call Lending and Fund Placement with banks	845,436,744	334,167,480
Accounts with Foreign Banks	45,207,358	49,781,170
	<b>18,985,328,720</b>	<b>13,714,929,994</b>

		<b>2018 Taka</b>	<b>2017 Taka</b>
<b>22(a) Consolidated Interest income/profit on investments</b>			
Dhaka Bank Limited	(Note: 22)	18,985,328,720	13,714,929,994
Dhaka Bank Securities Limited		199,987,425	147,540,545
Dhaka Bank Investment Limited		-	-
		19,185,316,145	13,862,470,539
Less: Inter company transaction		211,663,346	135,265,396
		<b>18,973,652,799</b>	<b>13,727,205,143</b>
<b>23. Interest paid/profit on deposits and borrowings, etc.</b>			
Savings Account including Mudaraba		479,454,490	484,868,100
Special Notice Deposit		615,790,732	581,181,740
Term Deposits		6,886,554,181	4,566,408,691
Deposits under Scheme		2,676,873,632	2,633,244,523
Call Borrowing & Fund Placement		732,346,111	663,057,718
Non-convertible Subordinated Bond		460,068,493	372,051,389
Repurchase Agreement (REPO)		8,329,431	24,054,364
Overseas Accounts charges		430,151	1,625,835
Leased assets		6,440,067	19,996,624
HTM / HFT Securities		515,743,838	464,770,265
Others	(Note: 23.1)	1,026,557,755	525,066,788
		<b>13,408,588,881</b>	<b>10,336,326,037</b>
<b>23.1 Others</b>			
Interest paid on NFCB		3,605,374	49,819
Interest/profit paid against Refinance from Bangladesh Bank		515,482,892	244,118,492
Interest paid on Gift Cheque		763,064	684,181
Interest paid on Excel Account		511,159	534,528
Interest on Finance Bill Rediscounting		98,899,482	102,307,505
Interest on Fund Borrowing-OBU		356,426,885	155,058,983
Treasury Bond Premium	(Note: 23.1.a)	50,868,899	22,313,280
		<b>1,026,557,755</b>	<b>525,066,788</b>
<b>23.1.a</b>	Treasury Bond Premium expense reflects the amount of interest accrued upto the date of purchase of the Treasury Bond. This amount has been paid at the time of purchase of the Bond.		
<b>23(a) Consolidated Interest / Profit Paid On Deposits &amp; Borrowings, etc.</b>			
Dhaka Bank Limited	(Note: 23)	13,408,588,881	10,336,326,037
Dhaka Bank Securities Limited		222,547,125	146,833,391
Dhaka Bank Investment Limited		-	-
		13,631,136,006	10,483,159,428
Less: Inter company transaction		217,305,511	143,554,911
		<b>13,413,830,494</b>	<b>10,339,604,517</b>
<b>24. Income from Investment</b>			
Interest on Treasury bills / bonds		700,279,927	1,934,340,553
Profit on Govt. Islamic Bond		4,421,428	930,727
Capital Gain on Government Securities		1,181,727,570	665,172,853
Interest on Commercial Papers		4,505,634	27,565,278
Interest on Subordinated Bond		303,484,887	246,074,097
Dividend on Shares		5,572,603	10,405,000
		<b>2,199,992,049</b>	<b>2,884,488,508</b>

		2018 Taka	2017 Taka
<b>24(a) Consolidated Income from Investment</b>			
Dhaka Bank Limited	(Note: 24)	2,199,992,049	2,884,488,508
Dhaka Bank Securities Limited		127,062,496	210,428,761
Dhaka Bank Investment Limited		-	-
		<b>2,327,054,545</b>	<b>3,094,917,268</b>
<b>25. Commission / Fees and Exchange Earnings</b>			
Commission on Letter of Credit		792,008,831	563,340,360
Commission on Letter of Guarantee		303,203,786	320,970,818
Commission on Remittance / Bills		106,367,799	51,891,634
Processing Fee Consumer Loan		25,448,774	7,235,119
Other Comm/ Fees (Clearing, cash tr., risk prem., utilisation fee etc.)		789,494,864	564,202,064
Rebate from Foreign Bank outside Bangladesh		26,534,239	23,512,971
Commission & Fee on Credit Card		49,879,209	31,760,894
Exchange gain including gain from foreign currency dealings		807,032,797	1,358,421,120
		<b>2,899,970,297</b>	<b>2,921,334,979</b>
<b>25(a) Consolidated Commission / Fees, Exchange Earnings &amp; Brokerage</b>			
Dhaka Bank Limited	(Note: 25)	2,899,970,297	2,876,740,973
Dhaka Bank Securities Limited		66,976,308	120,269,514
Dhaka Bank Investment Limited		-	-
		<b>2,966,946,606</b>	<b>2,997,010,487</b>
<b>26. Other Operating Income</b>			
Other Income on Credit Card and ATM		27,914,845	19,365,583
Incidental charges		89,792,795	83,573,941
Swift charge recoveries		18,706,889	27,338,507
Locker rent		11,177,206	8,005,900
Capital gain on sale of Shares	(Note: 26.1)	3,446,809	1,104,476
Profit from sale of fixed assets		8,342,547	2,490,121
Recovery from written off loans		41,105,402	49,202,153
		<b>200,486,493</b>	<b>191,080,681</b>
<b>26.1 Capital gain on sale of Shares</b>			
Sale proceeds of Shares		4,685,289	1,226,336
Less: Cost of Shares		1,238,480	121,860
		<b>3,446,809</b>	<b>1,104,476</b>
<b>26(a) Consolidated Other Operating Income</b>			
Dhaka Bank Limited	(Note: 26)	200,486,493	235,674,687
Dhaka Bank Securities Limited		2,153,180	1,059,799
Dhaka Bank Investment Limited		5,642,166	8,289,515
		208,281,839	245,024,002
Less: Inter company transaction		5,642,166	8,289,515
		<b>202,639,673</b>	<b>236,734,487</b>



		<b>2018 Taka</b>	<b>2017 Taka</b>
<b>27. Salary and allowances</b>			
Basic salary		780,110,151	730,087,379
Allowances		1,055,734,886	1,005,668,997
Bonus & ex-gratia		103,417,364	211,656,404
Leave fare assistance		141,950,873	133,824,242
Bank contribution to gratuity fund		27,900,000	27,900,000
Bank's contribution to provident fund		75,189,087	70,348,849
		<b>2,184,302,360</b>	<b>2,179,485,872</b>
<b>27(a) Consolidated Salary and allowances</b>			
Dhaka Bank Limited	(Note: 27)	2,184,302,360	2,179,485,872
Dhaka Bank Securities Limited		43,535,902	42,148,640
Dhaka Bank Investment Limited		-	-
		<b>2,227,838,262</b>	<b>2,221,634,512</b>
<b>28. Rent, taxes, insurance, electricity, etc.</b>			
Office rent		460,264,612	422,387,999
Electricity and lighting		76,624,573	69,488,659
Regulatory charges		8,008,717	32,246,106
Insurance		112,803,311	110,331,675
		<b>657,701,212</b>	<b>634,454,439</b>
<b>28(a) Consolidated Rent, taxes, insurance, lighting etc.</b>			
Dhaka Bank Limited	(Note: 28)	657,701,212	634,454,439
Dhaka Bank Securities Limited		16,571,077	14,984,035
Dhaka Bank Investment Limited		-	-
		<b>674,272,290</b>	<b>649,438,474</b>
<b>29. Legal expenses</b>			
Legal expenses		15,295,521	14,929,826
Other professional fees		53,508,471	5,326,667
		<b>68,803,993</b>	<b>20,256,493</b>
<b>29(a) Consolidated Legal expenses</b>			
Dhaka Bank Limited	(Note: 29)	68,803,993	20,256,493
Dhaka Bank Securities Limited		111,377	1,429,750
Dhaka Bank Investment Limited		-	-
		<b>68,915,370</b>	<b>21,686,243</b>
<b>30. Postage, stamps, telecommunication, etc.</b>			
Stamps, postage & courier		5,502,590	933,404
Telephone charges		9,090,282	9,121,901
Fax, internet, radio link, & DDN charges		28,858,743	34,549,003
		<b>43,451,615</b>	<b>44,604,307</b>
<b>30(a) Consolidated Postage, stamps, telecommunication, etc.</b>			
Dhaka Bank Limited	(Note: 30)	43,451,615	44,604,307
Dhaka Bank Securities Limited		782,795	811,443
Dhaka Bank Investment Limited		-	-
		<b>44,234,410</b>	<b>45,415,750</b>
<b>31. Stationery, printing, advertisement, etc.</b>			
Table stationery		13,198,593	12,369,660
Printing stationery		52,570,747	51,347,622
Security stationery		12,052,040	8,875,107
Computer stationery		22,757,415	17,008,266
Advertisement		75,233,309	58,602,653
		<b>175,812,104</b>	<b>148,203,308</b>

		2018 Taka	2017 Taka
<b>31(a) Consolidated Stationery, printing, advertisement, etc.</b>			
Dhaka Bank Limited	(Note: 31)	175,812,104	148,203,308
Dhaka Bank Securities Limited		2,072,940	1,912,203
Dhaka Bank Investment Limited		-	-
		<b>177,885,044</b>	<b>150,115,511</b>
<b>32. Chief executive's salary and fees</b>			
Basic salary		12,706,817	11,385,183
House rent allowances		300,000	300,000
Entertainment allowances		102,333	120,000
House maintenance allowances		317,667	300,000
Medical Allowances		120,000	120,000
Bonus		2,057,000	1,870,000
		<b>15,603,817</b>	<b>14,095,183</b>
<b>32(a) Consolidated Chief executive's salary and fees</b>			
Dhaka Bank Limited	(Note: 32)	15,603,817	14,095,183
Dhaka Bank Securities Limited		-	-
Dhaka Bank Investment Limited		-	-
		<b>15,603,817</b>	<b>14,095,183</b>
<b>33. Directors' fees</b>			
Directors fees		3,422,400	3,523,600
Fees related to Shari'ah Council Meeting		110,400	193,200
Board/Executive Committee / Shari'ah Council Meeting Expenses		45,730	130,744
		<b>3,578,530</b>	<b>3,847,544</b>
Directors fees are paid following the Bangladesh Bank's BRPD Circular No. 03 dated 18 January 2010 and subsequent BRPD Circular Letter # 11 dated 04 October 2015.			
<b>33(a) Consolidated Directors' fees</b>			
Dhaka Bank Limited	(Note: 33)	3,578,530	3,847,544
Dhaka Bank Securities Limited		905,840	1,173,306
Dhaka Bank Investment Limited		-	-
		<b>4,484,370</b>	<b>5,020,850</b>
<b>34. Auditor's fees</b>			
<b>34(a) Consolidated Auditor's fees</b>			
Dhaka Bank Limited	(Note: 34)	1,395,000	1,380,000
Dhaka Bank Securities Limited		287,500	287,500
Dhaka Bank Investment Limited		115,000	115,000
		<b>1,797,500</b>	<b>1,782,500</b>
<b>35. Depreciation and repairs of Bank's assets</b>			
<b>Depreciation &amp; Amortization</b>			
Building		15,568,030	15,568,030
Furniture & Fixture		40,056,159	42,590,012
Office Appliance & Equipment		161,997,451	135,913,699
Computer		16,508,177	15,699,512
Software		55,537,189	13,916,750
Motor Vehicle		43,923,450	26,214,926
		<b>333,590,455</b>	<b>249,902,929</b>
<b>Repair &amp; Maintenance:</b>			
Office Premises		34,169,781	37,762,286
Office Equipment		38,568,460	39,053,497
Office Furniture		2,943,728	2,149,292
Motor Vehicle		12,761,933	11,276,333
Computer and accessories		2,976,786	3,036,708
Software (AMC)		14,292,461	14,482,979
		<b>105,713,149</b>	<b>107,761,095</b>
		<b>439,303,604</b>	<b>357,664,024</b>

		<b>2018 Taka</b>	<b>2017 Taka</b>
<b>35(a) Consolidated Depreciation and repairs of Bank's assets</b>			
Dhaka Bank Limited	(Note: 35)	439,303,604	357,664,024
Dhaka Bank Securities Limited		7,893,676	7,979,080
Dhaka Bank Investment Limited		-	-
		<b>447,197,280</b>	<b>365,643,104</b>
<b>36. Other Expenses</b>			
Contractual service charge (own & third party)		323,702,781	296,781,950
Petrol, oil and lubricants (vehicle & generator)		24,153,088	24,030,791
Entertainment (canteen & other)		34,156,100	33,727,365
AGM expenses		3,086,605	3,864,232
Donation		80,618,092	167,400,367
Subscription		4,105,434	4,480,719
Travelling expenses		19,851,777	21,505,923
Conveyance		14,489,583	13,890,048
Branch opening expenses		2,688,329	2,789,726
Godown expenses		1,946,861	1,103,270
Training expenses		16,633,564	16,826,780
Bond issue expenses		21,333,000	15,602,500
Books and papers		2,029,753	1,523,002
WASA charges		4,949,593	5,646,421
Staff uniform		3,455,020	3,097,343
Potted plants		2,416,076	2,393,950
Business development & promotion		80,386,462	82,302,267
Reuters charges		2,031,475	1,895,196
Fees and expenses for credit card		29,761,335	19,632,043
ATM network service charges		7,951,023	7,548,499
Contribution to superannuation fund		13,500,000	13,500,000
Dhaka Bank Foundation	(Note: 36.1)	29,823,259	27,432,031
		<b>723,069,210</b>	<b>766,974,424</b>
<b>36.1 Fund for Dhaka Bank Foundation</b>			
Opening balance		27,432,031	27,479,849
Add: Addition during the year		29,823,259	27,432,031
Less: Transferred to DBL Foundation Trustee Account		(27,432,031)	(27,479,849)
<b>Closing balance</b>		<b>29,823,259</b>	<b>27,432,031</b>
Dhaka Bank Limited has been contributing towards Dhaka Bank Foundation since 2003, @1% on pre tax profit (i.e. profit after provision for loans and other provisions) as per the decision of the Executive Committee of the Board of Directors.			
<b>36(a) Consolidated Other Expenses</b>			
Dhaka Bank Limited	(Note: 36)	723,069,210	766,974,424
Dhaka Bank Securities Limited		9,893,088	9,690,378
Dhaka Bank Investment Limited		76,300	5,300
Less: Adjustment for prior year preliminary expenses of DBIL		-	-
		<b>733,038,598</b>	<b>776,670,102</b>
<b>37. Provision against loans &amp; advances</b>			
On classified loans & advances*		1,895,834,137	2,614,003,456
On unclassified loans & advances		1,263,827,022	(460,022,367)
		<b>3,159,661,160</b>	<b>2,153,981,089</b>
* Provision for classified loans & advances of 2018 consists Tk. 1,297,805,830 for specific loans & advances and Tk. 598,028,308 for written off and settlement cases.			

		<b>2018 Taka</b>	<b>2017 Taka</b>
<b>37(a) Consolidated Provision against loans &amp; advances</b>			
Dhaka Bank Limited		3,159,661,160	2,153,981,089
Dhaka Bank Securities Limited		-	-
Dhaka Bank Investment Limited		-	-
		<b>3,159,661,160</b>	<b>2,153,981,089</b>
<b>38. Provision for diminution in value of investments</b>			
In quoted shares			
Opening balance		-	-
Less: Adjustment during the year		-	-
Add: Addition during the year		-	-
Closing balance		-	-
Unquoted		-	-
<b>38(a) Consolidated Provision for diminution in value of investments</b>			
Dhaka Bank Limited		-	-
Dhaka Bank Securities Limited		-	-
Dhaka Bank Investment Limited		-	-
		-	-
<b>39. Other provisions</b>			
Provision for off balance sheet items	(Note: 39.1)	350,847,128	203,968,402
Provision for other assets	(Note: 15.6)	-	-
Provision for Incentive bonus		100,000,000	-
		<b>450,847,128</b>	<b>203,968,402</b>
<b>39.1 Provision against off balance sheet exposures</b>			
On off balance sheet exposures		<b>350,847,128</b>	<b>203,968,402</b>
Bank has made a provision of Tk.350,847,128 @ 1.00% on off balance sheet exposure (i.e. Acceptance & Endorsement, Letter of Credit & Letter of Guarantee) as per BRPD Circular number 14 dated 23.09.2012 from current year's profit.			
<b>39(a) Consolidated Other provisions</b>			
Dhaka Bank Limited	(Note: 39)	450,847,128	203,968,402
Dhaka Bank Securities Limited		10,000,000	80,000,000
Dhaka Bank Investment Limited		-	-
		<b>460,847,128</b>	<b>283,968,402</b>
<b>40. Earnings Per Share (EPS)</b>			
Net profit after taxation		1,359,130,376	1,495,371,858
Number of ordinary shares outstanding		812,582,685	812,582,685
<b>Earnings Per Share (EPS) -Restated</b>		<b>1.67</b>	<b>1.84</b>
Earnings Per Share (EPS) has been computed by dividing the basic earnings by the number of ordinary shares outstanding as of 31 December 2018 as per Bangladesh accounting Standard (BAS)-33. According to BAS-33, EPS for the period ended 31 December 2017 was restated for the issues of bonus shares (for 2017) in 2018.			
<b>40(a) Consolidated Earnings Per Share (CEPS)</b>			
Net profit after taxation		1,409,628,441	1,608,755,143
Less: Non-controlling interest		5,050	11,338
Net profit attributable to the shareholders of parent company		1,409,623,391	1,608,743,805
Number of ordinary shares outstanding		812,582,685	812,582,685
<b>Consolidated Earnings per share (CEPS)- Restated</b>		<b>1.73</b>	<b>1.98</b>

		<b>2018 Taka</b>	<b>2017 Taka</b>
<b>41. Receipts from other operating activities</b>			
Exchange earnings		42,727,045	54,767,559
Other operating income		151,038,545	183,982,413
		<b>193,765,589</b>	<b>238,749,972</b>
<b>Non Operating Income</b>		-	-
		<b>193,765,589</b>	<b>238,749,972</b>
<b>41(a) Consolidated Receipts from other operating activities</b>			
Dhaka Bank Limited	(Note: 41)	193,765,589	238,749,972
Dhaka Bank Securities Limited		2,153,180	1,059,799
Dhaka Bank Investment Limited		5,642,166	8,289,515
		201,560,935	248,099,286
Less: Intercompany Transactions		5,642,166	8,289,515
		<b>195,918,769</b>	<b>239,809,771</b>
<b>42. Payments for other operating activities</b>			
Rent, Taxes, Insurance, Lighting etc.		657,701,212	634,454,439
Chief executive's salary & allowances		-	-
Directors' fees & Meeting expenses		3,578,530	3,847,544
Repair of bank's assets		105,713,149	107,761,095
Other expenses		723,069,210	766,974,424
		<b>1,490,062,101</b>	<b>1,513,037,502</b>
Dhaka Bank Foundation		<b>(29,823,259)</b>	<b>(27,432,031)</b>
		<b>1,460,238,843</b>	<b>1,485,605,471</b>
<b>42(a) Consolidated Payments for other operating activities</b>			
Dhaka Bank Limited	(Note: 42)	1,460,238,843	1,485,605,471
Dhaka Bank Securities Limited		10,798,928	10,863,684
Dhaka Bank Investment Limited		76,300	5,300
		<b>1,471,114,070</b>	<b>1,496,474,455</b>
<b>43. Other Assets</b>			
Stationery, stamps, printing materials etc.		34,417,989	44,821,499
Advance rent and advertisement		366,391,020	402,337,777
Security deposit		22,423,766	22,349,966
Preliminary, formation, work in progress and organization expenses, renovation / development expenses and prepaid expenses		3,971,398,900	3,429,830,055
Branch adjustments		2,245,217,929	66,491,777
Suspense account		83,728,215	269,019,211
Other assets		14,098,732,822	13,667,079,236
		<b>20,822,310,641</b>	<b>17,901,929,520</b>
<b>Increase / (decrease) during the year</b>		<b>2,920,381,121</b>	<b>8,773,910,241</b>
<b>43(a) Consolidated Other Assets</b>			
Dhaka Bank Limited	(Note: 43)	(2,920,381,121)	(8,773,910,241)
Dhaka Bank Securities Limited		65,090,980	(25,087,237)
Dhaka Bank Investment Limited		-	-
		<b>(2,855,290,141)</b>	<b>(8,798,997,478)</b>

	<b>2018 Taka</b>	<b>2017 Taka</b>
<b>44. Other Liabilities</b>		
Provision against Expenses	303,144,418	51,466,437
Provision for Other Assets	12,151,156	12,151,156
Interest Suspense Account	2,306,715,100	1,874,880,813
Other Account Payable	6,009,126,932	4,466,153,662
	<b>8,631,137,607</b>	<b>6,404,652,069</b>
Amount transferred to DBL Foundation Trustee Account	(27,432,031)	(27,479,849)
Adjustment of Loss on shares from Provision for decrease in value of Investment	-	-
Rebate disbursed to Good Borrowers	-	(4,308,234)
Adjustment of Classified Loan from Provision	(2,051,505,492)	(615,889,054)
<b>Increase / (decrease) during the year</b>	<b>147,548,015</b>	<b>306,441,792</b>
<b>44(a) Consolidated Other Liabilities</b>		
Dhaka Bank Limited	147,548,015	306,441,792
Dhaka Bank Securities Limited	45,398,895	25,062,438
Dhaka Bank Investment Limited	115,000	115,000
	<b>193,061,910</b>	<b>331,619,229</b>
<b>Reconciliation of net profit with cash flows from operating activities :</b>		
Net profit after taxation	1,359,130,376	1,495,371,858
Addition of :		
Depreciation	333,590,455	249,902,929
Provision (Tax)	1,584,528,570	1,343,843,250
Provision (loans and others)	3,650,331,547	2,393,217,903
Increase in interest payable	410,781,125	4,059,988
Decrease in interest receivable	-	81,213,981
Deduction:		
Effects of exchange rate changes on cash & cash equivalent	(764,305,752)	(1,303,653,561)
Proceeds from sale of fixed assets	(8,342,547)	(2,490,121)
Proceeds from sale of securities	(1,181,727,570)	(665,172,853)
Increase in interest receivable	(266,445,019)	-
Income taxes paid	(1,613,974,996)	(1,290,315,902)
Operating profit before changes in operating assets and liabilities	<b>3,503,566,189</b>	<b>2,305,977,471</b>

(Note: 44)

## Dhaka Bank Limited

### Highlights on the overall activities of the Bank

SL No.	Particulars	31.12.2018	31.12.2017
1	Paid up Capital	8,125,826,850	7,222,957,200
2	Total Capital	29,094,572,086	21,884,289,549
3	Capital surplus / (deficit) (Note - 16.9)	4,128,542,906	1,302,021,822
4	Total Assets	273,976,117,345	229,452,854,497
5	Total Deposits	197,189,479,856	170,035,420,927
6	Total Loans and Advances	180,625,703,598	154,017,029,266
7	Total Contingent Liabilities and Commitments	136,871,421,513	98,122,212,930
8	Credit Deposit Ratio (%)	82.79	82.64
9	Percentage of classified loans against total loans and advances (%)	4.99	5.98
10	Profit after tax and provision	1,359,130,376	1,495,371,858
11	Amount of classified loans during the year	9,009,008,090	9,208,850,274
12	Provisions kept against classified loans	4,251,530,511	4,407,201,865
13	Provision surplus / (deficit)	-	-
14	Cost of fund [deposit cost & overhead cost] (%)	7.85	7.35
15	Interest earning Assets	223,629,709,168	187,004,215,448
16	Non-interest earning Assets	50,346,408,177	42,448,639,048
17	Return on Investment (ROI) [%]	8.66	12.97
18	Return on Assets (ROA) [%]	0.54	0.69
19	Income from Investments	2,199,992,049	2,884,488,508
20	Earning per Share (Taka)	1.67	1.84
21	Price Earning Ratio (Times)	8.49	11.95

**Dhaka Bank Limited**  
Currency wise Balances  
As at 31 December 2018

Name of the bank	Location	Name of currency	2018		2017			
			Amounts in foreign currency	Conversion rate	Equivalent amounts in Taka	Amounts in foreign currency	Conversion rate	Equivalent amounts in Taka
Standard Chartered Bank	New York	USD	5,524,166	83.45	460,991,613	1,151,955	82.70	95,266,686
Mashreq Bank	New York	USD	598,522	83.45	49,946,621	1,396,857	82.70	115,520,063
Habib American Bank, OBU	New York	USD	7,399,183	83.45	617,461,786	3,350,234	82.70	277,064,344
Commerz Bank	Frankfurt	USD	48,260	83.45	4,027,322	73,071	82.70	6,042,995
Habib American Bank	USA	USD	144,456	83.45	12,054,821	1,821,817	82.70	150,664,263
Wells Fargo Bank N.A.	New York	USD	460,542	83.45	38,432,239	1,194,556	82.70	98,789,768
JP Morgan Chase Bank NA	USA	USD	431,640	83.45	36,020,362	1,510,860	82.70	124,948,105
Standard Chartered Bank	Mumbai	ACUD	110,555	83.45	9,225,786	872,847	82.70	72,184,469
Sonali Bank	Kolkata	ACUD	63,084	83.45	5,264,354	261,194	82.70	21,600,758
AB Bank	Mumbai	ACUD	63,949	83.45	5,336,528	442,582	82.70	36,601,527
Nepal Bangladesh Bank	Nepal	ACUD	55,450	83.45	4,627,325	7,989	82.70	660,670
Sampath Bank	Srilanka	ACUD	40,818	83.45	3,406,253	2,542	82.70	210,223
Bhutan National Bank	Bhutan	ACUD	187,721	83.45	15,665,332	33,381	82.70	2,760,623
Bank of Bhutan	Bhutan	ACUD	9,545	83.45	796,492	4,340	82.70	358,880
Habib Metropolitan Bank Ltd.	Pakistan	ACUD	270,482	83.45	22,571,705	157,908	82.70	13,058,968
Dhaka Bank OBU Nostro	OBU	USD	2,500,000	83.45	208,625,000	-	-	-
ICICI Bank Limited	India	ACUD	346,194	83.45	28,889,850	723	82.70	59,814
Mashreq Bank	Mumbai	ACUD	417,168	83.45	34,812,677	376,956	82.70	31,174,282
United Bank Of India	Kolkata	ACUD	131,933	83.45	11,009,823	241,269	82.70	19,952,936
Axis Bank Ltd, India	Mumbai	ACUD	467,963	83.45	39,051,529	237,420	82.70	19,634,644
Union Bank of Switzerland	Switzerland	CHF	129,906	84.18	10,935,242	8,572	84.07	720,657
Commerz Bank	Frankfurt	EURO	(49,715)	94.98	(4,722,058)	652,562	98.50	64,274,866
Standard Chartered Bank	Frankfurt	EURO	417,284	94.98	39,635,017	4,444	98.50	437,675
Unicredit S.P.A.	Milano	EURO	16,112	94.98	1,530,387	37,479	98.50	3,691,583
UNITED BANK OF INDIA	KOLKATA	EURO	14,208	94.98	1,349,567	182,244	98.50	17,950,312
Commerz Bank	Frankfurt	AUD	46,284	58.87	2,724,597	46,952	64.32	3,019,999
Standard Chartered Bank	Japan	JPY	56,560,975	0.75	42,460,324	21,112,015	0.73	15,405,437
Standard Chartered Bank	London	GBP	50,861	105.62	5,372,065	83,971	110.95	9,316,599
Commerz Bank	Frankfurt	CAD	78,180	61.36	4,797,121	10,647	65.41	696,447
Al-Rajhi Bank	Saudi Arabia	SAR	73,075	22.23	1,624,128	73,075	22.04	1,610,551
<b>Total</b>					<b>1,713,923,809</b>			<b>1,203,678,144</b>

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



**Dhaka Bank Limited**  
**Investment in Shares**  
**As at 31 December 2018**

(Amount in Taka)

Name of the Company	Face Value	No. of Shares	Average Cost	Cost Price	Market price per Share	Total Market Value
<b>Quoted</b>						
Acme Laboratories Limited	10	500,000	52	26,000,000	85.90	42,950,000
ADVENT*	10	691	-	-	40.90	28,262
INTRACO*	10	533	-	-	26.80	14,284
SKTRIMS	10	5,042	10	50,420	46.30	233,445
VFSTD L	10	4,222	10	35,190	57.80	244,032
MLDL	10	4,229	10	30,210	29.70	125,601
SILVAPHL	10	9,193	10	91,930	30.10	276,709
IBP*	10	294	-	-	31.10	9,143
KTL	10	10,064	10	100,640	25.30	254,619
SSSTEEL	10	13,492	10	134,920	10.00	134,920
EKCL	10	41,719	45	1,877,355	45.00	1,877,355
RUNNERAUTO	10	14,411	75	1,080,825	75.00	1,080,825
ADNTEL	10	18,968	30	569,040	30.00	569,040
GENEXIL	10	10,466	10	104,660	10.00	104,660
<b>Unquoted</b>						
Shanta First Income Unit Fund				200,000,000		200,000,000
Ace Alliance Power Ltd.				100,000,000		100,000,000
<b>Total</b>				<b>330,075,190</b>		<b>347,902,896</b>

The cost price of investment in shares represents the book value as on 31.12.2018 being ordinary shares of different companies purchased from primary and secondary markets.

\* Received bonus share that's why cost price considered as zero.

**Dhaka Bank Limited**  
**Detail of information on advances**  
**More than 10 % of bank's total capital (Funded & Non-funded)**

(Taka in Thousand)

Sl. No.	Name of the Client	Outstanding as on 31.12.2018		Total	Outstanding as on 31.12.2017		Total
		Funded	Non funded		Funded	Non funded	
1	BSRM GROUP	1,254,015	4,751,846	6,005,862	859,371	4,356,760	5,216,131
2	KARNAFULY GROUP	733,754	5,217,186	5,950,939	1,325,496	1,306,797	2,632,293
3	T.K. GROUP	2,689,092	2,923,375	5,612,467	1,819,412	2,050,757	3,870,169
4	BANGLA TRAC	3,502,728	2,100,821	5,603,548	1,591,225	2,587,515	4,178,740
5	ARMANA GROUP	2,634,367	2,768,161	5,402,528	2,156,387	3,360,628	5,517,015
6	RING SHINE GROUP	2,621,097	2,597,017	5,218,114	1,187,510	2,091,697	3,279,207
7	KABIR GROUP	1,437,559	3,753,481	5,191,040	1,939,983	1,292,784	3,232,767
8	PRAN-RFL GROUP	2,817,277	1,195,772	4,013,050	2,386,521	912,937	3,299,459
9	SPECTRA GROUP	625,423	3,360,826	3,986,249	-	-	-
10	AMBER-PARTEX GROUP	3,516,904	172,834	3,689,738	2,584,192	1,110,942	3,695,133
11	UNION GROUP	2,179,839	1,016,934	3,196,773	-	-	-
12	BASHUNDHARA GROUP	1,984,466	1,080,785	3,065,251	2,183,383	2,279,067	4,462,450
13	UNITED GROUP	296,564	2,744,820	3,041,383	1,842,309	1,395,971	3,238,280
14	CONFIDENCE GROUP	957,353	2,078,741	3,036,094	-	-	-
15	ERECTORS GROUP	2,131,600	857,495	2,989,094	-	-	-
16	NOMAN GROUP	1,805,268	1,039,917	2,845,185	1,764,174	911,001	2,675,175
17	RANGS GROUP	2,316,727	491,525	2,808,252	1,686,444	1,411,060	3,097,503
18	HABIB GROUP	2,407,221	379,577	2,786,798	-	-	-
19	KDS GROUP	1,236,227	1,417,673	2,653,900	-	-	-
20	S.A. GROUP	2,639,228	-	2,639,228	2,400,302	-	2,400,302
21	ABUL KHAIR GROUP	1,394,793	1,174,105	2,568,898	1,895,613	580,169	2,475,782
22	NEW ASIA GROUP	2,256,330	170,517	2,426,847	-	-	-
23	DHAKA BANK GROUP	2,189,407	200,000	2,389,407	2,237,598	200,000	2,437,598
24	EPYLLION GROUP	1,639,408	717,651	2,357,060	-	-	-
25	GAZI GROUP	1,496,600	822,967	2,319,567	-	-	-
26	SURUJ MIAH GROUP	2,307,443	-	2,307,443	2,307,443	4,829	2,312,272
27	BANGLADESH ERECTORS GROUP	-	-	-	2,189,079	1,341,589	3,530,668
28	EXPERIENCE GROUP	-	-	-	578,932	2,281,086	2,860,018
29	FAKIR GROUP	-	-	-	1,551,045	1,221,361	2,772,406
30	M & J GROUP	-	-	-	1,212,782	1,288,012	2,500,794
<b>Total</b>		<b>51,070,689</b>	<b>43,034,025</b>	<b>94,104,714</b>	<b>37,699,202</b>	<b>31,984,960</b>	<b>69,684,163</b>

**Dhaka Bank Limited**  
**Schedule of Fixed Assets including premises, furniture & fixtures**  
 As at 31 December 2018

Particulars	Cost Price			Rate of Dep.	Accumulated Depreciation			Written Down Value as at 31.12.2018	
	Balance as at 01.01.2018	Addition during the year	Transfer/ Adjustment during the year		Total as at 31.12.2018	Addition during the year	Transfer/ Adjustment during the year		Disposal/ Transfer to
<b>A. At Cost</b>									
<b>Tangible Assets</b>									
Land	2,301,877,536			-	-			-	2,301,877,536
Building	622,721,217			2.5%	83,000,655	15,568,030		98,568,686	524,152,531
Furniture & Fixture	453,711,763	18,047,139	5,926,716	10%	265,367,991	40,056,159	3,146,567	302,277,582	163,554,604
Office Appliances & Equipments	1,035,562,184	288,408,966	8,610,488	20%	657,963,422	161,997,451	8,165,431	811,795,441	503,565,221
Computer	239,317,325	17,244,545		20%	197,120,953	16,508,177		213,629,129	42,932,741
Bank Vehicle	199,916,665	101,029,404	12,341,345	20%	74,999,161	43,923,450	12,341,328	106,581,283	182,023,440
<b>Intangible Assets</b>									
Software	107,607,120	555,573,486		10%	67,823,326	55,537,189		123,360,515	539,820,091
<b>Sub Total</b>	<b>4,960,713,810</b>	<b>980,303,540</b>	<b>26,878,548</b>	<b>-</b>	<b>1,346,275,507</b>	<b>333,590,455</b>	<b>23,653,326</b>	<b>-</b>	<b>4,257,926,165</b>
<b>B. Revaluation</b>									
Land	648,455,000			-	-	-	-	-	648,455,000
<b>Sub Total</b>	<b>648,455,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>648,455,000</b>
<b>Total 2018 (A+B)</b>	<b>5,609,168,810</b>	<b>980,303,540</b>	<b>26,878,548</b>	<b>-</b>	<b>1,346,275,507</b>	<b>333,590,455</b>	<b>23,653,326</b>	<b>-</b>	<b>4,906,381,165</b>
<b>TOTAL 2017</b>	<b>5,307,140,769</b>	<b>319,718,198</b>	<b>17,690,157</b>	<b>-</b>	<b>1,113,600,664</b>	<b>249,902,929</b>	<b>17,228,076</b>	<b>-</b>	<b>4,262,893,303</b>

## Dhaka Bank Limited

### Recovery of loans previously written-off during the period January-December 2018

(Amount In Taka)

Sl. No.	Name of Borrowers	Amount written-off	Amount of Provision kept at the time of written-off	Suit Value	Amount Recovered after loan written-off
1	Agrani Enterprise	17,855,447	15,742,193	20,850,000	3,000,000
2	Iqbal And Brothers	43,767,825	32,747,739	40,260,000	2,000,000
3	Sundari Fashion	84,783,950	71,099,585	90,560,000	5,000,000
4	Mousumi Enterprise	71,628,580	60,192,640	76,000,000	1,500,000
5	Nipa Traders	5,492,421	2,772,258	8,314,545	1,270,000
6	Gonoshasthaya Antibiotic Ltd.	167,552	163,183	360,000	167,552
7	Anudip Autos	340,506	229,196	800,000	140,000
8	Anar Impex Ltd	1,232,968	184,945	2,040,000	741,000
9	Momin Knit Fabrics	36,192,872	25,193,206	40,020,000	5,000,000
10	Rainbow Consortium Ltd.	120,819	116,082	120,000	120,819
11	Friends International	50,547,919	25,569,204	28,800,000	6,000,000
12	Mohua Naksha	754,203	667,608	820,000	754,203
13	Sundry parties of Consumer Banking	-	-	-	15,411,827
<b>Sub Total</b>		<b>312,885,062</b>	<b>234,677,840</b>	<b>308,944,545</b>	<b>41,105,402</b>

## Dhaka Bank Limited

### Details of Borrowers for written-off loan during the year 2018

(Amount In Taka)

Sl. No.	Name of Borrowers	Amount written-off	Amount of Interest Suspense kept at the time of written-off	Amount of Provision kept at the time of written-off	Suit Value
<b>Corporate &amp; SME Loan</b>					
1	Radi Enterprise	14,076,117.85	5,097,667.01	8,978,450.84	12,960,000
2	Excel Trade Fair	3,101,382.43	1,390,152.82	1,711,229.61	3,750,000
3	CPM Blue Online Ltd.	7,944,405.07	311,316.69	7,633,088.38	9,760,000
4	Zahid Enterprise	14,796,115.76	1,175,521.26	13,070,594.50	18,780,000
5	Manik Salt Traders	8,398,485.86	2,446,953.09	1,325,080.97	11,620,000
6	Akash Stone Crusing Industries	6,826,782.81	1,060,262.12	1,024,017.42	7,200,000
7	Mohammad Didarul Islam	4,601,233.89	763,799.41	1,248,070.97	5,080,000
8	Bhuiyan Enterprise	6,594,470.94	96,529.06	3,497,941.88	12,360,000
9	Liza Rice Agency	4,504,048.74	99,712.05	2,828,336.69	
10	Rony Enterprise	17,573,170.14	3,035,874.70	7,568,295.44	18,480,000
11	M. Azad & Brothers	92,467,607.76	17,440,185.38	50,352,422.38	103,500,000
12	Sahabuddin Enterprise	23,008,327.26	4,721,213.36	12,097,113.90	20,780,000
13	Asian Spool Industries Ltd.	75,457,337.85	23,583,908.47	23,738,429.38	149,090,000
14	Aisan Sea-Wave Ltd.	58,238,733.20	2,707,402.90	55,531,330.30	
15	Bhai Bhai Traders	606,569.72	39,068.64	91,003.63	12,060,000
16	Ahasan Ullah Bricks	9,571,322.75	2,153,978.87	1,435,698.41	
17	Karnafully Enterprise	22,123,039.32	2,817,082.55	6,370,956.45	27,640,000
18	Srabanti Fashion	79,948.72	0.00	79,948.72	100,000
19	Ma Enterprise	6,862,138.45	3,333,022.72	1,029,321.00	7,370,000
20	Faizuddin & Company	41,340,233.59	4,585,335.87	36,754,897.72	64,060,000
<b>Sub Total</b>		<b>418,171,472</b>	<b>76,858,987</b>	<b>236,366,229</b>	<b>484,590,000</b>

### Related Party Disclosures

A. i) Name of the Directors and their interest in the Bank as on 31.12.2018:

SI No	Name of Directors	Designation	% of interest as on 31.12.2018
1	Mr. Reshadur Rahman	Chairman	3.37530
2	Mr. Md. Amirullah	Vice-Chairman	2.00024
3	Mrs. Rokshana Zaman	Director	2.44973
4	Mr. Abdul Hai Sarker	Director	2.28080
5	Mr. Altaf Hossain Sarker	Director	2.78885
6	Mr. Abdullah Al-Ahsan	Director	2.00041
7	Mr. Khondoker Monir Uddin	Director	2.87187
8	Mr. Tahidul Hossain Chowdhury	Director	2.00839
9	Mr. Jashim Uddin	Director	2.00026
10	Mr. Mohammed Hanif	Director	3.04606
11	Mr. Khondoker Jamil Uddin	Director	2.00023
12	Mr. Mirza Yasser Abbas	Director	3.68305
13	Mr. Amanullah Sarker	Director	2.00024
14	Mrs. Manoara Khandaker	Director	2.00377
15	Mr. M.A. Yussouf Khan	Independent Director	Nil
16	Mr. Md. Muzibur Rahman	Independent Director	Nil
17.	Mr. A.S. Salahuddin Ahmed*	Independent Director	Nil

(\*Appointed on January 01, 2019)

i) Name of the Directors and their interest in the Bank as on 31.12.2017:

SI No	Name of Directors	Designation	% of interest as on 31.12.2017
1	Mr. Reshadur Rahman	Chairman	3.37530
2	Mrs. Rokshana Zaman	Vice-Chairperson	2.44973
3	Mr. Abdul Hai Sarker	Director	2.21927
4	Mr. Altaf Hossain Sarker	Director	2.78885
5	Mr. Md. Amirullah	Director	2.00024
6	Mr. Abdullah Al-Ahsan	Director	2.00041
7	Mr. Khondoker Monir Uddin	Director	2.87187
8	Mr. Tahidul Hossain Chowdhury	Director	2.00839
9	Mr. Jashim Uddin	Director	2.00026
10	Mr. Mohammed Hanif	Director	3.04606
11	Mr. Khondoker Jamil Uddin	Director	2.00023
12	Mr. Mirza Yasser Abbas	Director	3.68305
13	Mr. Amanullah Sarker	Director	2.00024
14	Mr. M.N.H. Bulu	Director	2.00258
15	Mr. Syed Abu Naser Bukhtear Ahmed	Independent Director	Nil
16	Mr. M.A. Yussouf Khan	Independent Director	Nil

## Related Party Disclosures

iii) Name of Directors and their interest in different entities as on 31.12.2018

Sl. No.	Name	Status with the Bank	Name of the firms/Companies in which they have interest	Status in the interested entities
1.	Mr. Reshadur Rahman	Chairman	Dhaka Bank Securities Ltd. Trade Hub Bangladesh Ltd. RR Aviation Ltd. RR Holdings Ltd. RR Trading & Co. RR Shipping Lines RR Architecture & Engineering Co. National Traders Alliance Deep Sea Fishing Ltd. Alliance Bags Ltd. Quality Breeders Ltd. Quality Grains Ltd.	Chairman Chairman Chairman Managing Director Proprietor Proprietor Proprietor Proprietor Shareholder Shareholder Shareholder Shareholder
2.	Mr. Md. Amirullah	Vice Chairman	Dhaka Bank Investment Ltd.	Director
3.	Mr. Abdul Hai Sarker	Director	Shohagpur Textile Mills Limited. Purbani Fabrics Limited. Karim Textiles Limited. Purbani Traders. Purbani Yarn Dyeing Limited. Karim Spinning Mills Limited. Purbani Synthetic Spinning Limited. Purbani Rotor Spinning Limited. Purbani Fisheries. Purbani Fashion Limited. Purbani Agro Processing Limited. Dhaka Bank Securities Limited.	Chairman & CEO Chairman & CEO Chairman & CEO Proprietor Chairman & CEO Chairman & CEO Chairman & CEO Chairman & CEO Proprietor Chairman & CEO Chairman & CEO Director
4.	Mrs. Rokshana Zaman	Director	Dhaka Enterprise Manehor Fisheries Masuda 1 Cargo Vessel Masuda 1 Cargo Vessel Dhaka Bank Securities Ltd.	Proprietress Proprietress Proprietress Proprietress Director
5.	Mr. Altaf Hossain Sarker	Director	Rahmat Textiles Ltd. Rahmat Knit Dyeing & Finishing Ltd. China Plastic (BD.) Ltd. Rahmat Fashion Wear Ltd. Rahmat Rotors Ltd. Dhaka Bank Securities Ltd.	Managing Director Managing Director Chairman & Managing Director Director Chairman Director
6.	Mr. Mohammed Hanif	Director	Hanif Steels Ltd. Hanif Spinning Mills Ltd. National Foundry & Engineering Works (Pvt.) Ltd.	Managing Director Managing Director Managing Director
7.	Mr. Abdullah Al-Ahsan	Director	Aroma Poultry Ltd. Aroma Fisheries Ltd.	Director Director
8.	Mr. Khondoker Monir Uddin	Director	Shanta Apparels Ltd. Shanta Medical Centre Ltd. Universal Business Machines Ltd. STS Holdings Ltd. STS Capital Ltd. Shanta Holdings Ltd. GDS Chemical Bangladesh (Pvt.) Ltd. Shanta Securities Ltd.	Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director

Sl. No.	Name	Status with the Bank	Name of the firms/Companies in which they have interest	Status in the interested entities
9.	Mr. Tahidul Hossain Chowdhury	Director	Riotex Ltd. Jerat Fashion Ltd. Jerat Shirt Ltd. Central Hospital Ltd. HURDCO International School Ltd. Hotel Victory Ltd. Dhaka Bank Investment Ltd.	Chairman Managing Director Chairman Director Director Managing Director Director
10.	Mr. Jashim Uddin	Director	Impel Shares & Securities Ltd. Rafid Enterprise HURDCO International School Ltd.	Chairman Proprietor Director
11.	Mr. Khondoker Jamil Uddin	Director	JAAZ Concerns Ltd. Green Field Tea Estate Ltd. OK Mobile Ltd. Shanta Garments Ltd. STS Holdings Ltd. Delhi Public School, STS Education Group Ltd. GDS Chemical Bangladesh (pvt.) Ltd. Universal Business Machines Ltd. Citizen Securities Ltd. Apollo Hospitals Dhaka Ltd. International School Dhaka. Dhaka Bank Investment Ltd.	Chairman Chairman Chairman Chairman Director Sponsor Director Director Director Director Director Sponsor Director Sponsor Director Chairman
12.	Mr. Mirza Yasser Abbas	Director	Mirza Enterprise Dhaka Bank Investment Ltd. Predictable Process Ltd. LOUD Limited	Executive Director Managing Director Chairman
13.	Mrs. Manoara Khandaker	Director	Total Pack & Packaging	Proprietress
14.	Mr. Amanullah Sarker	Director	Rahmat Spinning Mills Ltd. Logos Apparels Ltd Belkuchi Spinning Mills Ltd. Rahmat Sweaters (BD) Ltd. Shahi Products	Managing Director Chairman Chairman Chairman Partner
15.	Mr. M.A. Yussouf Khan	Independent Director	—	—
16.	Mr. Md. Muzibur Rahman	Independent Director	—	—
17.	Mr. A.S. Salahuddin Ahmed*	Independent Director	—	—

(\*Appointed on January 01, 2019)

iv) Share issued to Directors & Executives without consideration or exercisable at discount: Nil

v) Related party Transactions: **Tk. 34,136,129.77**

vi) Lending Policies to related parties:

Lending to related parties is effected as per requirements of Section 27 (1) of Bank Companies Act 1991 (Amended up to July 2013).

vii) During the period from 01 January 2018 to 31 December 2018, the Bank concluded business deals with the following directors/organizations in which the directors had interest:



Name	Relationship	Nature of transactions	Balance at 31.12.2018
Mr. Md Amirullah	Director	Credit Facility	279,280
Mr. Abdullah Al Ahsan	Director	Credit Facility	151,193
Mr. Tahidul Hossain Chowdhury	Director	Credit Facility	5,000
Mr. Khondoker Jamil Uddin	Director	Credit Facility	2,433,242
Mr. Mirza Yasser Abbas	Director	Credit Facility	640,811
Mrs. Manoara Khandaker	Proprietor	Credit Facility	30,626,604
<b>Any Other Related Parties</b>			

#### SUBSIDIARIES

Name	Relationship	Nature of transactions	Balance at 31.12.2018
Dhaka Bank Securities Limited	Subsidiary	Deposit	123,521,632
Dhaka Bank Investment Limited	Subsidiary	Deposit	192,109,835
Dhaka Bank Securities Limited	Subsidiary	Credit Facility	2,189,406,680
Dhaka Bank Securities Limited	Subsidiary	Investment	1,499,999,940
Dhaka Bank Investment Limited	Subsidiary	Investment	249,999,940
Dhaka Bank Investment Limited	Subsidiary	Account receivable	1,173,725
Dhaka Bank Securities Limited	Subsidiary	Account receivable	155,787,264
Dhaka Bank Securities Limited	Subsidiary	Interest Income	207,448,514
Dhaka Bank Securities Limited	Subsidiary	Interest Expense	4,214,832
Dhaka Bank Investment Limited	Subsidiary	Interest Expense	5,642,166

viii) Business other than Banking business with any related concern of the Directors as per Section 18 (2) of Bank Companies Act 1991 (Amended up to July 2013):

#### Lease agreement:

1. Lease agreement for Uttara Branch, Data Recovery Center, Retail Business Center-Uttara of the Bank was executed with Mrs. Rokshana Zaman who is a Director of the Bank.
2. Lease agreement for Shahjahanpur Branch of the Bank was executed with Mr. Mirza Abbas Uddin Ahmed & others, Land Owner who is the father of Mr. Mirza Yasser Abbas, Director of the Bank.

#### Service provider:

Omni Technologies, a service provider company provides various sorts of services to the Bank. Mr. Hasanuzzaman is a Director of Omni Technologies. He is the son of Mrs. Rokshana Zaman, Director of the Bank.

ix) Investments in the Securities of Directors and their related concern: Nil

## Dhaka Bank Limited

### Statement of Tax Position

As at 31 December 2018

Annexure-H

Sl. No.	Assessment Year	Income Year	Provision for Income Tax as per accounts	Total Tax Paid	Provision Excess/ (Shortage)	Further Claimed by TAX Authority	Tax Paid for Tribunal & High Court	Remaining Tax Liability	Present Status
1	2005-2006	2004	275,000,000	251,338,711	22,264,047	27,944,842	1,397,242	26,547,600	Re-opened U/S:120 Filed Appeal to Honorable High Court
2	2006-2007	2005	305,000,000	287,430,386	15,379,758	43,797,123	2,189,856	41,607,267	Re-opened U/S:120 Filed Appeal to Honorable High Court
3	2007-2008	2006	370,000,000	455,657,668	(86,484,543)	16,537,501	826,875	15,710,626	Re-opened U/S:120 Filed Appeal to Honorable High Court
4	2008-2009	2007	827,127,829	775,887,042	31,105,997	127,430,746	20,134,790	107,295,956	Filed Appeal to Honorable High Court
5	2009-2010	2008	1,025,132,803	948,021,327	62,791,713	99,289,991	14,319,763	84,970,228	Filed Appeal to Honorable High Court
6	2010-2011	2009	1,176,070,227	1,033,362,354	121,007,254	123,759,180	21,700,619	102,058,561	Filed Appeal to Honorable High Court
7	2011-2012	2010	1,238,519,148	1,178,120,075	414,057	160,348,772	59,985,016	100,363,756	Filed Appeal to Honorable High Court
8	2012-2013	2011	1,488,500,000	1,391,529,539	85,511,470	74,218,389	11,458,991	62,759,398	Filed Appeal to Honorable High Court
9	2013-2014	2012	759,226,556	759,226,556	(114,860,509)	114,860,509	114,860,509	-	Case settle after CT Appeal /Tax Clearance Certificate received
10	2014-2015	2013	1,117,341,489	913,596,502	157,487,323	46,257,663	46,257,663	-	Case settle after CT Appeal /Tax Clearance Certificate received
11	2015-2016	2014	1,191,845,133	1,142,636,345	49,208,788	-	1,142,636,340	-	Case settle after DCT Level & Tax Clearance Certificate received but file Re-open u/s 120 date 07.01.2019 by showing Additional Income Tk. 65,416,887/- and apply for Appeal.
12	2016-2017	2015	938,402,032	934,833,819	3,568,214	159,921,838	-	-	1st Appeal completed and wait for revise order as per Appeal order and apply for correction u/s 173 for tax credit Tk. 2,339,663/-
13	2017-2018	2016	1,314,967,979	1,314,967,979	-	148,105,078	-	148,105,078	Assessment Completed & will be paid due assess tax within stipulated time.
14	2018-2019	2017	1,343,843,250	1,272,333,711	71,509,539	-	-	-	Income Tax Return Submitted to the LTU
15	2019-2020	2018	1,584,528,570	-	-	-	-	-	Return will be submitted within 15 July 2019.
	<b>Total</b>		<b>14,955,505,015</b>	<b>12,658,942,014</b>	<b>418,903,107</b>	<b>1,142,471,632</b>	<b>1,435,767,664</b>	<b>689,418,470</b>	

# ISLAMIC BANKING

**A**ll our activities are derived from the thrust of making profit. Because that's the only way Dhaka Bank can take care of employees, CSR and contribute to the national revenue and economy; can secure the interest of shareholders. With this in mind, we always concentrate on enhancing profitability to raise Earnings Per Share, Dividend as well as confidence of the shareholders.



### Distribution of Profit under Islamic Banking Operation

Dhaka Bank has been operating two Islamic Banking branches in complying with the rules of Islamic Shari'ah, which absolutely prohibits receipts of 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 Shari'ah Board for Islamic Banking in Bangladesh.

### Final Rates on Mudaraba Deposit Products of Islamic Banking for the Year 2018

Dhaka Bank Limited has successfully completed the business year 2018 and declared final profit rates on various Mudaraba Deposits Accounts for the year 2018 to the depositors.

The final rates of various Mudaraba Deposits Accounts of Banks as per approved weight age for the year 2018 have come up lower than declared provisional profit rates of Mudaraba Deposits Accounts.

As per recommendation of the Shariah Supervisory Committee provisional profit rates declared earlier of various Mudaraba Deposit Accounts for the year 2018 is hereby declared as final rates considering present market position

Sl. No.	Type of Deposit	Weight age	Final Rate Announced (Provisional Rate)
1.	Mudaraba Savings Deposit	0.75	3.00
2.	Mudaraba Savings Deposit For Bank	0.70	3.00
3.	Mudaraba Short Notice Deposit	0.50	3.5
4.	Mudaraba Term Deposit Account		
	36 Months		-
	24 Months		-
	12 Months		
	6 Months	0.92	6.29
	3 Months	0.90	6.00
	1 Months	0.85	4.00
	Bank	0.80	4.00
5.	Mudaraba Hajj Savings Scheme	1.10	6.00
6.	Mudaraba Special Deposit Scheme	1.00	6.50
7.	Mudaraba Deposit Pension Scheme	1.10	8.00
8.	Tawfeer Mudaraba Deposit Pension Scheme	1.00	8.00
9.	Tawfeer Mudaraba Savings Bond Account	1.00	7.00

# Dhaka Bank Limited (Islamic Banking)

## Balance Sheet As at 31 December 2018

	Notes	31.12.2018 Taka	31.12.2017 Taka
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>	1	464,613,141	451,004,065
Cash in hand (including foreign currencies)		39,966,077	29,546,878
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		424,647,064	421,457,187
<b>Balance with other banks and financial institutions</b>	2	-	-
In Bangladesh		-	-
Outside Bangladesh		-	-
<b>Money at call on short notice</b>		-	-
<b>Investment in securities</b>		430,000,000	380,000,000
<b>Investments</b>	3	5,474,842,139	5,235,965,555
General Investments	3.1	5,468,857,069	5,204,053,137
Bills Discounted and Purchased	3.2	5,985,071	31,912,419
<b>Fixed assets including premises, furniture and fixtures</b>	4	10,204,871	13,686,640
<b>Other Assets</b>	5	3,193,249,559	2,277,691,051
<b>Non-Banking Assets</b>		-	-
<b>Total Assets</b>		9,572,909,710	8,358,347,312
<b>LIABILITIES AND CAPITAL</b>			
<b>LIABILITIES</b>			
<b>Borrowings from other banks /financial Institutions and agents</b>	6	2,075,314,921	2,019,866,605
Deposits and Other Accounts	7	7,000,649,906	5,884,845,560
Current Accounts & Other Accounts		160,304,492	157,374,204
Bills Payable		13,408,721	29,293,714
Savings Bank Deposits		557,761,434	505,835,242
Term Deposits		6,269,175,259	5,192,342,399
<b>Other Liabilities</b>	8	496,944,883	453,635,147
<b>Total Liabilities</b>		9,572,909,710	8,358,347,312

	Notes	31.12.2018 Taka	31.12.2017 Taka
<b>Off-balance Sheet Items</b>			
<b>Contingent Liabilities</b>			
Acceptances and Endorsements		1,550,527,329	923,935,833
Irrevocable Letters of Credit		551,238,793	524,569,039
Letter of Guarantee		93,497,273	64,185,050
Bills for Collection		41,803,441	88,720,681
Other Contingent Liabilities		1,356,412,325	-
		<b>3,593,479,161</b>	<b>1,601,410,601</b>
<b>Other Commitments</b>			
Documentary credit and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
		-	-
<b>Total off-balance sheet items including contingent liabilities</b>		<b>3,593,479,161</b>	<b>1,601,410,601</b>

These Financial Statements should be read in conjunction with the annexed notes 1 to 44.

**Dhaka Bank Limited (Islamic Banking)**  
**Profit and Loss Account**  
For the year ended 31 December 2018

Appendix I(ii)

	Notes	2018 Taka	2017 Taka
<b>OPERATING INCOME</b>			
Profit Received from Investment	9	915,853,832	578,622,984
Profit Paid on Deposits & Borrowings	10	629,479,717	405,560,702
<b>Net Investment Income</b>		<b>286,374,115</b>	<b>173,062,282</b>
Commission, Exchange Earnings & Brokerage	11	53,621,845	31,632,328
Other Operating Income	12	11,361,706	6,368,738
		64,983,551	38,001,066
<b>Total Operating Income ( A )</b>		<b>351,357,666</b>	<b>211,063,348</b>
<b>Operating Expenses</b>			
Salary & Allowance	13	35,022,232	35,335,491
Rent, Taxes, Insurance, Lighting etc.	14	31,239,189	25,115,302
Legal Expenses		1,336,487	586,880
Postage, Stamp, Telecommunication etc.	15	748,698	880,512
Stationery, Printing, Advertisement etc.	16	798,650	1,089,445
Shari'ah Council Meeting Expenses		156,130	240,075
Depreciation of Bank's Assets	17	3,960,691	4,621,806
Repair of Bank's Assets	18	1,253,325	1,572,361
Other Expenses	19	9,424,742	7,457,176
<b>TOTAL Operating Expenses ( B )</b>		<b>83,940,144</b>	<b>76,899,049</b>
<b>Operating Profit During the Year ( A - B )</b>		<b>267,417,522</b>	<b>134,164,300</b>

These Financial Statements should be read in conjunction with the annexed notes 1 to 44.

# Dhaka Bank Limited (Islamic Banking)

## Notes to the Financial Statements

As at and for the year ended 31 December 2018

		31.12.2018 Taka	31.12.2017 Taka
<b>1. Cash</b>			
Cash in hand	(Note: 1.1)	39,966,077	29,546,878
Balance with Bangladesh Bank and its agent bank(s)	(Note: 1.2)	424,647,064	421,457,187
		<b>464,613,141</b>	<b>451,004,065</b>
<b>1.1 Cash in hand</b>			
In Local Currency		39,966,077	29,546,878
In Foreign Currencies		-	-
		<b>39,966,077</b>	<b>29,546,878</b>
<b>1.2 Balance with Bangladesh Bank and its agent bank(s)</b>			
In Local Currency			
Al-Wadiah Current Account		424,647,064	421,457,187
In Foreign Currencies		-	-
		<b>424,647,064</b>	<b>421,457,187</b>
<b>2. Balance with other banks and financial institutions</b>			
In Bangladesh			
Mudaraba Term Deposits			
Social Investment Bank Limited		-	-
Shahjalal Islami Bank Limited		-	-
Al-Arafah Islamic Bank Limited		-	-
Islamic Hajj Finance		-	-
Outside Bangladesh		-	-
		-	-
<b>3. Investments</b>			
General Investments		5,468,857,069	5,204,053,137
Bills Purchased & Discounted		5,985,071	31,912,419
		<b>5,474,842,139</b>	<b>5,235,965,555</b>
<b>3.1 General Investments</b>			
In Bangladesh			
Murabaha (Purchase Order)		1,682,890,713	1,617,308,501
Murabaha (Term Financing)		951,179,818	863,130,452
MPI Trust Receipt		605,900,134	500,123,945
Murabaha Import Bill (PAD)		-	-
Bai Muajjal		1,400,838,199	1,411,525,857
Ijara (Lease Financing) (Note-3.5)		444,112,718	446,765,998
Shirkatul Mulk (Hire Purchase)		274,682,737	306,257,415
Others		109,252,749	58,940,969
		<b>5,468,857,069</b>	<b>5,204,053,137</b>
Outside Bangladesh		-	-
		<b>5,468,857,069</b>	<b>5,204,053,137</b>
<b>3.2 Bills Purchased &amp; Discounted</b>			
Payable in Bangladesh:			
Inland bills purchased		5,985,071	31,912,419
Payable outside Bangladesh:			
Foreign bills purchased & discounted		-	-
		<b>5,985,071</b>	<b>31,912,419</b>



	31.12.2018 Taka	31.12.2017 Taka
<b>3.3 Residual maturity grouping of investments including bills purchased and discounted</b>		
Repayable on Demand	2,032,850,115	1,792,072,276
Not more than 3 months	1,271,713,820	1,081,631,916
More than 3 months but not more than 6 months	1,080,009,055	1,077,104,112
More than 6 months but not more than 1 year	268,246,459	689,581,656
More than 1 year but not more than 5 years	702,644,210	499,263,797
More than 5 years	119,378,480	96,311,798
	<b>5,474,842,139</b>	<b>5,235,965,555</b>
<b>3.4 Maturity grouping of bills purchased &amp; discounted</b>		
Payable within 1 month	4,002,243	8,584,952
Over 1 month but less than 3 months	1,085,040	14,881,442
Over 3 months but less than 6 months	897,788	8,446,025
6 months or more	-	-
	<b>5,985,071</b>	<b>31,912,419</b>
<b>3.5 Investment in lease / izara finance</b>		
Lease rental receivable within 1 year	204,324,431	340,096,089
Lease rental receivable within more than 1 year	239,788,286	106,669,908
<b>Total lease/ izara rental receivable</b>	<b>444,112,717</b>	<b>446,765,998</b>
Less: unearned interest receivable	-	-
<b>Net investment in lease/izara finance</b>	<b>444,112,717</b>	<b>446,765,998</b>
<b>3.6 Investments on the basis of significant concentration including bills purchased &amp; discounted</b>		
a. Investments to allied concerns of Directors;		
b. Investments to Chief Executive		
c. Investments to Other Senior Executives		
d. <u>Investments to Customer's Group:</u>		
Agriculture investments		-
Commercial lending		28,997,741
Export financing		48,204,528
Consumer credit scheme	29,447,254	118,817,648
Special Program Loan (SME)	467,812,470	402,676,883
Staff investments	40,501,348	38,528,510
Others	4,937,081,068	4,598,740,245
	<b>5,474,842,139</b>	<b>5,235,965,555</b>
<b>3.7 Investments under the following broad categories</b>		
Investments	1,433,948,338	1,312,088,326
Bai Murabaha/ Bai Muajjal	4,034,908,731	3,891,964,810
	5,468,857,069	5,204,053,137
Bills Purchased and discounted	5,985,071	31,912,419
	<b>5,474,842,139</b>	<b>5,235,965,555</b>
<b>3.8 Industry - wise investments including bills purchased &amp; discounted</b>		
Agricultural Industries	-	-
Pharmaceuticals Industries	-	-
Textile & Garment Industries	1,907,628,504	1,632,860,634
Chemical Industries	906,149,135	815,891,925
Food & allied Industries	233,363,510	205,048,059
Transport & Communication	26,032,711	34,590,826
Electronics & Automobile Industries	-	-
Housing & Construction Industries	273,123,196	280,261,861
Engineering & Metal Industres including Ship Breaking	1,615,029,646	1,604,691,475
Energy & Power Industries	327,625,050	327,625,050
Service Industries	351,965	14,955,383
Other Industries	185,538,422	320,040,343
	<b>5,474,842,139</b>	<b>5,235,965,555</b>

		31.12.2018 Taka	31.12.2017 Taka
<b>3.9</b>	<b>Geographical Location - wise investments</b>		
	Dhaka Region	3,634,786,196	3,249,303,617
	Chittagong Region	1,840,055,943	1,986,661,938
	Sylhet Region	-	-
	Other	-	-
		<b>5,474,842,139</b>	<b>5,235,965,555</b>
<b>3.10</b>	<b>Sector - wise investments</b>		
	In Bangladesh		
	Government & Autonomous bodies		-
	Financial Institutions (Public & Private)		-
	Other Public Sector		-
	Private Sector	5,474,842,139	5,235,965,555
		<b>5,474,842,139</b>	<b>5,235,965,555</b>
	Outside Bangladesh	-	-
		<b>5,474,842,139</b>	<b>5,235,965,555</b>
<b>3.11</b>	<b>Classification of investments</b>		
	Unclassified (including staff loan)	4,714,690,734	4,455,485,251
	Sub-Standard	-	-
	Doubtful	-	-
	Bad or loss	760,151,405	780,480,304
		<b>5,474,842,139</b>	<b>5,235,965,555</b>
<b>3.12</b>	<b>Provision required for investments</b>		
	<b>Status</b>	<b>Rate %</b>	
	Unclassified	0.25,1,2,5&100	230,105,306
	Special Mention Account	0.25, 1	518,521
			<b>230,623,827</b>
	<b>Classified:</b>		
	Sub-Standard	20	-
	Doubtful	50	-
	Bad or loss	100	374,456,364
			<b>374,456,364</b>
	Required provision for investments		<b>605,080,191</b>
	Total provision maintained		<b>605,080,191</b>
	<b>Excess / short provision as at 31 December</b>		<b>-</b>
<b>3.13</b>	<b>Securities against investments including bills purchased &amp; discounted</b>		
	a. <u>Secured</u>		
	Collateral of movable / immovable assets	4,938,887,556	4,747,625,063
	Local Banks & Financial Institutions guarantee		
	Government Guarantee		
	Foreign Banks Guarantee		
	Export documents	50,447,813	
	<u>Fixed Deposits Receipts</u>		
	1 Own FDR		3,512,454
	2 FDR of Other Banks		-
	Corporate Guarantee		146,808,872
	Personal Guarantee	72,355,343	161,586,079
	Other Securities	413,151,427	176,433,087
		<b>5,474,842,139</b>	<b>5,235,965,555</b>
	b. <u>Unsecured</u>	-	-
		<b>5,474,842,139</b>	<b>5,235,965,555</b>

	31.12.2018 Taka	31.12.2017 Taka
<b>4. Premises and Fixed Assets</b>		
Land	-	-
Building	-	-
Furniture and Fixture including Office decoration	7,034,510	7,026,510
Office Appliances & Equipment	18,882,124	18,676,224
Computer	3,633,187	3,368,164
Software	421,959	421,959
Bank's Vehicle	2,850,375	2,850,375
	<b>32,822,155</b>	<b>32,343,232</b>
Less: Accumulated depreciation	22,617,283	18,656,592
	<b>10,204,871</b>	<b>13,686,640</b>
<b>5. Other Assets</b>		
Stationery, stamps, printing materials etc.	65,032	35,162
Profit accrued on investment but not collected,	3,383,750	4,233,750
Advance rent	4,046,948	8,770,930
Security deposit;	315,000	315,000
Preliminary, formation and organization expenses, renovation / development expenses and prepaid expenses	905,563	779,069
Branch Adjustments	3,180,322,645	2,260,453,350
Suspense Account	160,942	190,769
Others	4,049,680	2,913,021
	<b>3,193,249,559</b>	<b>2,277,691,051</b>
<b>6. Borrowings From Other Banks, Financial Institutions &amp; Agents Bangladesh Bank refinance</b>		
Export development fund	33,045,325	15,937,286
Mudaraba Refinance	2,042,269,597	2,003,929,319
	<b>2,075,314,921</b>	<b>2,019,866,605</b>
<b>7. Deposits &amp; Other Accounts</b>		
<b>7.1 Current and Other Accounts</b>		
Current Account	134,696,676	130,319,172
Foreign Currency Deposits	2,980,540	3,425,175
Margin under Letter of Credit	6,168,975	6,656,236
Margin under Letter of Guarantee	8,788,102	5,353,238
Deposits Awaiting Disposal	1,148,322	4,241,866
Sundry Deposit	6,521,875	7,378,518
	<b>160,304,492</b>	<b>157,374,204</b>
<b>7.2 Bills Payable</b>		
Pay Order	13,408,721	29,293,714
Demand Draft	-	-
	<b>13,408,721</b>	<b>29,293,714</b>
<b>7.3 Savings Deposits</b>		
Mudaraba Savings Accounts	<b>557,761,434</b>	<b>505,835,242</b>
<b>7.4 Term Deposits</b>		
Mudaraba Special Notice Deposits	181,468,376	101,595,497
Mudaraba Term Deposits	5,268,691,575	4,354,815,052
Mudaraba Deposit Pension/Hajj Savings Scheme	819,015,308	735,931,851
	<b>6,269,175,259</b>	<b>5,192,342,399</b>
<b>8. Other Liabilities</b>		
Accrued Interest	-	-
Profit Suspense Account	469,879,217	433,738,595
Provision against Expenses	-	-
Finance from OBU for Bill Discounting	38,915	38,565
Tax/VAT deducted at source & payable	4,274,640	6,519,793
Excise Duty Payable	6,091,550	4,845,875
Others	16,660,560	8,492,319
	<b>496,944,883</b>	<b>453,635,147</b>

	2018 Taka	2017 Taka
<b>9. Profit received from Investment</b>		
Murabaha Term Investment	65,300,014	55,249,928
Investment against Imported Merchandise/Murabaha	-	384,625
Investment against MPI Trust Receipt	13,650,158	8,467,052
Cash Credits / Bai-Murabaha	219,512,287	159,678,684
Murabaha Import Bill (PAD)	65,401	-
House Building Investment	518,327	498,503
Transport Investment	-	-
Hire Purchase/Shirkatul Mulk	82,017,677	66,122,806
<b>Total Profit received from Investment</b>	<b>381,063,864</b>	<b>290,401,597</b>
Fund Placement with banks	-	-
Inter Branch Profit received	534,789,968	288,221,387
	<b>915,853,832</b>	<b>578,622,984</b>
<b>10. Profit Paid On Deposits &amp; Borrowings</b>		
Mudaraba Savings Account	14,102,858	12,380,080
Special Notice Deposits	3,932,779	3,336,748
Term Deposits	400,207,866	286,554,248
Mudaraba Deposit Pension / Hajj Savings Scheme	80,388,363	73,956,443
Inter Branch Profit paid	-	-
Borrowing & Fund Placement	130,847,852	29,333,184
Profit paid against refinance from Bangladesh Bank	-	-
	<b>629,479,717</b>	<b>405,560,702</b>
<b>11. Commission / Fees, Exchange Earnings &amp; Brokerage</b>		
Commission on L/C	23,978,383	16,968,522
Commission on L/G	2,429,612	872,356
Commission on Remittance / Bills	205,457	612,124
Processing Fee Consumer Loan	84,750	152,000
Other Commission / Fees	29,894,447	13,016,485
Exchange gain including gain from foreign currency dealings	(2,970,803)	10,842
	<b>53,621,845</b>	<b>31,632,328</b>
<b>12. Other Operating Income</b>		
Profit on Govt. Islamic Bond	4,421,428	930,727
Postage charge recoveries	112,899	424,793
Incidental charges	635,079	1,427,591
Supervision & monitoring charges	-	15,000
Management Fees	-	2,106,302
ATM charges realised	249,800	223,700
Swift charge recoveries	942,500	1,240,625
Recovery from written off investment	5,000,000	-
	<b>11,361,706</b>	<b>6,368,738</b>
<b>13. Salary and Allowances</b>		
Basic Salary	12,141,666	11,752,013
Allowances	17,821,726	16,998,225
Bonus & Ex-gratia	1,714,211	3,332,307
Leave Fare Assistance	2,150,950	2,118,200
Gratuity Expense	-	-
Bank's contribution to Provident Fund	1,193,679	1,134,746
	<b>35,022,232</b>	<b>35,335,491</b>

	<b>2018 Taka</b>	<b>2017 Taka</b>
<b>14. Rent, Taxes, Insurance, Lighting Etc.</b>		
Office Rent	25,326,384	19,462,341
Electricity and Lighting	1,494,710	1,612,702
Regulatory Charges	56,076	54,000
Insurance	4,362,018	3,986,260
	<b>31,239,189</b>	<b>25,115,302</b>
<b>15. Postage, Stamps, Telecommunication Etc.</b>		
Stamps, Postage & Courier	392,249	371,092
Telephone Charges	35,388	110,635
Fax, Internet, Radio Link, & DDN Charges	321,060	398,785
	<b>748,698</b>	<b>880,512</b>
<b>16. Stationery, Printing, Advertisement Etc.</b>		
Table Stationery	295,779	248,552
Printing Stationery	122,659	251,600
Security Stationery	89,425	88,718
Computer Stationery	136,695	124,220
Advertisement	154,092	376,355
	<b>798,650</b>	<b>1,089,445</b>
<b>17. Depreciation of Bank's Assets</b>		
Land	-	-
Building	-	50,673
Furniture & Fixture	699,568	682,918
Office Appliance & Equipment	2,521,880	3,118,785
Computer	169,169	186,471
Software	-	12,884
Motor Vehicle	570,075	570,075
	<b>3,960,691</b>	<b>4,621,806</b>
<b>18. Repair &amp; Maintenance of Bank's Assets</b>		
Office Premises	357,276	682,916
Office Equipment	501,052	646,183
Office Furniture	113,069	6,700
Motor Vehicle	74,099	49,062
Computer & Office Appliances	207,829	187,500
	<b>1,253,325</b>	<b>1,572,361</b>
<b>19. Other Expenses</b>		
Contractual Service Charge	6,000,940	5,702,064
Petrol, Oil and Lubricants	218,455	238,800
Entertainment: canteen & other	405,627	415,264
Donations	-	-
Travelling	192,910	171,122
Conveyance	155,100	169,654
Training Expenses	58,350	327,799
Books and Papers	17,402	14,809
WASA Charges	-	13,520
Staff Uniform	64,860	38,894
Potted Plants	114,029	108,000
Legal expenses	-	-
ATM Network Service Charges	225,000	230,250
Godown expenses	42,000	-
Miscellaneous expenses	1,930,070	27,000
	<b>7,512,673</b>	<b>7,457,176</b>

# OFF-SHORE BANKING

**A**ll our activities are derived from the thrust of making profit. Because that's the only way Dhaka Bank can take care of Employees, CSR and contribute to the national revenue and economy; can secure the interest of shareholders. With this in mind, we always concentrate on enhancing profitability to raise Earnings Per Share, Dividend as well as confidence of the shareholders.



# Dhaka Bank Limited (Off-Shore Banking Unit)

Annexure-J

## Balance Sheet As at 31 December 2018

Notes	31.12.2018		31.12.2017	
	USD	Taka	USD	Taka
<b>PROPERTY AND ASSETS</b>				
<b>Cash</b>	4,929,656	411,379,752	-	-
Cash in Hand (including foreign currencies)	-	-	-	-
Balance with Bangladesh Bank & Sonali Bank (including foreign currencies)	4,929,656	411,379,752	-	-
<b>Balance with other banks and financial institutions</b>	<b>7,399,183</b>	<b>617,461,786</b>	<b>3,350,234</b>	<b>277,064,344</b>
In Bangladesh	-	-	-	-
Outside Bangladesh	7,399,183	617,461,786	3,350,234	277,064,344
<b>Money at call on short notice</b>	-	-	-	-
<b>Investments</b>	-	-	-	-
Government	-	-	-	-
Others	-	-	-	-
<b>Loans, advances and lease/investments</b>	<b>72,922,407</b>	<b>6,085,374,857</b>	<b>40,623,530</b>	<b>3,359,565,907</b>
Loans, cash credits, overdrafts, etc./Investments	3.1 71,265,229	5,947,083,365	39,015,614	3,226,591,251
Bills purchased and discounted	3.2 1,657,178	138,291,492	1,607,916	132,974,656
<b>Fixed assets including premises, furniture and fixtures</b>	-	-	-	-
<b>Other assets</b>	<b>160,204,046</b>	<b>13,369,027,648</b>	<b>161,960,636</b>	<b>13,394,144,624</b>
<b>Non-banking assets</b>	-	-	-	-
<b>Total Assets</b>	<b>245,455,291</b>	<b>20,483,244,044</b>	<b>205,934,400</b>	<b>17,030,774,875</b>
<b>LIABILITIES AND CAPITAL</b>				
<b>Liabilities</b>				
Borrowings from other banks, financial institutions and agents	5 136,697,057	11,407,369,406	77,765,577	6,431,213,181
<b>Deposits and other accounts</b>	<b>7,519,558</b>	<b>627,507,143</b>	<b>8,669,684</b>	<b>716,982,876</b>
Current accounts & other accounts	6,017,182	502,133,830	7,314,895	604,941,825
Bills payable	47,549	3,967,942	4,811	397,892
Other deposits	1,454,828	121,405,371	1,349,978	111,643,158
<b>Other liabilities</b>	<b>94,928,030</b>	<b>7,921,744,092</b>	<b>115,078,290</b>	<b>9,516,974,567</b>
<b>Total Liabilities</b>	<b>239,144,645</b>	<b>19,956,620,641</b>	<b>201,513,550</b>	<b>16,665,170,623</b>
<b>Capital/Shareholders' Equity</b>				
Paid-up capital	-	-	-	-
Statutory reserve	-	-	-	-
Other reserve	-	-	-	-
Surplus in Profit and Loss Account	6,310,646	526,623,403	4,420,849	365,604,252
<b>Total Shareholders' Equity</b>	<b>6,310,646</b>	<b>526,623,403</b>	<b>4,420,849</b>	<b>365,604,252</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>245,455,291</b>	<b>20,483,244,044</b>	<b>205,934,400</b>	<b>17,030,774,875</b>

	Notes	31.12.2018		31.12.2017	
		USD	Taka	USD	Taka
<b>Off-Balance Sheet Items</b>					
<b>CONTINGENT LIABILITIES</b>	8				
Acceptances and Endorsements		34,338,340	2,865,534,470	25,447,490	2,104,507,382
Irrevocable Letters of Credit		23,542,006	1,964,580,424	14,325,457	1,184,715,281
Letter of Guarantee		2,605,917	217,463,741	-	-
Bills for Collection		28,694,981	2,394,596,166	20,149,565	1,666,369,065
Other Contingent Liabilities		-	-	-	-
<b>Sub-total:</b>		<b>89,181,244</b>	<b>7,442,174,801</b>	<b>59,922,512</b>	<b>4,955,591,727</b>
<b>OTHER COMMITMENTS</b>					
Documentary credit and short term trade-related transactions		-	-	-	-
Forward assets purchased and forward deposits placed		-	-	-	-
Undrawn note issuance and revolving underwriting facilities		-	-	-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-	-	-
<b>Sub-total:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total off-balance sheet items including contingent liabilities</b>		<b>89,181,244</b>	<b>7,442,174,801</b>	<b>59,922,512</b>	<b>4,955,591,727</b>

These Financial Statements should be read in conjunction with the annexed notes 1 to 16.



**Syed Mahbubur Rahman**  
Managing Director & CEO



**Altaf Hossain Sarker**  
Director



**Mohammed Hanif**  
Director



**Reshadur Rahman**  
Chairman

See the annexed report of even date



**Hoda Vasi Chowdhury & Co**  
Chartered Accountants

Dhaka,  
10 April 2019



**Dhaka Bank Limited (Off-Shore Banking Unit)**  
**Profit and Loss Account**  
For the year ended 31 December 2018

	Notes	2018		2017	
		USD	Taka	USD	Taka
<b>Operating Income</b>					
Interest Income/Profit Received	9	10,045,683	838,312,258	6,352,602	525,360,210
Interest/Profit paid on Deposits & Borrowings	10	4,198,669	350,378,923	2,507,629	207,380,929
<b>Net Interest Income</b>		<b>5,847,014</b>	<b>487,933,335</b>	<b>3,844,973</b>	<b>317,979,282</b>
Income from Investment		-	-	-	-
Commission/Fees & Exchange Earnings	11	1,596,780	133,251,309	903,323	74,704,787
Other Operating Income	12	103,788	8,661,067	102,653	8,489,390
<b>Total Operating Income (A)</b>		<b>7,547,582</b>	<b>629,845,711</b>	<b>4,850,949</b>	<b>401,173,459</b>
<b>OPERATING EXPENSES</b>					
Salary and allowances		89,435	7,463,383	104,011	8,601,672
Rent, taxes, insurance, electricity, etc.		9,788	816,825	5,491	454,073
Legal expenses		501,703	41,867,110	-	-
Postage, stamps, telecommunication, etc.		20,209	1,686,444	10,377	858,170
Stationery, printing, advertisement, etc.		1,974	164,707	1,204	99,604
Chief executive's salary and fees		-	-	-	-
Directors' fees		-	-	-	-
Auditors' fees		-	-	-	-
Depreciation and repairs of Bank's assets		48,433	4,041,755	64,111	5,302,013
Other expenses	13	132,575	11,063,380	10,442	863,580
<b>Total operating expenses (b)</b>		<b>804,117</b>	<b>67,103,605</b>	<b>195,636</b>	<b>16,179,112</b>
<b>Profit / (Loss) Before Provision (C) = (A - B)</b>		<b>6,743,464</b>	<b>562,742,106</b>	<b>4,655,313</b>	<b>384,994,347</b>
Less: Provision for Loans (D)		432,818	36,118,703	234,463	19,390,095
<b>Total Profit/(Loss) before Tax (C-D)</b>		<b>6,310,646</b>	<b>526,623,403</b>	<b>4,420,849</b>	<b>365,604,252</b>
Less: Provision for Income Tax		-	-	-	-
<b>Net Profit / (Loss) after Tax :</b>		<b>6,310,646</b>	<b>526,623,403</b>	<b>4,420,849</b>	<b>365,604,252</b>

These Financial Statements should be read in conjunction with the annexed notes 1 to 16.



**Syed Mahbubur Rahman**  
Managing Director & CEO



**Altaf Hossain Sarker**  
Director



**Mohammed Hanif**  
Director



**Reshadur Rahman**  
Chairman

See the annexed report of even date

Dhaka,  
10 April 2019



**Hoda Vasi Chowdhury & Co**  
Chartered Accountants

# Dhaka Bank Limited (Off-Shore Banking Unit)

## Cash Flow Statement

For the year ended 31 December 2018

	Notes	2018		2017	
		USD	Taka	USD	Taka
<b>Cash Flow from Operating Activities</b>					
Interest receipts		10,045,683	838,312,258	6,352,602	525,360,210
Interest payments		(4,198,669)	(350,378,923)	(2,507,629)	(207,380,929)
Receipts from other operating activities	14	1,700,568	141,912,376	1,005,976	83,194,177
Payments for other operating activities	15	(804,117)	(67,103,605)	(195,636)	(16,179,112)
<b>Operating profit before changes in current assets &amp; liabilities</b>		<b>6,743,464</b>	<b>562,742,106</b>	<b>4,655,313</b>	<b>384,994,347</b>
<b>Changes in operating assets and liabilities</b>					
Other banks		(9,008,714)	(751,777,194)	(2,318,553)	(191,744,298)
Loans and advances to customers		(32,663,978)	(2,725,808,950)	(23,446,306)	(1,939,009,525)
Other assets		300,982	25,116,976	(94,301,079)	(7,798,699,200)
Deposits & Borrowings from other banks		59,630,392	4,976,156,225	67,560,754	5,587,274,366
Deposits from customers		(1,072,208)	(89,475,732)	(2,819,862)	(233,202,614)
Other liabilities account of customers		-	-	-	-
Other liabilities		(19,548,822)	(1,631,349,178)	53,053,202	4,387,499,795
<b>Net cash flow from operating activities (A)</b>		<b>4,381,117</b>	<b>365,604,252</b>	<b>2,383,469</b>	<b>197,112,871</b>
<b>Cash Flow from Investing Activities</b>					
		-	-	-	-
<b>Cash Flow from Financing Activities</b>					
Profit/Loss remitted to Head Office		(4,381,117)	(365,604,252)	(2,383,469)	(197,112,871)
<b>Net cash in financing activities</b>		<b>(4,381,117)</b>	<b>(365,604,252)</b>	<b>(2,383,469)</b>	<b>(197,112,871)</b>
<b>Net increase / (Decrease) in cash (A+B+C)</b>					
		-	-	-	-
Opening cash & cash equivalent					
Closing cash & cash equivalent					
		-	-	-	-
<b>Closing cash &amp; cash equivalents</b>					
Cash in Hand		-	-	-	-
Balance with Bangladesh Bank & Sonali Bank		-	-	-	-
Balance with other banks & Financial Institutions		-	-	-	-
Money at call & Short Notice		-	-	-	-
Prize Bond		-	-	-	-
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

These Financial Statements should be read in conjunction with the annexed notes 1 to 16.



**Syed Mahbubur Rahman**  
Managing Director & CEO



**Altaf Hossain Sarker**  
Director



**Mohammed Hanif**  
Director



**Reshadur Rahman**  
Chairman

See the annexed report of even date



**Hoda Vasi Chowdhury & Co**  
Chartered Accountants

Dhaka,  
10 April 2019

**Dhaka Bank Limited (Off-Shore Banking Unit)**  
**Liquidity Statement**  
 (Asset and Liability Maturity Analysis)  
 As at 31 December 2018

Particulars	Upto 01 month		1 - 3 months		3 - 12 months		1 - 5 years		More than 5 years		Total	
	USD	Taka	USD	Taka	USD	Taka	USD	Taka	USD	Taka	USD	Taka
<b>Assets:</b>												
Cash in hand	-	-	-	-	-	-	-	-	-	-	-	-
Balance with Bangladesh Bank & Sonali Bank (including foreign currencies)	4,929,656	411,379,752	-	-	-	-	-	-	-	-	-	411,379,752
Balance with other banks and financial institutions	7,399,183	617,461,786	-	-	-	-	-	-	-	-	7,399,183	617,461,786
Money at call on short notice	-	-	-	-	-	-	-	-	-	-	-	-
Investment	-	-	-	-	-	-	-	-	-	-	-	-
Loans and Advances	20,944,087	1,747,784,065	19,428,467	1,621,305,585	15,866,028	1,324,019,995	9,200,522	767,783,568	7,483,303	624,481,645	72,922,407	6,085,374,857
Fixed assets including premises, furniture and fixtures	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	160,204,046	13,369,027,648	-	-	-	-	160,204,046	13,369,027,648
Non-banking assets	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>33,272,925</b>	<b>2,776,625,604</b>	<b>19,428,467</b>	<b>1,621,305,585</b>	<b>176,070,074</b>	<b>14,693,047,643</b>	<b>9,200,522</b>	<b>767,783,568</b>	<b>7,483,303</b>	<b>624,481,645</b>	<b>240,525,636</b>	<b>20,483,244,044</b>
<b>Liabilities:</b>												
Borrowing from Bangladesh Bank, Other banks, financial institutions and agents	-	-	-	-	(136,697,057)	(11,407,369,406)	-	-	-	-	(136,697,057)	(11,407,369,406)
Deposits & Other Accounts	(6,512,447)	(543,463,721)	-	-	(1,007,111)	(84,043,422)	-	-	-	-	(7,519,558)	(627,507,143)
Other liabilities	(1,642,122)	(137,035,084)	(85,955,898)	(7,173,019,649)	(6,897,192)	(575,570,655)	-	-	(432,818)	(36,118,703)	(94,928,030)	(7,921,744,092)
Capital & Reserve	-	-	-	-	-	-	(6,310,646)	(526,623,403)	-	-	(6,310,646)	(526,623,403)
<b>Total Liabilities</b>	<b>(8,154,569)</b>	<b>(680,498,806)</b>	<b>(85,955,898)</b>	<b>(7,173,019,649)</b>	<b>(144,601,360)</b>	<b>(12,066,983,483)</b>	<b>(6,310,646)</b>	<b>(526,623,403)</b>	<b>(432,818)</b>	<b>(36,118,703)</b>	<b>(245,455,291)</b>	<b>(20,483,244,044)</b>
<b>Net Liquidity Gap</b>	<b>25,118,356</b>	<b>2,096,126,798</b>	<b>(66,527,430)</b>	<b>(5,551,714,065)</b>	<b>31,468,714</b>	<b>2,626,064,160</b>	<b>2,889,876</b>	<b>241,160,166</b>	<b>7,050,485</b>	<b>588,362,941</b>	<b>(4,929,656)</b>	<b>(0)</b>
<b>Cumulative Liquidity Gap</b>	<b>25,118,356</b>	<b>2,096,126,798</b>	<b>(41,409,074)</b>	<b>(3,455,587,267)</b>	<b>(9,940,361)</b>	<b>(829,523,107)</b>	<b>-</b>	<b>(588,362,941)</b>	<b>7,050,485</b>	<b>(0)</b>	<b>-</b>	<b>-</b>

# Dhaka Bank Limited (Off-Shore Banking Unit)

## Notes to the Financial Statements

As at and for the year ended 31 December 2018

### 1 Nature of Business

Off-Shore Banking Unit is a separate business unit of Dhaka Bank Limited, governed under the Rules & Guidelines of Bangladesh Bank. Currently, the Bank has two OBUs in DEPZ & CEPZ. The Bank obtained DEPZ 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.

The Bank obtained CEPZ Offshore Banking Unit permission vide letter no. BRPD (P-3)744(92)/2017-123 dated January 05, 2017. The Bank commenced the operation of its CEPZ Offshore Banking Unit with effect from February 12, 2017.

### 2 Significant Accounting Policy

#### 2.1 Basis of accounting

The accounting records of the unit are maintains in USD forms and the financial statements are made up to 31 December each year, and are prepared under the historical cost convention and in accordance with first schedule of Bank Companies Act (BCA) 1991 as amended by Bangladesh Bank (Central Bank) BRPD Circular No.14 dated 25 June 2003, other Bangladesh Bank circulars, International Financial Reporting Standards adopted as Bangladesh Accounting Standards (BAS), the Companies Act 1994, the Listing Regulations of the Stock Exchanges, the Securities and Exchange Rule 1987 and other laws and rules applicable in Bangladesh on a going concern basis.

#### 2.2 Allocation of common expenses

Establishment expenses in the nature of rent, rates, taxes, salaries, management expenses, printing & stationery, electricity & lighting, postage, stamps, telecommunication etc. have not been separately accounted for in the Financial Statements.

### 3 Loans and Advances

#### 3.1 Loans, Cash Credits & Overdrafts etc:

##### In Bangladesh

	31.12.2018		31.12.2017	
	USD	Taka	USD	Taka
Overdraft	15,753,358	1,314,617,727	6,411,604	530,239,612
Term Loan	16,683,825	1,392,265,213	11,787,712	974,843,807
Short Term Loan	-	-	-	-
Loan against Accepted Bills	5,238,449	437,148,549	396,385	32,781,040
Loan against Trust Receipt	-	-	-	-
Payment against Documents	-	-	-	-
Other Loans	33,589,597	2,803,051,876	20,419,913	1,688,726,793
	<b>71,265,229</b>	<b>5,947,083,365</b>	<b>39,015,614</b>	<b>3,226,591,251</b>

##### Outside Bangladesh

	-	-	-	-
<b>Sub-total</b>	<b>71,265,229</b>	<b>5,947,083,365</b>	<b>39,015,614</b>	<b>3,226,591,251</b>

#### 3.2 Bills Purchased & Discounted

##### Payable in Bangladesh:

Inland bills purchased	1,657,178	138,291,492	1,607,916	132,974,656
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##### Payable outside Bangladesh:

Foreign bills purchased & discounted	-	-	-	-
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<b>Sub-total</b>	<b>1,657,178</b>	<b>138,291,492</b>	<b>1,607,916</b>	<b>132,974,656</b>
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<b>Total</b>	<b>72,922,407</b>	<b>6,085,374,857</b>	<b>40,623,530</b>	<b>3,359,565,907</b>
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#### 3.3 Residual maturity grouping of loans including bills purchased and discounted

Repayable on Demand	20,944,087	1,747,784,065	3,498,214	289,302,297
Not more than 3 months	19,428,467	1,621,305,585	16,450,820	1,360,482,778
More than 3 months but not more than 1 year	15,866,028	1,324,019,995	11,410,655	943,661,157
More than 1 year but not more than 5 years	9,200,522	767,783,568	9,263,841	766,119,676
More than 5 years	7,483,303	624,481,645	-	-
	<b>72,922,407</b>	<b>6,085,374,857</b>	<b>40,623,530</b>	<b>3,359,565,907</b>

	31.12.2018		31.12.2017	
	USD	Taka	USD	Taka
<b>3.4 Maturity grouping of bills purchased &amp; discounted</b>				
Payable within 1 month	907,747	75,751,458	922,184	76,264,647
Over 1 month but less than 3 months	749,431	62,540,034	685,732	56,710,009
Over 3 months but less than 6 months	-	-	-	-
6 months or more	-	-	-	-
	<b>1,657,178</b>	<b>138,291,492</b>	<b>1,607,916</b>	<b>132,974,656</b>
<b>3.5 Loans on the basis of significant concentration including bills purchased &amp; discounted:</b>				
a. Advances to allied concerns of Directors	-	-	-	-
b. Advances to Chief Executive	-	-	-	-
c. Advances to Other Senior Executives	-	-	-	-
d. <u>Advances to Customer's Group:</u>				
Agriculture loan	-	-	-	-
Commercial lending	-	-	-	-
Export financing	56,637,162	4,726,371,182	1,607,916	132,974,656
Consumer credit scheme	-	-	-	-
Small and Medium Enterprise (SME)	288,995	24,116,611	-	-
Staff Loan	-	-	-	-
Others	15,996,250	1,334,887,064	39,015,614	3,226,591,251
	<b>72,922,407</b>	<b>6,085,374,857</b>	<b>40,623,530</b>	<b>3,359,565,907</b>
<b>3.6 Industry - wise loans including bills purchased &amp; discounted</b>				
Agricultural	-	-	-	-
Pharmaceuticals	-	-	-	-
Textile & Garment	60,348,916	5,036,117,031	32,794,605	2,712,113,795
Chemical	-	-	-	-
Food & allied	-	-	-	-
Transport & Communication	-	-	-	-
Electronics & Automobile	-	-	-	-
Housing & Construction	-	-	-	-
Engineering & Metal Industries including Ship Breaking	-	-	-	-
Energy & Power	3,750,641	312,990,953	-	-
Service	-	-	-	-
Others	8,822,850	736,266,873	7,828,925	647,452,112
	<b>72,922,407</b>	<b>6,085,374,857</b>	<b>40,623,530</b>	<b>3,359,565,907</b>
<b>3.7 Geographical Location - wise Loans and Advances</b>				
Dhaka Region	72,722,545	6,068,696,339	40,469,932	3,346,863,389
Chittagong Region	199,862	16,678,518	153,598	12,702,518
South Region	-	-	-	-
North Region	-	-	-	-
Sylhet Region	-	-	-	-
Other	-	-	-	-
	<b>72,922,407</b>	<b>6,085,374,857</b>	<b>40,623,530</b>	<b>3,359,565,907</b>
<b>3.8 Sector wise loans</b>				
In Bangladesh				
Government & Autonomous bodies	-	-	-	-
Financial Institutions (Public & Private)	-	-	-	-
Other Public Sector	-	-	-	-
Private Sector	72,922,407	6,085,374,857	40,623,530	3,359,565,907
	<b>72,922,407</b>	<b>6,085,374,857</b>	<b>40,623,530</b>	<b>3,359,565,907</b>
Outside Bangladesh	-	-	-	-
	<b>72,922,407</b>	<b>6,085,374,857</b>	<b>40,623,530</b>	<b>3,359,565,907</b>

		31.12.2018		31.12.2017	
		USD	Taka	USD	Taka
<b>3.9</b>	<b>Classification of loans &amp; advances</b>				
	Unclassified (including staff loan)	72,352,164	6,037,788,076	40,623,530	3,359,565,907
	Sub-Standard	570,243	47,586,782	-	-
	Doubtful	-	-	-	-
	Bad or loss	-	-	-	-
		<b>72,922,407</b>	<b>6,085,374,857</b>	<b>40,623,530</b>	<b>3,359,565,907</b>
<b>3.10</b>	<b>Provision required for loans and advances</b>				
	<b>Status</b>				
	<b>Rate%</b>				
	Unclassified	686,270	57,269,246	406,235	33,595,659
	Special Mention Account	35,084	2,927,760	-	-
		<b>721,354</b>	<b>60,197,006</b>	<b>406,235</b>	<b>33,595,659</b>
	Classified:				
	Sub-Standard	114,049	9,517,356	-	-
	Doubtful	-	-	-	-
	Bad or loss	-	-	-	-
		<b>114,049</b>	<b>9,517,356</b>	<b>-</b>	<b>-</b>
	Required provision for loans & advances	<b>835,403</b>	<b>69,714,363</b>	<b>406,235</b>	<b>33,595,659</b>
	Total provision maintained	<b>835,403</b>	<b>69,714,363</b>	<b>406,235</b>	<b>33,595,659</b>
	<b>Excess / short provision as at 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>3.11</b>	<b>Securities against loans including bills purchased &amp; discounted</b>				
	a. Secured				
	Collateral of movable / immovable assets	-	-	-	-
	Local Banks & Financial Institutions guarantee	-	-	-	-
	Government Guarantee	-	-	-	-
	Foreign Banks Guarantee	-	-	-	-
	Export documents	1,657,178	138,291,492	-	-
	Fixed Deposits Receipts	-	-	-	-
	1 Own FDR	-	-	-	-
	2 FDR of Other Banks	-	-	-	-
	Personal Guarantee	11,995,323	1,001,009,709	2,851,431	235,813,369
	Corporate Guarantee	-	-	31,359,688	2,593,446,232
	Other Securities	59,269,906	4,946,073,656	6,412,410	530,306,307
	b. Unsecured	-	-	-	-
		<b>72,922,407</b>	<b>6,085,374,857</b>	<b>40,623,530</b>	<b>3,359,565,907</b>
<b>3.12</b>	<b>Particulars of Loans and Advances</b>				
	(i) Loans considered good in respect of which the bank company is fully secured;	60,927,084	5,084,365,148	37,772,098	3,123,752,539
	(ii) Loans considered good against which the banking company holds no security other than the debtor's personal guarantee;	11,995,323	1,001,009,709	2,900,533	235,813,369
	(iii) Loans considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtors;	-	-	-	-
	(iv) Loans adversely classified; provision not maintained there against;	-	-	-	-
	(v) Loans due by directors or officers of the banking company or any of these either separately or jointly with any other persons;	-	-	-	-

	31.12.2018		31.12.2017	
	USD	Taka	USD	Taka
(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;	-	-	-	-
b) Amount realized against loan previously written off;	-	-	-	-
c) Amount of provision kept against loan classified as 'bad/loss' on the date of preparing the balance sheet;	-	-	-	-
d) Interest creditable to the Interest Suspense A/c;	-	-	-	-
(xi) Cumulative amount of the written off loan;	-	-	2,893,053	239,255,443
<b>4 Other Assets</b>				
Accrued Interest	-	-	-	-
Advance Payment against Deferred LC	-	-	-	-
Prepaid Expenses	536,231	44,748,452	-	-
Finance to AD Branches for IBP (See Note-9.6.2.a)	26,784,586	2,235,173,720	26,580,366	2,198,196,309
Finance to AD Branches for Import Bill Discounting (See Note-9.6.2.b)	132,883,229	11,089,105,476	135,380,270	11,195,948,315
Branch Adjustment	-	-	-	-
	<b>160,204,046</b>	<b>13,369,027,648</b>	<b>161,960,636</b>	<b>13,394,144,624</b>
<b>5 Borrowing from Other Banks/Financial Institutions</b>	<b>136,697,057</b>	<b>11,407,369,406</b>	<b>77,765,577</b>	<b>6,431,213,181</b>
<b>5.1 Maturity grouping of Borrowings</b>				
Repayable on demand	-	-	-	-
Repayable within 1 month	-	-	-	-
Over 1 month but within 6 months	-	-	-	-
Over 6 months but within 1 year	136,697,057	11,407,369,406	77,765,577	6,431,213,181
Over 1 year but within 5 years	-	-	-	-
	<b>136,697,057</b>	<b>11,407,369,406</b>	<b>77,765,577</b>	<b>6,431,213,181</b>

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

	31.12.2018		31.12.2017	
	USD	Taka	USD	Taka
<b>6 Deposits and Other Accounts</b>				
<b>6.1 Current and Other Accounts</b>				
Foreign Currency Deposits	6,017,182	502,133,830	7,314,895	604,941,825
<b>6.2 Bills Payable</b>	47,549	3,967,942	4,811	397,892
<b>6.3 Other deposit</b>				
Margin under L/C	227,291	18,967,401	97,585	8,070,310
Term Deposit	1,007,111	84,043,422	904,761	74,823,744
Deposits Awaiting Disposal	220,426	18,394,547	347,631	28,749,104
Sundry Deposit	-	-	-	-
	<b>1,454,828</b>	<b>121,405,371</b>	<b>1,349,978</b>	<b>111,643,158</b>
	<b>7,519,558</b>	<b>627,507,143</b>	<b>8,669,684</b>	<b>716,982,876</b>
<b>6.4 Maturity grouping of deposits and other accounts</b>				
Repayable on demand	6,512,447	543,463,721	7,764,923	642,159,132
Repayable within 1 month	-	-	-	-
Over 1 month but within 6 months	-	-	-	-
Over 6 months but within 1 year	1,007,111	84,043,422	904,761	74,823,744
Over 1 year but within 5 years	-	-	-	-
Over 5 years but within 10 years	-	-	-	-
	<b>7,519,558</b>	<b>627,507,143</b>	<b>8,669,684</b>	<b>716,982,876</b>
<b>7 Other Liabilities</b>				
Accrued Interest	-	-	-	-
Provision on loans and advances	432,818	36,118,703	234,463	19,390,095
Finance from Bill Discounting	6,897,192	575,570,655	2,141,803	177,127,069
Refinance by SWAP Woori Bank	-	-	-	-
Import Payment Suspense	73,981	6,173,752	143,862	11,897,392
Export proceeds suspense	1,519,447	126,797,893	520,194	43,020,044
Interest Suspense Account	-	-	-	-
Tax deducted at source & payable	48,693	4,063,439	48,991	4,051,519
Provision against Expenses	-	-	-	-
Branch Adjustment	85,955,898	7,173,019,649	111,988,978	9,261,488,449
	<b>94,928,030</b>	<b>7,921,744,092</b>	<b>115,078,290</b>	<b>9,516,974,567</b>
<b>8 Contingent Liabilities</b>				
Acceptance & Endorsement	34,338,340	2,865,534,470	25,447,490	2,104,507,382
Letters of Credit	23,542,006	1,964,580,424	14,325,457	1,184,715,281
Letters of Guarantee	2,605,917	217,463,741	-	-
Bills for Collection	28,694,981	2,394,596,166	20,149,565	1,666,369,065
Other Contingent Liabilities	-	-	-	-
	<b>89,181,244</b>	<b>7,442,174,801</b>	<b>59,922,512</b>	<b>4,955,591,727</b>



	2018		2017	
	USD	Taka	USD	Taka
<b>9 Interest Income</b>				
Interest on Advances	10,045,683	838,312,258	6,352,602	525,360,210
Interest on Money at call and short Notice	-	-	-	-
Call Lending and Fund Placement with banks	-	-	-	-
Accounts with Foreign Banks	-	-	-	-
	<b>10,045,683</b>	<b>838,312,258</b>	<b>6,352,602</b>	<b>525,360,210</b>
<b>10 Interest / Profit Paid On Deposits &amp; Borrowings</b>				
Term Deposits	16,350	1,364,408	6,047	500,051
Fund Borrowings	4,182,319	349,014,516	1,874,957	155,058,983
Inter Branch Interest paid	-	-	626,625	51,821,894
	<b>4,198,669</b>	<b>350,378,923</b>	<b>2,507,629</b>	<b>207,380,929</b>
<b>11 Commission / Fees and Exchange Earnings</b>				
Commission/ Fees Income	1,479,092	123,430,268	880,041	72,779,367
Exchange gain including gain form foreign currency dealings	117,688	9,821,041	23,281.98	1,925,420
	<b>1,596,780</b>	<b>133,251,309</b>	<b>903,323</b>	<b>74,704,787</b>
<b>12 Other Operating Income</b>				
Postage Charge Recoveries	33,283	2,777,425	24,505	2,026,548
Swift Charge Recoveries	70,505	5,883,642	77,235	6,387,370
Other Fees	-	-	913	75,472
	<b>103,788</b>	<b>8,661,067</b>	<b>102,653</b>	<b>8,489,390</b>
<b>13 Other expenses</b>				
Contractual service charge	4,562	380,665	3,272	270,615
Petrol, oil and lubricants (vehicle & generator)	2,128	177,600	2,764	228,585
Entertainment (canteen & other)	2,808	234,338	2,033	168,100
Travelling	-	-	-	-
Conveyance	599	49,970	503	41,568
Training expenses	-	-	-	-
Books and papers	-	-	-	-
Staff uniform	-	-	-	-
Potted plants	-	-	-	-
Business development & promotion	-	-	1,270	105,001
Other Charges	-	-	601	49,711
Revaluation loss	122,478	10,220,807	-	-
	<b>132,575</b>	<b>11,063,380</b>	<b>10,442</b>	<b>863,580</b>
<b>14 Cash Received from Other Operating Activities</b>				
Commission & Exchange	1,596,780	133,251,309	903,323	74,704,787
Other Operating Income	103,788	8,661,067	102,653	8,489,390
	<b>1,700,568</b>	<b>141,912,376</b>	<b>1,005,976</b>	<b>83,194,177</b>
<b>15 Cash Paid for Other Operating Activities</b>				
Office Operating Expenses	<b>(804,117)</b>	<b>(67,103,605)</b>	<b>(195,636)</b>	<b>(16,179,112)</b>
<b>16 General</b>				

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. 83.45 (2017 : US \$ 1 = Tk 82.70) which represents the period end mid rate of exchange as at 31 December 2018.

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

# DHAKA BANK SECURITIES LIMITED

**S**ound Capital Market is an indispensable part of an Economy. Without sound and efficient capital market, rapid economic development could be hampered as capital market provides long term funds to entrepreneurs. Capital Market of Bangladesh is still highly speculative and lacks transparency due to poor Regulatory framework. In Bangladesh, Financial sector was historically driven by banks and capital market had fewer roles to play as people had mixed perception about the risk pattern in capital market that discouraged them mostly to invest there. In spite of all adversity, we drive very strongly to keep up pace with the market and ensure maximum return for the stakeholders.



# Independent Auditor's Report to the Shareholders of Dhaka Bank Securities Limited

## Opinion

We have audited the financial statements of Dhaka Bank Securities Limited (the "Company"), which comprise the statement of financial position as at 31 December 2018 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018 and its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2.

## Basis for Opinion

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

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with IFRSs as explained in note 2, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

#### Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, we also report that:

- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- 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;
- the balance sheet and profit or loss and other comprehensive income together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- the expenditures incurred were for the purpose of the Company's business for the year;

Dhaka,  
10 April 2019


*Hoda Vasi, CM*

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

**Dhaka Bank Securities Limited**  
**Statement of Financial Position**  
As at 31 December 2018

	Notes	31.12.2018 Taka	31.12.2017 Taka
<b>Assets</b>			
<b>Non current assets</b>			
Property, plant and equipment	04	9,582,611	6,488,239
Investments in un-quoted shares	05	939,198,453	977,077,770
Deferred tax assets	12	1,248,317	2,138,382
		<b>4,585,289,079</b>	<b>4,448,167,614</b>
<b>Current assets</b>			
Investments in quoted shares	06	2,082,701,298	1,881,629,593
Margin loans	08	2,063,073,447	2,088,210,237
Accounts and other receivable	09	50,401,963	113,993,543
Advance income tax	10	203,406,285	161,326,341
Advances, deposits and prepayments	11	12,608,797	14,431,012
Cash and cash equivalents	07	173,097,289	188,576,888
		<b>5,535,318,460</b>	<b>5,433,872,005</b>
<b>Total assets</b>			
<b>Equity and liabilities</b>			
<b>Equity</b>			
Paid up capital	13	1,891,890,000	1,801,800,000
Investment fluctuation fund	14	36,700,000	33,700,000
Retained earnings	15	174,904,339	221,039,337
		<b>3,431,824,121</b>	<b>3,377,332,668</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Short-term loans from bank and NBF	16	2,302,952,085	2,337,592,550
Accounts payable	17	263,035,081	218,730,867
Provision for income tax	18	214,628,090	180,895,067
Provision for unrealized losses	19	593,760,904	583,760,904
Other liabilities	20	57,447,961	56,353,280
		<b>5,535,318,460</b>	<b>5,433,872,005</b>
<b>Total equity and liabilities</b>			


The annexed notes from 1 to 41 form an integral part of these financial statements.

  
**Mohammad Ali, FCA**  
Chief Executive Officer

  
**Altaf Hossain Sarker**  
Director

  
**Reshadur Rahman**  
Chairman

See the annexed report of even date


  
**Hoda Vasi Chowdhury & Co**  
Chartered Accountants

Dhaka,  
10 April 2019

**Dhaka Bank Securities Limited**  
**Statement of Profit and Loss and Other Comprehensive Income**  
For the year ended 31 December 2018

	Notes	2018 Taka	2017 Taka
<b>Operating income</b>			
Brokerage commission income	21	76,152,353	137,405,949
Direct expenses	22	(9,176,045)	(17,136,435)
<b>Net brokerage commission income (a)</b>		<b>66,976,308</b>	<b>120,269,514</b>
Interest income	23	199,987,425	147,540,545
Interest expense	24	(222,547,125)	(146,833,391)
<b>Net interest income (b)</b>		<b>(22,559,700)</b>	<b>707,154</b>
Net investment income (c)	25	127,062,496	210,428,761
Fees and other income (d)	26	2,153,180	1,059,799
<b>Total operating income (A=a+b+c+d)</b>		<b>173,632,284</b>	<b>332,465,228</b>
<b>Operating expenses</b>			
Salary and allowances	27	43,535,902	42,148,640
Rent, taxes, insurance, electricity etc.	28	16,571,077	15,779,553
Legal expenses	29	111,377	1,429,750
Postage, stamp, telecommunication etc.	30	782,795	811,443
Stationery, printing, advertisements etc.	31	2,072,940	1,912,203
Directors' fee and meeting expenses	32	905,840	1,173,306
Audit fee	33	287,500	287,500
Repairs and maintenance	34	5,736,611	5,027,926
Other expenses	35	9,893,087	9,732,274
Depreciation and amortization	36	2,157,065	2,113,740
<b>Total operating expenses (B)</b>		<b>82,054,194</b>	<b>80,416,335</b>
<b>Profit before provision and tax (A - B)</b>		<b>91,578,090</b>	<b>252,048,893</b>
<b>Less: Provision for unrealized losses</b>		<b>10,000,000</b>	<b>80,000,000</b>
Provision for unrealized loss in portfolio		5,000,000	50,000,000
Provision for unrealized loss in margin loan accounts		5,000,000	30,000,000
<b>Profit before provision for income tax</b>		<b>81,578,090</b>	<b>172,048,893</b>
<b>Less: Provision for income tax</b>			
Current tax:			
Current year	37	33,733,023	51,016,293
Prior year		-	12,927,069
		33,733,023	63,943,362
Deferred tax expenses/(income)	38	890,065	32,236
<b>Net profit after tax</b>		<b>46,955,002</b>	<b>108,073,295</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>46,955,002</b>	<b>108,073,295</b>
<b>Earning per share (EPS)</b>	39	0.25	0.60

The annexed notes from 1 to 41 form an integral part of these financial statements.

  
**Mohammad Ali, FCA**  
Chief Executive Officer

  
**Altaf Hossain Sarker**  
Director

  
**Reshadur Rahman**  
Chairman

See the annexed report of even date

  
**Hoda Vasi Chowdhury & Co**  
Chartered Accountants

Dhaka,  
10 April 2019

**Dhaka Bank Securities Limited**  
**Statement of Changes in Equity**  
As at 31 December 2018

Figure in Taka

Particulars	Share capital	Investment fluctuation fund	Retained earnings	Total equity
Balance as on January 01, 2018	1,801,800,000	33,700,000	221,039,337	2,056,539,337
Net profit/(loss) For the Period	-	-	46,955,002	46,955,002
Transfer to investment fluctuation fund	-	3,000,000	(3,000,000)	-
Bonus shares issued	90,090,000	-	(90,090,000)	-
<b>Balance as on December 31, 2018</b>	<b>1,891,890,000</b>	<b>36,700,000</b>	<b>174,904,339</b>	<b>2,103,494,339</b>
Balance as on January 01, 2017	1,716,000,000	25,900,000	206,566,042	1,948,466,042
Net profit/(loss) For the Period	-	-	108,073,295	108,073,295
Transfer to investment fluctuation fund	-	7,800,000	(7,800,000)	-
Bonus shares issued	85,800,000	-	(85,800,000)	-
<b>Balance as on December 31, 2017</b>	<b>1,801,800,000</b>	<b>33,700,000</b>	<b>221,039,337</b>	<b>2,056,539,337</b>

The annexed notes from 1 to 41 form an integral part of these financial statements.



**Mohammad Ali, FCA**  
**Chief Executive Officer**



**Altaf Hossain Sarker**  
**Director**




**Reshadur Rahman**  
**Chairman**

Dhaka,  
10 April 2019

**Dhaka Bank Securities Limited**  
**Statement of Cash Flows**  
For the year ended 31 December 2018

	2018 Taka	2017 Taka
<b>a. Cash flows from operating activities</b>		
<b>Net profit for the year</b>	46,955,002	108,073,295
Adjustment for:		
Depreciation and amortization expenses	2,157,065	2,113,740
<b>Cash generated from operating activities before changes in working capital:</b>	<b>49,112,067</b>	<b>110,187,035</b>
<b>Changes in working capital:</b>		
(Increase)/decrease in accounts receivable	63,591,579	(46,930,390)
Decrease/(increase) in margin loans to clients	25,136,790	(30,686,428)
Decrease/(increase) in advance income tax	(42,079,944)	(49,000,377)
Increase in provision for unrealized losses	10,000,000	80,586,931
Increase in advances, deposits and prepayments	1,822,215	21,843,153
(Decrease)/increase in accounts payable	44,304,214	43,260,605
Decrease in other liabilities	1,094,681	(18,198,168)
Increase in provision for income tax	34,623,088	51,048,529
	<b>138,492,623</b>	<b>51,923,856</b>
<b>Net cash flow from operating activities</b>	<b>187,604,690</b>	<b>162,110,890</b>
<b>b. Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(5,251,437)	(877,708)
Encashment of/(investment) in un-quoted shares/securities	37,879,317	-
Encashment of/(investment) in quoted shares/securities	(201,071,705)	(381,189,229)
<b>Net cash flow from investing activities</b>	<b>(168,443,824)</b>	<b>(412,753,365)</b>
<b>c. Cash flow from financing activities</b>		
(Repayment for)/receipt of loan from Dhaka Bank Limited	(48,185,870)	324,151,108
Enhancement/(repayment) of loan from UFL	-	(100,000,000)
Loan from ICB stimulus fund	13,545,405	-
<b>Net cash (used in)/flows from financing activities</b>	<b>(34,640,465)</b>	<b>224,151,108</b>
<b>Net surplus/(use) in cash and cash equivalents for the year (a+b+c)</b>	<b>(15,479,599)</b>	<b>4,195,061</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>188,576,888</b>	<b>184,381,826</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>173,097,289</b>	<b>188,576,888</b>

  
**Mohammad Ali, FCA**  
Chief Executive Officer

  
**Altaf Hossain Sarker**  
Director

  
**Reshadur Rahman**  
Chairman

Dhaka,  
10 April 2019



**Dhaka Bank Securities Limited**  
**Notes to the Financial Statements**  
As at and for the year ended on 31 December 2018

**1. Company and its activities**

**1.1 Legal status of the Company**

Dhaka Bank Securities Limited (the "Company") (the name of company has been changed from DBL Securities Limited to Dhaka Bank Securities Limited with effect from 27 April 2014) was incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-85857/10 dated 19 July 2010 as a private company limited by shares having its registered office at Adamjee Court (1st Floor), 115-120, Motijheel C/A, Dhaka -1000 which was converted as a public company limited by shares in May 2016. The Company is the Trading Right Entitlement Certificate (TREC) holder of both of the stock exchanges of the country (TREC No. 193 in DSE and TREC No. 081 in CSE). The Company commenced its business operations from 13 February 2011 as a wholly owned subsidiary of Dhaka Bank Limited.

**1.2 Principal activities of the Company**

The principal activities of the Company are to act as a TREC Holder of Dhaka Stock Exchanges Limited and Chittagong Stock Exchange Limited to carry on the business of brokers in stocks, shares and securities, commercial papers, bonds, debentures, debentures stocks, foreign currencies, treasury bills and/or any financial instruments. The Company has six branches in Bangladesh located at Adamjee Court-Motijheel, DSE Building-Motijheel, Dhanmondi, Uttara, Agrabad and Sylhet. Dhaka Bank Securities Limited possesses following licenses from Regulatory authorities:

Name of authority	License/Registration No.	Purpose
Bangladesh Securities and Exchange Commission (BSEC)	3.1/DSE-193/2011/453	Stock Broker Business with DSE
Bangladesh Securities and Exchange Commission (BSEC)	3.1/DSE-193/2011/454	Stock Dealer Business with DSE
Bangladesh Securities and Exchange Commission (BSEC)	3.2/CSE-081/2011/260	Stock Broker Business with CSE
Bangladesh Securities and Exchange Commission (BSEC)	3.2/CSE -081/2011/261	Stock Dealer Business with CSE
Bangladesh Securities and Exchange Commission (BSEC)	CDBL- DP 17	Depository Functions with Central Depository Bangladesh Limited (CDBL)
Dhaka Stock Exchange Limited (DSE)	TREC NO. 193	Trading with DSE
Dhaka Stock Exchange Limited (DSE)	TREC NO. 081	Trading with CSE

**2. Significant accounting policies**

**2.1 Basis of presentation of financial statements**

These financial statements have been prepared in accordance with International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) and no adjustment has been made for inflationary factors affecting the financial statements. The accounting policies, unless otherwise stated, have been consistently applied by the Company.

**2.2 Basis of measurement**

The financial statements have been prepared based on historical cost convention basis. The accounting policies, unless otherwise stated, have been consistently applied by the Company and are consistent with those of the previous years.

**2.3 Regulatory compliance**

In preparation of the Financial Statements, Dhaka Bank Securities Limited complies with the applicable provisions of the following major laws/statutes:

- The Companies Act, 1994;
- The Income Tax Ordinance, 1984;
- The Income Tax Rules, 1984;
- Negotiable Instruments Act, 1881;
- Securities and Exchange Rules, 1987;
- Securities and Exchange Commission Act, 1993;
- Securities and Exchange Commission (Stock-Dealer, Stock-Broker and Authorized Representatives) Rules, 2000; and
- Other applicable laws and regulations.

## 2.4 Presentation and functional currency and level of precision

The financial statements have been presented in Bangladesh Taka (BDT), which is the Company's functional currency. All financial information presented in BDT has been rounded off to the nearest integer.

## 2.5 Use of estimates and judgments

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. It also requires disclosures of contingent assets and liabilities at the year end.

Provisions and accrued expenses are recognized in the financial statements in line with International Accounting Standard (IAS) 37: "Provisions, Contingent Liabilities and Contingent Assets" when - the Company has a legal or constructive obligation as a result of past event; and

- i. It is probable that an outflow of economic benefit will be required to settle the obligation.
- ii. A reliable estimate can be made for the amount of the obligation.

## 2.6 Going concern

The Company has adequate resources to continue in operation for the foreseeable future. For this reason the directors continue to adopt going concern basis in preparing the financial statements. The current credit facilities and adequate resources of the company provide sufficient funds to meet the present requirements of its existing businesses and operations.

## 2.7 Statement of cash flows

Statement of Cash Flows is prepared in accordance with International Accounting Standard (IAS) 7: "Statement of Cash Flows" and the cash flows from operating activities are presented under the indirect method as prescribed by the Securities and Exchange Rules, 1987.

## 2.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand and cash at bank which are held and are available for use by the Company without any restriction. There is insignificant risk of change in the value of the above items.

## 2.9 Investment in shares of stock exchanges

In accordance with section 8 of the Exchanges Demutualization Act, 2013, both stock exchange membership has been converted into shares through the issuance of two completely de-linked assets to the former members in the exchange, namely (a) fully paid-up shares and (b) trading right. Exchanges shall have the authority to issue Trading Right Entitlement Certificate (TREC), as per the Exchanges Demutualization Act, 2013 and as outlined in the scheme, to provide the right to trade any enlisted securities to eligible brokers and dealers. Such TRECs will be totally separate from the ownership of the Exchange as there is no obligation for TREC holders to be or remain shareholders of the exchange.

## 2.10 Property, plant and equipment

### 2.10.1 Recognition and measurement

All property, plant and equipment are stated at cost less accumulated depreciation as per IAS-16 "Property, plant and equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use.

### 2.10.2 Depreciation and amortization

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is charged using the straight-line method on the acquisition cost of PPE and such cost is written off over the estimated useful lives of assets, in accordance with IAS 16. Depreciation for full month is charged on additions irrespective of date when the related assets are put into use and no depreciation is charged for the month of disposal. The rates of depreciation used to write off the amount of assets are as follows:

<u>Name of the assets</u>	<u>Rate</u>
Furniture and fixtures	10% p.a
Office appliance and equipment	20% p.a
Computer equipments	20% p.a
Software	20% p.a
Motor vehicles	20% p.a

## 2.11 Intangible assets and amortization of intangible assets

The main item included in intangible asset is computer software. Intangible assets are recognized if it is probable that future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably in accordance with IAS 38: "Intangible assets". Accordingly, these assets are stated in the Statement of Financial Position at cost less accumulated amortization. Intangible assets are amortized over a period of five (05) years.

## 2.12 Provision for income tax

### 2.12.1 Current tax

Provision for current tax is made on the basis of the profit for the year as adjusted for taxation purpose in accordance with the provision of Income Tax Ordinance, 1984 and Finance Act 2018.

### 2.12.2 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 is measured using tax rates and tax laws that have been enacted or substantially enacted by the reporting date.

## 2.13 Revenue recognition

Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the enterprise and in accordance with the International Financial Reporting Standards 9.

### i. Brokerage commission

Brokerage commission is recognized as income when selling or buying order executed.

### ii. Interest Income from margin loan

Interest Income from margin loan is recognized on accrual basis. Such income is calculated on daily margin loan balance of the respective parties. Income is recognized on monthly basis and applied to the customers' account on quarterly basis. In case of negative equity margin loan account, interest is credited to suspense account instead of income account where the negative equity fall below 60%.

### iii. Dividend income and profit/ (loss) on sale of marketable securities

Dividend income is recognized when right to receive payment is established whereas profit or loss arising from the sale of securities is accounted for only when shares are sold in the market and profit is realized or loss is incurred.

## 2.14 Earnings per share

The Company calculates earning per share in accordance with International Accounting Standard (IAS)-33 "Earning per share" which has been shown in the face of the statement of profit or loss and other comprehensive income.

## 2.15 Provision against unrealized loss in margin loan

As per Bangladesh Securities and Exchange Commission (BSEC) directive no: SEC/CMRRCD/2009-193/203 dated 28/12/2017 and subsequently amended by press release on 19 December 2018, the company may keep provision on quarterly basis against unrealized loss in the portfolio accounts of margin loan clients as on 31 December 2020.

## 2.16 Investment fluctuation fund

As per the decision of the board of directors, 5% of capital gain during a year is transferred to investment fluctuation fund account to manage the company's future own portfolio risk.

## 2.17 Related party disclosure

As per International Accounting Standards (IAS)-24 "Related Party Disclosures", parties are considered to be related if one of the parties has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions. The Company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with related parties.

## 2.18 Branch accounting

The Company has 6 (six) branch offices (excluding head office), with no overseas branch as on 31 December 2018. Accounts of the branches are maintained at the head office which are included in the accompanying financial statements.

## 2.19 Reporting period

The company's reporting period is 01 January 2018 to 31 December 2018.

## 2.20 Events after the balance sheet date

Events after the balance sheet date that provides additional information about company's financial position at the balance sheet date are reflected in the financial statements. Events after the balance sheet date that are material but not adjusting event are discussed in the notes.

## 3. Application of international accounting standards (IASs):

Name of the IAS	IAS No.	Status
Presentation of financial statements	1	Applied
Statements of cash flows	7	Applied
Accounting policies, changes in accounting estimates and errors	8	Applied
Events after the balance sheet period	10	Applied
Income taxes	12	Applied
Property, plant and equipment	16	Applied
Employee benefits	19	Applied
Borrowing costs	23	Applied
Related party disclosures	24	Applied
Financial instruments: presentation	32	Applied
Provisions, contingent liabilities and contingent assets	37	Applied
Intangible assets	38	Applied

Name of the IFRS	IFRS No	Status
Financial instruments: disclosures	7	Applied
Financial instruments	9	Applied
Fair value measurement	13	Applied

	Notes	31.12.2018 Taka	31.12.2017 Taka
<b>04. Property, plant and equipment</b>			
<b>A) Cost :</b>			
Opening balance		34,254,461	33,376,753
Add: Purchased during the year		5,251,437	877,708
Less: Disposals		-	-
Closing balance (A)		<b>39,505,898</b>	<b>34,254,461</b>
<b>B) Accumulated depreciation:</b>			
Opening balance		27,766,222	25,652,482
Add: Charged during the year		2,157,065	2,113,740
Less: Disposals		-	-
Closing balance (B)		<b>29,923,287</b>	<b>27,766,222</b>
<b>Written down value (A-B)</b>		<b>9,582,611</b>	<b>6,488,239</b>
A schedule of property, plant and equipment is given in Annexure-A			
<b>Intangible assets</b>			
<b>A) Cost :</b>			
Opening balance		4,831,461	4,831,461
Add: Purchased during the year		-	-
Less: Disposals		-	-
Closing balance (A)		<b>4,831,461</b>	<b>4,831,461</b>
<b>B) Accumulated amortization:</b>			
Opening balance		4,831,461	4,831,461
Add: Charged during the year		-	-
Less: Disposals		-	-
Closing balance (B)		<b>4,831,461</b>	<b>4,831,461</b>
<b>Written down value (A-B)</b>		<b>-</b>	<b>-</b>
A schedule of property, plant and equipment is given in Annexure-A			
<b>05. Investment in un-quoted shares</b>			
Investment in shares of DSE	5.01	662,120,683	700,000,000
Investment in shares of CSE	5.02	250,000,000	250,000,000
Central depository Bangladesh limited (CDBL)		18,277,770	18,277,770
Energypac power generation company limited		8,800,000	8,800,000
		<b>939,198,453</b>	<b>977,077,770</b>
<b>5.01 Stock exchange</b>	<b>Allotment status</b>	<b>Number of shares</b>	<b>Number of shares</b>
Dhaka Stock Exchange Limited (DSE)	Alloted (53%; 40%)	2,886,042	2,886,042
	Blocked (47%; 60%)	2,525,287	4,329,063
		<b>5,411,329</b>	<b>7,215,105</b>
<b>5.02 Stock exchange</b>	<b>Allotment Status</b>		
Chittagong Stock Exchange Limited (CSE)	Alloted (40%; 40%)	1,714,932	1,714,932
	Blocked (60%; 60%)	2,572,398	2,572,398
		<b>4,287,330</b>	<b>4,287,330</b>
<b>06. Investment in marketable securities</b>			
Investment in own portfolio/dealer account		2,082,701,298	1,881,629,593
<b>Total</b>		<b>2,082,701,298</b>	<b>1,881,629,593</b>

Notes

31.12.2018  
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Taka

6.01 The investments in shares are categorized as at fair value through profit or loss as per IFRS 9 : Financial Instruments. The details of the investments are as follows:

Business segments	No. of shares	Total cost of shares in 2018	Market value of shares 2018	Total cost of shares in 2017
Banks / finance	19,917,671	468,303,097	359,747,506	493,596,641
Fuel and power	3,731,192	507,664,552	386,673,225	384,810,263
Cement	2,724,497	267,255,327	118,515,620	223,793,225
Insurance	1,768,513	126,781,154	92,393,418	95,090,231
Mutual fund	613,382	3,420,363	3,810,659	9,441,420
Pharmaceuticals and chemicals	2,453,053	437,204,320	362,041,425	426,670,832
Engineering/ travel and leisure	2,786,040	186,733,443	152,743,071	133,095,552
Textile	1,214,770	25,606,146	17,700,679	16,504,109
Food, tannery and miscellaneous	474,525	43,020,307	35,504,905	46,197,335
		<b>2,065,988,708</b>	<b>1,529,130,508</b>	<b>1,829,199,609</b>
Ledger balance in BO A/C		16,712,590		52,429,984
Total investment amount		<b>2,082,701,298</b>		<b>1,881,629,593</b>

Detail of investment in shares is given in Annexure-B

Notes

31.12.2018  
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## 7. Cash and bank balances

Cash in hand		100,000	100,000
Cash at bank	7.01	172,997,289	188,476,888
		<b>173,097,289</b>	<b>188,576,888</b>

### 7.01 Cash at bank

Bank name	Branch name	A/C Type	A/C No.		
Dhaka Bank Limited	Local	SND A/C	201.150.2960	5,406,388	4,135,030
IFIC Bank Limited	Stock Ex.	CD A/C	1090-358447-001	1,792,137	8,595,002
UCB Limited	Forex.	CD A/C	0721101000000515	682,093	1,315,119
Dhaka Bank Limited	Local	SND A/C	201.150.2972	120,315,210	117,147,279
IFIC Bank Limited	Stock Ex.	SND A/C	1090-358002 -001	40,498,103	47,685,021
UCB Limited	Forex.	CD A/C	0721101000000049	2,351,212	8,189,934
Standard Chartered	Motijheel	SND A/C	32-1183892-01	201,150	-
Standard Chartered	Motijheel	SND A/C	32-1183892-02	360,036	553,434
Dhaka Bank Limited	Local	SND A/C	201.150.3444	1,390,960	6,070
Cheque in hand				-	850,000
				<b>172,997,289</b>	<b>188,476,888</b>

## 8. Margin loans

Opening balance		2,446,217,072	2,758,411,265
Disbursed during the year		274,748,643	324,130,764
		<b>2,720,965,714</b>	<b>3,082,542,028</b>
Realized during the year		(253,139,747)	(636,324,956)
<b>Gross margin loan outstanding</b>		<b>2,467,825,968</b>	<b>2,446,217,072</b>
Closing balance of interest suspense account		(404,752,521)	(358,006,835)
		<b>2,063,073,447</b>	<b>2,088,210,237</b>

## 9. Accounts and other receivable

Receivable from non-margin clients		2,918,974	2,937,451
Receivable from DSE		12,073,123	90,397,892
Receivable from CSE		6,554	438
Other receivables	9.01	35,403,313	20,657,762
		<b>50,401,963</b>	<b>113,993,543</b>

	Notes	31.12.2018 Taka	31.12.2017 Taka
<b>9.01 Other receivables</b>			
Cash dividend receivable		35,403,313	20,657,762
		<b>35,403,313</b>	<b>20,657,762</b>
<b>10. Advance income tax</b>			
Opening balance		161,326,341	112,325,964
Add: Addition during the year	10.01	42,079,944	49,000,377
		<b>203,406,285</b>	<b>161,326,341</b>
<b>10.01 Advance income tax (Addition)</b>			
AIT/TDS on brokerage commission - DSE		11,959,168	21,780,847
AIT/TDS on brokerage commission - CSE		27,807	66,665
Advance income tax paid		19,108,773	14,650,606
TDS/AIT (Interest income, dividend income etc.)		10,984,195	12,502,259
		<b>42,079,944</b>	<b>49,000,377</b>
<b>11. Advances, deposits and prepayments</b>			
Advances	11.01	1,720,921	860,626
Prepayments	11.02	10,887,876	13,570,386
		<b>12,608,797</b>	<b>14,431,012</b>
<b>11.01 Advances</b>			
Advance for purchase of floor space at DSE tower, Nikunja		1,450,000	850,000
Advance - IPO Application for dealer A/C		237,295	-
Advance against expenses / suspense account (Adj)		33,626	10,626
		<b>1,720,921</b>	<b>860,626</b>
<b>11.02 Prepayments</b>			
Prepaid rent - premises		10,764,000	13,545,000
Prepaid insurance - vehicles and premises		120,976	24,386
Prepaid non-judicial stamp		2,900	1,000
		<b>10,887,876</b>	<b>13,570,386</b>
<b>12. Deferred tax liabilities / (assets)</b>			
	<b>Carrying amount</b>	<b>Tax base</b>	<b>Taxable temporary difference</b>
	<b>Taka</b>	<b>Taka</b>	<b>Taka</b>
<b>As on 31 December 2018</b>			
Property, plant and equipment	10,928,864	14,495,484	3,566,620
Applicable tax rate			35%
<b>Deferred tax asset as on 31 December 2018</b>			<b>1,248,317</b>
<b>As on 31 December 2017</b>			
Property, plant and equipment	6,488,239	12,597,903	6,109,664
Applicable tax rate			35%
<b>Deferred tax asset as on 31 December 2017</b>			<b>2,138,382</b>
<b>13. Share capital</b>			
<b>Authorized capital</b>			
500,000,000 ordinary shares @ Tk. 10 each		<b>5,000,000,000</b>	<b>5,000,000,000</b>
<b>Paid up capital</b>			
Opening balance		1,801,800,000	1,716,000,000
Add: Stock dividend		90,090,000	85,800,000
		<b>1,891,890,000</b>	<b>1,801,800,000</b>

## DHAKA BANK SECURITIES LIMITED

Name of Shareholders	% of Shareholding	Number of Shares held*	Notes	31.12.2018 Taka	31.12.2017 Taka
				Amount (Taka)	Amount (Taka)
<b>1. Dhaka Bank Limited, Represented By,</b> Mr. Reshadur Rahman Mr. Abdul Hai Sarker Mrs. Rokshana Zaman Mr. Altaf Hossain Sarker Mr. Khondoker Monir Uddin Mr. Syed Mahbubur Rahman	99.999997%	189,188,994		1,891,889,940	1,801,799,940
2. Mr. Dilawar Hossain	0.000001%	1		10	10
3. Mr. Choudhury Md. Humayun Kabir	0.000001%	1		10	10
4. Mr. Md. Mahbubur Rahman	0.000001%	1		10	10
5. Mr. Nazmul Alam Khan	0.000001%	1		10	10
6. Mr. Suez Islam	0.000001%	1		10	10
7. Mrs. Shahnaz Naznin	0.000001%	1		10	10
	<b>100%</b>	<b>189,189,000</b>		<b>1,891,890,000</b>	<b>1,801,800,000</b>

\*In its 38<sup>th</sup> meeting of Board of Directors of the Company held on 27 April 2017, the Board recommended for raising paid-up capital of the Company through issuance of ordinary shares to the existing shareholders of the Company by way of 5 (Five) Bonus shares for every 100 (one hundred) shares for the year 2016. Subsequently, the shareholders of the company approved the resolution of the Board regarding issuance of Bonus shares in its 7<sup>th</sup> Annual General Meeting held on 30 May 2017. Bangladesh Securities and Exchange Commission (BSEC) approved the proceeds vide approval letter no. BSEC/CI/CPLC (pvt.)-267/2010/212 dated 28 March 2018. RJSC Approve the Return of Allotment on 14 May 2018.

	Notes	31.12.2018 Taka	31.12.2017 Taka
<b>14. Investment fluctuation fund</b>			
Opening balance		33,700,000	25,900,000
Add: Addition during the year		3,000,000	7,800,000
		<b>36,700,000</b>	<b>33,700,000</b>
<b>15. Retained earnings</b>			
Opening balance		221,039,337	206,566,042
Net profit for the period		46,955,002	108,073,295
		<b>267,994,339</b>	<b>314,639,337</b>
Bonus shares issued		(90,090,000)	(85,800,000)
Transfer to Investment fluctuation fund		(3,000,000)	(7,800,000)
		<b>174,904,339</b>	<b>221,039,337</b>
<b>16. Short-term loan from bank and NBF</b>			
Loan from Dhaka Bank Limited	16.01	2,189,406,680	2,237,592,550
Loan from United Finance Limited	16.02	100,000,000	100,000,000
Loan from ICB Stimulus Fund	16.03	13,545,405	-
<b>Total</b>		<b>2,302,952,085</b>	<b>2,337,592,550</b>

### 16.01 Loan from Dhaka Bank Limited

Dhaka Bank Limited, vide their Sanction Letter No. DBL/LO/CR/2018/5970 dated 27 December 2018, renewed the overdraft facility of Taka 2,250 million at interest rate of 9.50% p.a. rest quarterly in favor of Dhaka Bank Securities Limited upto 30-12-2019. As on 31 December 2018, the facility was utilized to the tune of Taka 2,189,406,680.

### 16.02 Loan from United Finance Limited

Dhaka Bank Securities Limited entered into a loan agreement No. 01061404248 dated 21 May 2014 with United Finance Limited for one year revolving loan which was renewed on 31 May 2018 for a period till 30 May 2019 with an interest rate of 13.00% p.a and subject to be revised in every three months.

### 16.03 Loan from ICB Stimulus Fund

Investment Corporation of Bangladesh (ICB) vide their Sanction Advice No. ICB/51/619 Dated February 25, 2018 offered Dhaka Bank Securities Limited loan amounting Tk. 1,35,45,405.00 from the Stimulus Fund for affected small investors. The loan will be repaid through 5 equal installments at an interest rate of 5% p.a from January 04 ,2019 to December 31, 2019.



	Notes	31.12.2018 Taka	31.12.2017 Taka
<b>17. Accounts payable</b>			
Payable to clients		160,858,300	190,769,559
IPO application money		47,250	-
Payable to DSE		1,821,608	27,716,262
Payable to CSE		5,062	(0)
Payable to CDBL		302,861	245,046
Payable to Dhaka Bank Limited		100,000,000	-
		<b>263,035,081</b>	<b>218,730,867</b>
<b>18. Provision for income tax</b>			
Opening balance		180,895,067	129,878,773
Add: Provision made during the period		33,733,023	51,016,293
<b>Closing balance as on date</b>		<b>214,628,090</b>	<b>180,895,067</b>
<b>19. Provision for unrealized losses</b>			
Provision for unrealized loss in portfolio	19.01	205,000,000	200,000,000
Provision for unrealized loss in margin loan A/C	19.02	380,000,000	375,000,000
Provision for stipulation fund for affected investors	19.03	8,760,904	8,760,904
<b>Total</b>		<b>593,760,904</b>	<b>583,760,904</b>
<b>19.01 Provision for unrealized loss in portfolio</b>			
Opening balance		200,000,000	150,000,000
Addition during the year		5,000,000	50,000,000
		<b>205,000,000</b>	<b>200,000,000</b>
As per Bangladesh Securities and Exchange Commission (BSEC) Circular No. SEC/CM-RRCD/2009-193/196 dated 28 December 2017, the company may keep 20% Provision against unrealized loss in the Portfolio account of the company as on 31 December 2017. The validity of this circular has been extended up to 31 December 2020 subsequently by a press release on 19 December 2018.			
<b>19.02 Provision for unrealized loss in margin loan A/C</b>			
Opening balance		375,000,000	345,000,000
Addition during the year		5,000,000	30,000,000
		<b>380,000,000</b>	<b>375,000,000</b>
As per Bangladesh Securities and Exchange Commission (BSEC) Circular No. SEC/CM-RRCD/2009-193/196 dated 28 December 2017, the company may keep 20% Provision against unrealized loss on margin loan extended to customers. The validity of this circular has been extended up to December 31, 2020 subsequently by a press release on 19 December 2018.			
<b>19.03 Provision for stipulation fund for affected investors</b>			
Opening balance		8,760,904	8,173,972
Adjustment during the year		-	586,932
		<b>8,760,904</b>	<b>8,760,904</b>
<b>20. Liabilities for other accrued expenses</b>			
Accrued interest expenses - Loan from Banks and NBFIs		55,516,845	55,444,623
Audit fees		287,500	287,500
Accrued expenses-Others		1,425,583	193,500
VAT current A/C		102,504	273,453
Withholding tax liabilities		115,529	154,205
<b>Total</b>		<b>57,447,961</b>	<b>56,353,280</b>

	Notes	2018 Taka	2017 Taka
<b>21 Brokerage commission income</b>			
Brokerage - DSE		75,995,487	136,998,666
Brokerage - CSE		156,866	407,283
		<b>76,152,353</b>	<b>137,405,949</b>
<b>22 Direct expenses</b>			
Laga charges	22.01	(6,052,970)	(11,322,488)
Howla charges		(148)	(2,522)
CDBL Exp.-Daily settlement (Pay in/Pay out)		(3,122,927)	(5,811,425)
		<b>(9,176,045)</b>	<b>(17,136,435)</b>
<b>22.01 Laga charges</b>			
Laga charges- Dhaka Stock Exchange Limited (DSE)		6,040,411	10,842,748
Laga charges- Chittagong Stock Exchange Limited (CSE)		12,559	479,740
		<b>6,052,970</b>	<b>11,322,488</b>
<b>23 Interest income</b>			
Interest on margin loan		192,783,370	139,770,626
Interest income on bank deposit A/C		7,204,055	7,769,919
		<b>199,987,425</b>	<b>147,540,545</b>
<b>24 Interest expense</b>			
On loan from Dhaka Bank Limited		207,448,514	130,022,808
On loan from United Finance Limited		15,098,611	16,810,583
		<b>222,547,125</b>	<b>146,833,391</b>
<b>25 Net investment income</b>			
Gain / (loss) on sale of shares	25.01	61,878,707	156,364,428
Dividend on shares		65,183,789	54,064,332
		<b>127,062,496</b>	<b>210,428,761</b>
<b>25.01 Gain / (loss) on sale of shares</b>			
Sale price of shares		1,638,124,814	4,613,829,203
Cost price of shares		(1,576,246,107)	(4,457,464,775)
		<b>61,878,707</b>	<b>156,364,428</b>
<b>26 Fees and other income</b>			
Account opening and closing fees		74,109	70,703
BO renewal fees		504,200	480,700
IPO processing fees		13,875	7,810
Central depository Bangladesh limited (CDBL) Income	26.01	1,396,600	304,681
Other income		164,396	195,906
		<b>2,153,180</b>	<b>1,059,799</b>
<b>26.01 Central Depository Bangladesh Limited (CDBL)</b>			
<b>A. Central depository Bangladesh limited (CDBL) income</b>			
CDBL Income-transfer in / out		2,143,689	246,592
CDBL income-bonus/ Right /IPO / split / demat		5,600	102,298
CDBL Income-Pledge/unpledge		995,969	310,653
		<b>3,145,258</b>	<b>659,542</b>
<b>B. Central depository Bangladesh limited (CDBL) expenses</b>			
CDBL expense-Transfer in/out		1,189,172	137,373
CDBL income-bonus/ Right /IPO / split / demat		170	36,858
CDBL Income-Pledge/unpledge		553,316	174,630
CDBL expense-monthly connection fees		6,000	6,000
		<b>1,748,658</b>	<b>354,861</b>
<b>Net CDBL income (A-B)</b>		<b>1,396,600</b>	<b>304,681</b>

	Notes	2018 Taka	2017 Taka
<b>27 Salary and allowances</b>			
Basic salaries		15,861,774	15,052,941
Allowances		20,665,458	18,717,362
Leave fare assistance		2,788,600	2,738,901
Employer's contribution to provident fund		1,595,508	1,485,860
Bonus		2,624,562	4,153,576
		<b>43,535,902</b>	<b>42,148,640</b>
<b>28 Rent, rates, taxes, insurance, lighting etc.</b>			
Rent expenses		11,584,822	10,721,072
Insurance expense		98,986	74,988
Electricity bill-Adamjee Court		1,850,342	1,945,516
Fuel expense - generator / pool car		1,224,760	1,303,533
Water and sewerage		833,493	795,518
Renewal of registration certificates, trade license etc.		978,675	938,926
		<b>16,571,077</b>	<b>15,779,553</b>
<b>29 Legal and professional fees expenses</b>			
Professional fees and service charges		111,377	1,429,750
		<b>111,377</b>	<b>1,429,750</b>
<b>30 Postage, stamp, telecom etc.</b>			
Postage and courier		40,178	41,297
Stamps- Judicial / non-Judicial		37,600	35,140
Telephone /fax /PABX expenses		162,949	195,316
Mobile /internet /cable Tv bills		542,068	539,690
		<b>782,795</b>	<b>811,443</b>
<b>31 Stationary, printing, advertisement etc.</b>			
Stationeries exp.- (printed materials)		1,245,859	808,824
Stationeries - general (table/petty stationeries)		176,934	163,879
Stationeries- computer consumable (paper & accessories)		494,640	624,475
Publicity expenses (leaflet, banner, bill board etc)		155,507	315,025
		<b>2,072,940</b>	<b>1,912,203</b>
<b>32 Directors' fee and meeting expenses</b>			
Director's fees		368,000	478,400
Meeting, seminar and conference expenses		537,840	694,906
		<b>905,840</b>	<b>1,173,306</b>
<b>33 Audit fee</b>			
Audit fee for the year		287,500	287,500
		<b>287,500</b>	<b>287,500</b>
<b>34 Repairs and maintenance</b>			
Repairs and maintenance of :			
- Office premises		1,256,515	792,932
- Furnitures and fixtures		270,450	255,020
- Office and electric appliances		1,085,347	823,853
- Computer, software, printer, UPS etc.		1,060,050	831,452
- Vehicles		467,609	590,469
Network connectivity expense		1,596,640	1,734,200
		<b>5,736,611</b>	<b>5,027,926</b>

	Notes	2018 Taka	2017 Taka
<b>35 Other expenses</b>			
Bank charges		43,772	36,105
Excise duty expense		199,500	97,000
Commission expenses- bank guarantees		460,300	921,100
Regular canteen expense		1,494,769	1,704,463
Entertainment - parties and dinner expense		52,240	70,940
Contractual service charges		438,473	442,871
Cleaning and maintenance services		1,536,006	1,287,100
Staff uniform expenses		155,675	56,724
Support staff expense- adamjee		1,986,334	1,893,806
Security guard expenses-Agrabad branch		2,305,152	2,305,152
Training and development (Local) -executives and officers		165,825	47,667
Conveyance expense - local		360,341	279,254
Business promotion expenses		589,999	445,554
Newspapers		73,688	80,130
Contribution to investors' protection fund		17,632	41,896
Miscellaneous - (others)		13,381	22,512
		<b>9,893,087</b>	<b>9,732,274</b>
<b>36 Depreciation and amortization expenses</b>			
Depreciation-furniture and fixtures		1,275,720	1,275,716
Depreciation-Office appliances and equipments		235,491	297,920
Depreciation-computer		492,728	540,104
Depreciation-motor vehicles		153,126	-
		<b>2,157,065</b>	<b>2,113,740</b>
<b>37 Provision for income tax:</b>			
For current year		33,733,023	51,016,293
For prior year		-	12,927,069
		<b>33,733,023</b>	<b>63,943,362</b>
Noted here that Tk. 12,927,069/= has been paid in 2017 for settlement of tax liability of the income year 2011 and 2012 as per the final tax demand by Tax Authority for the said Income Years .			
<b>38 Deferred tax expenses/(income)</b>			
Closing balance of deferred tax assets		(1,248,317)	(2,138,382)
Opening balance of deferred tax assets		(2,138,382)	(2,170,618)
Deferred tax expenses/(income)		<b>890,065</b>	<b>32,236</b>
<b>39 Earning per share (EPS)</b>			
a) Net profit after tax		46,955,002	108,073,295
b) Total number of ordinary shares outstanding		189,189,000	180,180,000
Earning per share (EPS) (a ÷ b)		0.25	0.60

## DHAKA BANK SECURITIES LIMITED

### 40 Related party transaction

Name of the related party	Relationship	Nature of transaction	Transaction during year	Closing balance as at 31.12.2018	Closing balance as at 31.12.2017
Dhaka Bank Limited	Parent company	Loan	48,185,870	2,189,406,680	2,237,592,550
Mr. A. T. M. Hayatuzzaman Khan	Spouse of director	Advance Rent for Leased Premises	2,241,000	8,964,000	11,205,000

### 41 Date of authorisation

The Board of director has authorised these financial statements for issue on 10 April 2019.

  
**Mohammad Ali, FCA**  
 Chief Executive Officer

  
**Altaf Hossain Sarker**  
 Director

  
**Reshadur Rahman**  
 Chairman

Dhaka, 10 April 2019

## DHAKA BANK SECURITIES LIMITED

### Fixed assets schedule

For the Period ended on December 31, 2018

#### A. Property, plant and equipment

Particulars	Cost			Rate %	Depreciation		Written Down Value as on 31.12.2018
	Balance as on 01.01.2018	Addition during the Period	Balance as on 31.12.2018		Charges during the year	Balance as on 31.12.2018	
Furnitures and fixtures	12,757,154	-	12,757,154	10%	1,275,720	9,471,549	3,285,605
Office appliances and equipment	7,149,228	69,787	7,219,015	20%	235,491	6,732,134	486,881
Computer	11,357,574	587,900	11,945,474	20%	492,728	10,575,973	1,369,501
Motor vehicles	2,990,505	4,593,750	7,584,255	20%	153,126	3,143,631	4,440,624
<b>Total</b>	<b>34,254,461</b>	<b>5,251,437</b>	<b>39,505,898</b>		<b>2,157,065</b>	<b>29,923,287</b>	<b>9,582,611</b>
<b>As on 31 December 2017</b>	<b>33,376,753</b>	<b>877,708</b>	<b>34,254,461</b>		<b>2,113,740</b>	<b>27,766,222</b>	<b>6,488,239</b>

#### B. Intangible assets

Particulars	Cost			Rate %	Amortization		Written Down Value as on 31.12.2018
	Balance as on 01.01.2018	Addition during the period	Balance as on 31.12.2018		Charges/Addition during the period	Balance as on 31.12.2018	
Software	4,831,461	-	4,831,461	20%	-	4,831,461	-
<b>Total</b>	<b>4,831,461</b>	<b>-</b>	<b>4,831,461</b>		<b>-</b>	<b>4,831,461</b>	<b>-</b>
<b>As on 31 December 2017</b>	<b>4,831,461</b>	<b>-</b>	<b>4,831,461</b>		<b>-</b>	<b>4,831,461</b>	<b>-</b>

# DHAKA BANK INVESTMENT LIMITED

**A**ll our activities are derived from the thrust of making profit. Because that's the only way Dhaka Bank can take care of employees, CSR and contribute to the national revenue and economy; can secure the interest of shareholders. With this in mind, we always concentrate on enhancing profitability to raise Earnings Per Share, Dividend as well as confidence of the shareholders.



**Dhaka Bank Investment Limited**  
**Statement of Financial Position**  
As at 31 December 2018

Annexure L

	Notes	31.12.2018 Taka	31.12.2017 Taka
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Preliminary Expenditure	4	1,107,825	1,107,825
<b>Current Assets</b>			
Cash and Bank Balance	5	292,109,835	286,821,899
Advance Income Tax	6	4,370,876	4,092,946
		296,480,711	290,914,845
<b>Total Assets</b>		<b>297,588,536</b>	<b>292,022,670</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Paid up Capital	7	250,000,000	250,000,000
Retained Earnings	8	29,639,128	26,096,065
<b>Total Equity</b>		<b>279,639,128</b>	<b>276,096,065</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
<b>Current Liabilities</b>			
Provision for Income Tax	9	16,315,683	14,407,880
Other Liabilities	10	1,633,725	1,518,725
		17,949,408	15,926,605
<b>Total Liabilities</b>		<b>17,949,408</b>	<b>15,926,605</b>
<b>Total Equity and Liabilities</b>		<b>297,588,536</b>	<b>292,022,670</b>

These Financial Statements should be read in conjunction with the annexed notes 1 to 12.

This is the Statement of Financial Position referred to in our separate report of event date.



**Dhaka Bank Investment Limited**  
**Statement of Profit and Loss and Other Comprehensive Income**  
For the year ended 31 December 2018

	Notes	2018 Taka	2017 Taka
<b>Operating Income</b>			
Interest income		-	-
Other Income	11	5,642,166	8,289,515
		<b>5,642,166</b>	<b>8,289,515</b>
<b>Operating Expense</b>			
General & administrative expenses	12	(191,300)	(120,300)
		<b>5,450,866</b>	<b>8,169,215</b>
<b>Profit Before Tax</b>		<b>5,450,866</b>	<b>8,169,215</b>
<b>Provision for Income Tax (Current Tax)</b>		(1,907,803)	(2,859,225)
<b>Net Profit after Tax</b>		<b>3,543,063</b>	<b>5,309,990</b>
Other comprehensive Income		-	-
<b>Net Profit for the period</b>		<b>3,543,063</b>	<b>5,309,990</b>

These Financial Statements should be read in conjunction with the annexed notes 1 to 12.

This is the Statement of Profit or Loss and Other Comprehensive Income referred to in our separate report of event date.

**Dhaka Bank Investment Limited**  
**Statement of Cash Flows**  
For the year ended 31 December 2018

	Notes	2018 Taka	2017 Taka
<b>a. Cash Flows from Operating Activities</b>			
Other Income		5,642,166	8,289,515
Operating Expenses		(191,300)	(120,300)
Cash generated from operating activities before changes in operating assets and liabilities		5,450,866	8,169,215
<b>Changes in Operating Assets and Liabilities</b>			
Advance Income Tax		(277,930)	(828,952)
Provision for Audit Fees		115,000	115,000
<b>Net Cash Flow from Operating Activities</b>		<b>5,287,936</b>	<b>7,455,264</b>
<b>b. Cash Flows from Investing Activities</b>		-	-
<b>c. Cash Flow from Financing Activities</b>			
Proceeds from Issue of Share		-	-
<b>Net Cash Flow from Financing Activities</b>		-	-
<b>Net cash surplus for the period (a+b+c)</b>		<b>5,287,936</b>	<b>7,455,264</b>
Cash & Bank Balance at Beginning of the period		286,821,899	279,366,635
<b>Cash &amp; Bank Balance at the end of the period*</b>		<b>292,109,835</b>	<b>286,821,899</b>
<b>*Cash &amp; Bank Balance</b>			
Cash in Hand		-	-
Cash at Bank		292,109,835	286,821,899
		<b>292,109,835</b>	<b>286,821,899</b>

These Financial Statements should be read in conjunction with the annexed notes 1 to 12.

**Dhaka Bank Investment Limited**  
**Statement of Changes in Equity**  
**As at 31 December 2018**

(Amount in Taka)

Particulars	Share Capital	Retained Earnings	Total Equity
<b>Opening Balance</b>	-	-	-
Paid up Share Capital	250,000,000	26,096,065	276,096,065
Add: Adjustment for prior year*	-	-	-
Net profit for the period	-	3,543,063	3,543,063
<b>Balance as on 31 December 2017</b>	<b>250,000,000</b>	<b>29,639,128</b>	<b>279,639,128</b>

These Financial Statements should be read in conjunction with the annexed notes 1 to 12.

# Dhaka Bank Investment Limited

## Notes to the Financial Statements

As at and for the period from 01 January 2018 to 31 December 2018

### 1. Company and its Activities

#### 1.1 Legal Status of the Company

Dhaka Bank Investment Limited was incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-112730/13 dated 02 December, 2013 as a Private Company Limited by Shares having its registered office at Biman Bhaban (1<sup>st</sup> Floor), 100, Motijheel C/A, Dhaka -1000. The company is yet to obtain registration certificates from Securities and Exchange Commission.

#### 1.2 Principal Activities of the Company

The principal activities of the company are to carry on the business of Merchant Banking in all its aspects and to act as Issue Managers in order to issue and offers, whether by way of public offer or otherwise of shares, stocks, debentures, bonds, units, notes, bills, warrants or any other instruments, to carry on the business of securities management and brokerage, Custodian service, Investment and Asset Management, Portfolio Management, Capital Market operations etc.

### 2. Significant Accounting Policies

- The Financial Statements, namely, Statement of Financial Position, Statement of Profit and Loss and Other Comprehensive Income, Cash Flow Statement & Statement of Changes in Equity and relevant notes thereto, of Dhaka Bank Investment are prepared on a going concern and accrual basis under the historical cost convention and in accordance with Bangladesh Accounting Standards (BAS) and other applicable laws and regulations.
- Preliminary expenditure is recognized for formation, registration and capital raising of the company including legal and other professional services. Amortization of preliminary expenditure is recognised in statement of profit or loss and other comprehensive income on a straight line basis over 5 (five) years from the date of recognition.
- The figures appearing in these Financial Statements have been rounded off to the nearest integer.

### 3. Directors' Responsibility Statement

The Board of Directors takes the responsibility for the preparation and presentation of these financial statements.

### 4. Preliminary Expenditure

Preliminary Expenditure  
Less: Amortization for the year

	31.12.2018 Taka	31.12.2017 Taka
	1,107,825	1,107,825
	-	-
	<b>1,107,825</b>	<b>1,107,825</b>

### 5. Cash & Bank Balance

Cash in Hand  
Cash at Bank

(Note: 5.1)

	31.12.2018 Taka	31.12.2017 Taka
	-	-
	292,109,835	286,821,899
	<b>292,109,835</b>	<b>286,821,899</b>

#### 5.1 Cash at Bank

Name of Bank	Branch	A/C #
Dhaka Bank Limited	Local Office	201.150.3401
Dhaka Bank Limited	Gulshan Circle-2	102.150.0018
LankaBangla Finance Limited		0005 22800000571

	31.12.2018 Taka	31.12.2017 Taka
	69,942,914	68,027,817
	122,166,921	118,794,082
	100,000,000	100,000,000
	<b>292,109,835</b>	<b>286,821,899</b>

### 6. Advance Income Tax

Opening Balance  
Add: Addition during the period

(Note: 6.1)

	31.12.2018 Taka	31.12.2017 Taka
	4,092,946	3,263,995
	277,930	828,952
	<b>4,370,876</b>	<b>4,092,946</b>

#### 6.1 Addition during the period

Tax deducted at source

	31.12.2018 Taka	31.12.2017 Taka
	277,930	828,952

	31.12.2018 Taka	31.12.2017 Taka
<b>7. Share Capital</b>		
<b>7.1 Authorized Capital</b>		
200,000,000 ordinary shares @ Tk. 10 each	2,000,000,000	2,000,000,000

## 7.2 Paid up Capital

The Issued, Subscribed and Paid-up Capital is Tk.250,000,000 divided into 25,000,000 ordinary shares of Taka 10 each fully paid. The Shareholding position of the company as on 31 December 2015 is as follows:

SI #	Name of Shareholders	Number of Shares held	% Of Shareholding	31.12.2018 Amount in Taka	31.12.2017 Amount in Taka
1.	Dhaka Bank Limited, Represented By Mr. Md. Amirullah Mr. Tahidul Hossain Chowdhury Mr. Khondoker Jamil Uddin Mr. Mirza Yasser Abbas	24,999,994	99.999976	249,999,940	249,999,940
2.	Mr. Shafiqul Islam Sarker	1	0.000001	10	10
3.	Mr. Mohammad Ashiqur Rahman	1	0.000001	10	10
4.	Mr. Hasanuzzaman	1	0.000001	10	10
5.	Mr. Asif Hanif	1	0.000001	10	10
6.	Mr. Latiful Bari	1	0.000001	10	10
7.	Ms. Nabila Mirza	1	0.000001	10	10
		<b>25,000,000</b>	<b>100</b>	<b>250,000,000</b>	<b>250,000,000</b>

## 8. Retained Earnings

Opening Balance	26,096,065	20,786,075
Add: Net Profit for the Period	3,543,063	5,309,990
Add: Adjustment for prior year*	-	-
	<b>29,639,128</b>	<b>26,096,065</b>

\*Dhaka Bank Investment Limited amortized Tk.221,565 for preliminary expenditure during the year 2014 but DBIL has not yet started operation. Amortization of preliminary expenditure will be charged after starting of operation. So, amount amortized in 2014 was restated in 2015.

## 9. Provision for Income Tax

Opening Balance	14,407,880	11,548,655
Add: Addition during the year	1,907,803	2,859,225
	<b>16,315,683</b>	<b>14,407,880</b>

## 10. Other Liabilities

Payable to Dhaka Bank Limited	1,173,725	1,173,725
Provision for Audit Fees	460,000	345,000
	<b>1,633,725</b>	<b>1,518,725</b>

	2018 Taka	2017 Taka
<b>11. Other Income</b>		
Interest on SND A/C	5,642,166	8,289,515

## 12. General & administrative expenses

Amortization of Preliminary Expenditure	-	-
Audit Fees	115,000	115,000
Stationery, Printing, Advertisement etc.	-	-
Bank Charges & Other	76,300	5,300
	<b>191,300</b>	<b>120,300</b>

# Disclosures on Risk Based Capital (Under Pillar-3 of Basel-III Framework) For the year ended 31 December 2018

Annexure-M

## BACKGROUND:

The Disclosure on Risk Based Capital (under pillar 3 of Basel III framework) has been prepared in accordance with the Guidelines on 'Risk Based Capital Adequacy' published by Bangladesh Bank on December 2014. These disclosures are purported to affirm the information on Minimum Capital Requirement (MCR) under Pillar 1 and Supervisory Review Process (SRP) under Pillar 2 and ensure transparency about the capital adequacy of the Bank, capital adequacy framework, risk assessment and mitigation methodologies, risk exposure in various spectrum so that the stakeholders of the industry can examine the risk related compliance of the Bank.

## 1. SCOPE OF APPLICATION:

### 1.1 Qualitative Disclosure:

a) The Risk Based Capital Adequacy and related disclosures are applicable for Dhaka Bank Limited which is the top corporate entity of the group having 2 (two) subsidiaries-viz. 1) Dhaka Bank Securities Limited and 2) Dhaka Bank Investment Limited.

b) Brief Description of the Subsidiaries:

1. Dhaka Bank Securities Limited:

Dhaka Bank Securities Limited (the name of company has been changed from DBL Securities Limited to Dhaka Bank Securities Limited dated 27 April 2014) was incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-85857/10 dated 19 July 2010 as a Private Company limited by Shares having its registered office at Adamjee Court (1st Floor), 115-120, Motijheel C/A, Dhaka -1000. The company is the Trading Right Entitlement Certificate (TREC) holder of both the stock exchanges of the country (TREC No. 193 in DSE and TREC No. 081 in CSE). The Company commenced its business operations from 13 February 2011 as a wholly owned subsidiary of Dhaka Bank Limited.

2. Dhaka Bank Investment Limited:

Dhaka Bank Investment Limited was incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-112730/13 dated 02 December, 2013 as a Private Company limited by Shares having its registered office at Biman Bhaban (1st Floor), 100, Motijheel C/A, Dhaka -1000. The company is yet to obtain registration certificates from Securities and Exchange Commission.

### Basis for Consolidation:

The quantitative disclosures are made on the basis of consolidated financial statements (provisional) of the bank and its subsidiaries as at and for the year ended December 31, 2018. The consolidated financial statements have been prepared in accordance with Bangladesh Accounting Standard-27 "Consolidated and Separate Financial Statements". The consolidated financial statements are prepared to a common financial year ended 31 December 2018.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Profit and loss resulting from transaction between Groups is also eliminated on consolidation.

c) Any restrictions, or other major impediments, on transfer of funds or Regulatory capital within the group: Not applicable.

### 1.2 Quantitative Disclosure:

d) The aggregate amount of surplus capital of insurance subsidiaries (whether deducted or subjected to an alternative method) included in the capital of the consolidated group: Not applicable

## 2. CAPITAL STRUCTURE

### 2.1 Qualitative Disclosure

Under Basel-III 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 53.63% (Solo basis) of total eligible capital is Tier-1 or core capital, which comprises of Paid-up Capital, Statutory Reserve, Retained Earnings, General Reserve, etc. On the other hand, Tier-2 or supplementary capital (comprises of Non-convertible Subordinated Bond, General Provision, Asset Revaluation Reserve, and Revaluation Reserves for Securities) is 46.37% of total eligible capital and almost 86.47% of Tier-1 capital.

### Non-convertible Subordinated Bond

Dhaka Bank Limited issued Redeemable Non Convertible 3rd Subordinated Bond of BDT 5,000,000,000 for a term of 7 years to strengthen the capital base of the bank on the consent of SEC vide letter no. BSEC/CI/CPLC/DS-210/2009/210 dated 28.03.2018. As per BRPD Circular No. 10/2002 and BRPD Circular No. 13/2009 issued by Bangladesh Bank, the total BDT 5,000,000,000 of 3rd Subordinated Bond i.e. 30.70% of Tier-I capital has been considered as a component of Supplementary Capital (Tier-2) of the Bank.

Dhaka Bank Limited previously issued Redeemable Non Convertible 2nd Subordinated Bond of BDT 3,000,000,000 for a term of 7 years to strengthen the capital base of the bank, repayment of principal of which will start from May 2019 @ Tk. 60.00 crore.

## 2.2 Quantitative Disclosure

Sl. No.	Particulars	Amount (in Crore BDT)	
		Consolidated	Solo
<b>A.</b>	<b>Tier-1 Capital (Going-Concern Capital):</b>		
	<b>Common Equity Tire- 1 Capital (CET- 1)</b>		
	Fully Paid-up Capital	812.58	812.58
	Statutory Reserve	700.69	700.69
	General Reserve	0.66	0.66
	Retained Earnings	141.79	82.10
	Minority Interest in Subsidiaries	0.01	0.00
	<b>Sub-Total:</b>	<b>1,655.73</b>	<b>1,596.03</b>
	<b>Less : Regulatory Adjustment:</b>		
	Book value of Goodwill and value of all other Intangible Assets**	53.98	53.98
	Deferred Tax Assets (DTA)	1.88	1.76
	<b>Sub-Total:</b>	<b>55.86</b>	<b>55.74</b>
	<b>Total Common Equity Tire- 1 Capital (CET 1)</b>	<b>1,599.86</b>	<b>1,540.29</b>
	<b>Additional Tire- 1 Capital (AT- 1)</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total Tier-1 Capital (A):</b>	<b>1,599.86</b>	<b>1,540.29</b>
<b>B.</b>	<b>Tier-2 Capital (Gone Concern Capital):</b>		
	General Provision (including provision for Off-Balance Sheet Exposure)	581.73	581.73
	Assets Revaluation Reserves up to 80%	6.48	6.48
	Revaluation Reserve for HTM & HFT Securities (up to 80%)	0.62	0.62
	Non-convertible Subordinated Bond	800.00	780.33
	<b>Sub Total:</b>	<b>1,388.83</b>	<b>1,369.17</b>
	<b>Less : Regulatory Adjustment</b>	<b>0</b>	<b>0</b>
	<b>Total Tier-2 Capital (B):</b>	<b>1,388.83</b>	<b>1,369.17</b>
<b>C.</b>	<b>Total Eligible Regulatory Capital (A+B):</b>	<b>2,988.70</b>	<b>2,909.46</b>

\*\*Written down value of Software which is treated as Intangible Assets

### 3. CAPITAL ADEQUACY

#### 3.1 Qualitative Disclosure

As per the Guidelines on Risk Based Capital Adequacy (RBCA) for Banks under Basel-III Accord each banks have to maintain Capital to Risk-weighted Asset Ratio (CRAR) on solo basis and consolidated basis as per instructions given by Bangladesh Bank from time to time. The requirement for minimum CRAR for the year ended December, 2018 was 11.875% of total Risk Weighted Assets.

Dhaka Bank Limited strictly follows the guidelines of Bangladesh Bank regarding capital adequacy and its policy is to maintain Regulatory capital at a level higher than the minimum required capital.

#### 3.2 Quantitative Disclosure:

Sl.No.	Particulars	Amount (in Crore BDT)	
		Consolidated	Solo
<b>1.</b>	<b>Risk Weighted Assets:</b>		
	For Credit Risk:		
	On-Balance Sheet	16,442.09	16,251.08
	Off-Balance Sheet	3,254.27	3,254.27
	For Market Risk	387.84	88.98
	For Operational Risk	1,468.04	1,429.71
	<b>Total:</b>	<b>21,552.24</b>	<b>21,024.04</b>
<b>2.</b>	<b>Minimum Capital Required:</b>		
	For Credit Risk	2,338.94	2,316.26
	For Market Risk	46.05	10.57
	For Operational Risk	174.38	169.77
	Total:	2,559.33	2,496.60
<b>3.</b>	<b>Total Eligible Regulatory Capital:</b>		
	Tier-1 Capital/Core Capital	1,599.86	1,540.29
	Total Tier-2 Capital/Supplementary Capital	1,388.83	1,369.17
		<b>2,988.70</b>	<b>2,909.46</b>
<b>4.</b>	<b>Capital Adequacy Ratio:</b>		
	Tier-1 Capital to RWA	7.42%	7.33%
	Tier-2 Capital to RWA	6.45%	6.51%
	<b>Total:</b>	<b>13.87%</b>	<b>13.84%</b>

### 4. CREDIT RISK

#### 4.1 Qualitative Disclosure Exposure to Credit Risk

Credit risk is the risk of financial loss resulting from failure by a client or counterparty to meet its contractual obligations to the Bank. Bank is exposed to credit risk from its dealing with or lending to corporate, individuals, and other banks or financial institutions.



## Past due Claims

**Special mention:** These assets have potential weaknesses thus deserve management's close attention. If left uncorrected, these weaknesses may result in a deterioration of the repayment prospects of the borrower.

**Sub-standard:** These are the loans where bank has reason to doubt about the repayment of the loan although recovery prospect is encouraging.

**Doubtful:** Full repayment of principal and interest is unlikely and the possibility of loss is extremely high.

**Bad /Loss:** These are the loans that have a bleak recovery possibility.

## Capital Requirement for Credit Risk

The capital requirement for credit risk is based on the risk assessment made by external credit assessment institutions (ECAIs) recognized by BB for capital adequacy purposes. Banks are required to assign a risk weight to both on-balance sheet and off-balance sheet exposures based on external credit rating (solicited) which mapped with the BB rating grade or a fixed weight specified by BB.

Minimum Regulatory capital for credit risk is calculated by multiplying the Risk Weighted Assets (RWA) for both on balance sheet and off-balance sheet exposure with a certain percentage (11.875% for 2018).

## Credit Risk Management System

Dhaka Bank is managing Credit Risk through a robust process that enables the bank to proactively manage loan portfolios in order to minimize losses and earn an acceptable level of return for shareholders.

Credit risk is controlled and monitored by establishing appropriate limits and operational controls to constrain credit exposure to individual counter parties and counterparty groups. There are specific policies and procedures applicable to different business segments.

## Credit Risk Mitigation

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

### a) Collateral for Credit Risk Mitigation

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

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

To ensure with a high degree of certainty that the collateral value will cover the exposure, discounts ("haircuts") are generally applied to the current market value. These reflect the quality, liquidity, volatility and, in some cases, the complexity of the individual instruments. Exposures and collateral values are continuously monitored, and margin calls or close-out procedures are enforced, when the market value of collateral falls below a predefined trigger level. Concentrations within individual collateral portfolios and across clients are also monitored where relevant and may affect the discount applied to a specific collateral pool.

Dhaka Bank has developed stringent process on collateral management. The collaterals considered by Dhaka Bank for credit risk mitigation (for capital calculation under standardized approach) comprise of financial collaterals (Bank deposits, Gold, Debt securities, equities, units of mutual funds etc).

Majority of financial collaterals held by Dhaka Bank are in the form of own deposits and thus are not exposed to any uncertainty in realization in case of default by counterparty. As such, there is no risk concentration on account of nature of collaterals.

### b) Guarantee for Credit Risk Mitigation

To reduce credit risk transaction may be secured by guarantees. Where guarantees are direct, explicit, irrevocable and unconditional banks may consider such credit protections in calculating capital requirements through a substitution approach. Only guarantees issued by entities with a lower risk weight than the counterparty will lead to reduced capital charge, whereas the uncovered portion retains the risk weight of the underlying counterparty.

In Dhaka Bank only those guarantees that are direct, explicit, irrevocable and unconditional, are taken into consideration for calculating capital requirement. Use of such guarantees for capital calculation purpose is strictly as per Bangladesh Bank Guidelines on Risk Based Capital Adequacy.

## 4.2 Quantitative Disclosure:

### 4.2.1 Total gross credit risk exposures broken down by major types of credit exposure

(Amount in Crore BDT)

Particulars	Consolidated	Solo
Cash and Cash equivalents	242.23	242.23
Claims on Bangladesh Government and Bangladesh Bank	3,503.91	3,503.91
Claims on Banks & NBFIs	2,061.26	2,046.31
Claims on Corporate	10,505.85	10,486.77
Claims under Credit Risk Mitigation	890.28	890.28
Claims included in retail portfolio & Small Enterprise	2,605.37	2,605.36
Claims on Consumer Loan	114.75	114.75
Claims fully secured by residential property	78.56	78.56
Claims fully secured by commercial real estate	1,526.57	1,526.57
Past due claims	370.42	370.42
Capital market exposure	231.11	243.77
Unlisted equity investments and Regulatory capital instruments issued by other banks (other than those deducted from capital) held in banking book	856.92	723.00
Investments in premises, plant and equipment and all other fixed assets	491.59	490.64
All other assets:		
i) Claims on GOB & BB	480.40	480.40
ii) Staff Loan / Investment	136.64	136.64
iii) Other Assets	1,809.84	1,798.22
<b>Total:</b>	<b>25,905.70</b>	<b>25,737.81</b>

(Amount in Crore BDT)

Types of Loan	2018	2017
Secured Overdraft/Quard	4,073.10	3,490.70
Cash Credit/Murabaha	731.87	687.15
House Building Loan	111.79	100.98
Transport Loan	202.74	118.09
Term Loan	6,368.40	5,194.90
Loan Against Trust Receipt	872.34	622.21
Payment Against Documents	12.68	15.62
Loan Against Imported Merchandize	-	0.20
Loan Against Accepted Bills	-	22.83
Packing Credit	75.02	63.17
Lease Finance / Izara	460.35	334.82
Credit Card	42.29	35.07
Retail Loan	311.96	275.62
Bills Purchased and discounted	295.74	321.08
Other Loans (Including Bai-Muajjal)	4,504.27	4,119.28
<b>Grand Total</b>	<b>18,062.57</b>	<b>15,401.70</b>

#### 4.2.2 Geographical Distribution of Exposure (Region Based):

(Amount in Crore BDT)

<b>Urban</b>	<b>2018</b>	<b>2017</b>
Dhaka Region	12,887.82	10,609.94
Chittagong Region	2,953.78	2,743.84
South Region	392.76	415.71
North Region	361.49	329.13
Sylhet Region	252.57	202.11
Other	93.36	62.41
<b>Sub. Total</b>	<b>16,941.79</b>	<b>14,363.14</b>
<b>Rural</b>		
Dhaka Region	803.45	720.59
Chittagong Region	119.08	118.34
South Region	-	-
North Region	188.75	187.86
Sylhet Region	9.50	11.76
Other	-	-
<b>Sub. Total</b>	<b>1,120.78</b>	<b>1038.56</b>
<b>Grand Total</b>	<b>18,062.57</b>	<b>15,401.70</b>

#### 4.2.3 Industry or counterparty type distribution of exposures:

(Amount in Crore BDT)

<b>Industry</b>	<b>2018</b>	<b>2017</b>
Agriculture	188.41	196.20
Pharmaceuticals	284.10	209.60
Textile & Garment	4,990.70	4,245.55
Chemical	745.87	615.30
Food & allied	1,146.64	1,056.50
Transport & Communication	553.36	543.55
Electronics & Automobile	42.24	96.82
Housing & Construction	1,760.90	1,699.96
Engineering & Metal Industries including Ship Breaking & Building	1,589.70	1,399.33
Energy & Power	833.27	525.77
Service	837.50	504.47
Other	5,089.86	4,308.66
<b>Grand Total</b>	<b>18,062.57</b>	<b>15,401.70</b>

#### 4.2.4 Residual contractual maturity of credit exposure:

(Amount in Crore BDT)

Particulars	2018	2017
On demand	2,737.19	1,966.90
Up to one month	1,598.90	1,767.13
Not more than three months	2,530.08	2,347.72
More than three months but not more than six months	2,969.49	3,033.92
More than six months but not more than one year	1,907.77	1,897.33
More than one year but not more than five years	4,651.30	3,292.07
More than five years	1,667.84	1,096.63
<b>Total</b>	<b>18,062.57</b>	<b>15,401.70</b>

#### 4.2.5 Major Industry type amount of impaired loans:

(Amount in Crore BDT)

Industry Name	SS	DF	BL	Total
Agricultural	0.11	0.82	1.93	2.86
Pharmaceuticals	0.21	-	-	0.21
Textile & Garment	53.52	2.53	57.2	113.25
Chemical	0.22	-	18.12	18.34
Food & allied	1.42	18.96	50.64	71.02
Transport & Communication	1.33	0.02	23.53	24.88
Electronics & Automobile	0	-	0.14	0.14
Housing & Construction	27.75	2.26	149.44	179.45
Engineering & Metal Industries including Ship Breaking	0	0.31	53.36	53.67
Energy & Power	4.16	-	3.08	7.24
Service	0.16	1.47	70.29	71.92
Others	29.92	27.49	300.5	357.92
<b>Grand Total</b>	<b>118.8</b>	<b>53.86</b>	<b>728.23</b>	<b>900.90</b>

#### 4.2.6 Gross Non Performing Assets (NPAs)

(Amount in Crore BDT)

	2018	2017
Gross Non Performing Assets (NPAs)	900.90	920.89
Non-Performing Assets (NPAs) to Outstanding Loans & Advances	4.99%	5.98%
Movement of Non-Performing Assets (NPAs):		
Opening Balance	920.89	540.29
Additions	409.81	439.14
Reductions	429.80	58.55
Closing Balance	900.90	920.89
Movement of specific provisions for NPAs:		
Provision held at the beginning of the year	440.72	240.91
Specific provision	170.22	261.40
Recoveries from written off loans	-	-
Fully provided debt written off	(83.44)	(51.11)
Provision no longer required	(121.71)	(10.48)
<b>Provision held at the end of the year</b>	<b>405.79</b>	<b>440.72</b>

## 5. Equities: Disclosures for Banking Book Positions

### 5.1 Qualitative Disclosures

Dhaka Bank has considerable investment in equity shares of various companies and mutual funds and has active participation in the secondary market through Dhaka Bank Securities Ltd. The bank also participates in the primary market by the purchase of shares and securities from IPOs. In the investment process Dhaka Bank Ltd. 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 (11.875% for 2018).

### 5.2 Quantitative Disclosure

#### 5.2.1 Equity Position

Sl. No.	Particulars	Amount (in Crore BDT)	
		Consolidated	Solo
1.	Investment in Equity Securities:		
	Cost price	230.48	23.00
	Market Price	178.50	24.71
	Difference	(51.98)	1.71
2.	The cumulative realized gains (losses) arising from sales and liquidation	6.19	0.21
3.	Total unrealized gains (losses)	(51.98)	1.71
4.	Total latest revaluation gains (losses)	-	-
5.	Any amount of the above included in Tier 2 capital	-	-
6.	Capital requirements broken down by appropriate equity grouping, consistent with the bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding Regulatory capital requirements (10% on market value).	-	-
	• Specific Market Risk	15.39	0.44
	• General Market Risk	15.39	0.44

## 6. Interest Rate Risk in the Banking Book (IRRBB)

### 6.1 Qualitative Disclosures

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

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

## 6.2 Quantitative Disclosures (for 1% change in interest rate for both asset and liability portfolio of the bank)

The Increase (decline) in earning or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring IRRBB broken down by currency (as relevant):

Particulars	Up to 01 month	1 - 3 months	3 - 12 months	1 - 5 years	More than 5 years
Rate Sensitive Assets	3219.53	4,062.69	5,281.59	7,486.55	7,486.55
Rate Sensitive Liabilities	3249.85	5,671.84	6,472.79	2,938.96	2,938.96
GAP	-30.32	-1,609.15	-1,191.20	4,547.59	4,547.59
Cumulative GAP	-30.32	-1,639.47	-2,830.67	1,716.92	6,264.51
Adjusted Interest Rate Changes	1.00%	1.00%	1.00%	1.00%	1.00%
Quarterly Earnings Impact	(0.08)	(4.02)	(2.98)	11.37	11.37
Accumulated Earnings Impact	(0.08)	(4.10)	(7.08)	4.29	15.66
Earning Impact/ Avg. Quarterly Net Profit	-0.08%	-4.03%	-2.98%	11.38%	11.38%

## 7. Market Risk

### 7.1 Qualitative Disclosure

#### Views of Board of Directors (BODs) on trading/investment activities:

Market risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate due to changes in different market variables, namely:

- Interest Rate Risk
- Equity Position Risk
- Foreign Exchange Risk
- Commodity Risk

All these risks are monitored by the Treasury. The foreign exchange risk is managed by setting limits on open foreign exchange position.

#### Methods Used to Measure Market Risk

To measure of market risk the Bank uses Value-at-Risk (VaR).

#### Market Risk & Liquidity Risk Management Policies and System

The objective of investment policy covering various facts 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.

### 7.2 Quantitative Disclosure: Capital Requirement for Market Risk

Particulars	Amount (in Crore BDT)	
	Consolidated	Solo
The capital requirements for:		
Interest Rate Risk	0.00	0.00
Equity position risk	30.77	0.89
Foreign exchange risk	8.01	8.01
Commodity risk	-	-
<b>Total</b>	<b>38.78</b>	<b>8.90</b>

## 8. OPERATIONAL RISK

### 8.1 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 disruption and system failure. Its IT system does not allow any kind of external access to avoid external fraud by way of theft/ hacking of information assets, forgery etc. Dhaka Bank has also invests considerable on security from terrorism and vandalism to avoid damage to physical assets.

#### Approach for Calculating Capital Charges for Operational Risk

For calculating eligible Regulatory capital under Basel-II Capital Accord, Dhaka Bank follows the Basic Indicator Approach.

## 8.2 Quantitative Disclosure

Capital requirement for Operational Risk exposure of Dhaka Bank is as below:

Particulars	Amount (in Crore BDT)	
	Consolidated	Solo
The capital requirements for Operational Risk	146.80	142.97

## 9. LIQUIDITY RATIO

### 9.1 Qualitative Disclosure

<b>Qualitative Disclosures</b>	(a)	<p><b>Views of Board of Directors on system to reduce liquidity Risk:</b></p> <p>The Board reviews and approves the Assets Liability Management Policies and ensures that senior management manages liquidity risk effectively in the context of the Bank's business plan, long term funding plan and economic and financial position. DBL uses liquidity ratios and stressed liquidity gaps as key metrics to establish its liquidity risk tolerance levels. These metrics measures the Bank's ability to fulfill all its payment obligations stemming from ongoing business operations under various stress scenarios. The tolerance levels are defined either in the form of limits or management action triggers (MAT) and are part of the Bank's overall liquidity management framework which is approved and reviewed by the Board on an annual basis.</p> <p><b>Methods used to measure Liquidity risk:</b></p> <p>There are different tools prescribed by Bangladesh Bank to measure and monitor liquidity risks. Following ratios are used by DBL as indicators for liquidity risks:</p> <ol style="list-style-type: none"> <li>i. Statutory Liquidity Requirement (SLR);</li> <li>ii. Cash Reserve Ratio (CRR);</li> <li>iii. Asset to Deposit Ratio (ADR);</li> <li>iv. Structural Liquidity Profile (SLP);</li> <li>v. Maximum Cumulative Outflow (MCO);</li> <li>vi. Medium Term Funding Ratio (MTF);</li> <li>vii. Liquidity Coverage Ratio (LCR);</li> <li>viii. Net Stable Funding Ratio (NSFR);</li> <li>ix. Liquid Asset to Total Deposit Ratio;</li> <li>x. Liquid Asset to Short Term Liabilities;</li> </ol> <p>In addition to the above, DBL uses Stress Testing report and Liquidity mismatch profile as the methods to measure Liquidity risk.</p> <p><b>Liquidity risk management system:</b></p> <p>Asset Liability Management Committee (ALCO) of DBL sets the direction for the Bank's liquidity management. ALCO meets at least once in every month and more as and when required. ALM desk of the Treasury Division closely monitors and controls liquidity requirements on regular basis by proper coordination of funding activities. It also monitors market developments, understanding their implications for the Bank's liquidity risk exposure and recommends appropriate risk management measures to ALCO. Another strategy of liquidity risk management is to develop a diversified funding base. It aims to align sources of funding with their use.</p> <p><b>Policies and processes for mitigating liquidity risk:</b></p> <p>Dhaka Bank Ltd. has Contingency Funding Plan and Treasury Policy as a policy support to mitigate liquidity risk. The Board and the management of DBL put into operation the following check points and mechanisms for superior liquidity risk management:</p>
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	<ul style="list-style-type: none"> <li>• Liquidity risk tolerance: Bank set liquidity risk tolerance like Maximum Cumulative Outflow at 19%;</li> <li>• Maintaining adequate levels of liquidity considering the average daily withdrawal by the customers;</li> <li>• Identification and measurement of contingent liquidity risks arising from unseen scenarios.</li> <li>• Contingency funding plan: Contingency funding plans incorporate events that could rapidly affect the bank's liquidity arising from sudden inability to call back long-term loans and advances, or the loss of a large depositor or counterparties.</li> <li>• Public disclosure in promoting market discipline under Pillar 3 of Basel III.</li> <li>• Maturity ladder of cash inflows and outflows are effective tool to determine banks cash position; that estimates cash inflows and outflows with net deficit or surplus (GAP) both on a day to day basis and over a series of specified time periods.</li> <li>• A bucket wise (e.g. call, 2-7 days, 1 month, 1-3 months, 3-12 months, 1-5 years, over 5 years) maturity profile of the assets and liabilities is prepared to understand mismatch in every bucket.</li> </ul>
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## 9.2 Quantitative Disclosure:

Particulars	Unit	Position
Liquidity Coverage Ratio	%	101.18%
Net Stable Funding Ratio (NSFR)	%	103.01%
Stock of High quality liquid assets	(in Crore BDT)	3,757.24
Total net cash outflows over the next 30 calendar days	(in Crore BDT)	3,713.52
Available amount of stable funding	(in Crore BDT)	20,812.55
Required amount of stable funding	(in Crore BDT)	20,205.07

## 10. LEVERAGE RATIO

### 10.1 Qualitative Disclosure

Qualitative Disclosures	(a)	<p><b>Views of Board of Directors on system to reduce liquidity Risk:</b></p> <p>An underlying cause of the global financial crisis was the build-up of excessive on- and off-balance sheet leverage in the banking system. At the height of the crisis, financial markets forced the banking sector to reduce its leverage in a manner that amplified downward pressures on asset prices. This deleveraging process exacerbated the feedback loop between losses, falling bank capital and shrinking credit availability. To defuse the crisis, the Basel III framework introduced a non-risk-based capital measure, the leverage ratio, as an additional prudential tool to complement minimum capital adequacy requirements. Leverage ratio is the relative amount of Tier 1 capital to total exposure of the Bank (not risk-weighted) which has been set at minimum 3%.</p> <p>Under Basel III, a simple, transparent, non-risk based Regulatory leverage ratio has been introduced to achieve the following objectives:</p> <ul style="list-style-type: none"> <li>■ Restrict the leverage in the banking sector, thus helping to mitigate the risk of the destabilizing deleveraging processes which can damage the financial system and the economy</li> <li>■ Reinforce the risk-based requirements with a simple, transparent, independent measure of risk</li> </ul> <p>The Board of Risk Management Committee regularly reviews the leverage ratios and advises the management to strictly monitor the ratio in addition to the Pillar- 1 Minimum Capital Requirement.</p>

	<p><b>Policies and processes for managing excessive on and off-balance sheet leverage:</b></p> <p>The bank reviews its leverage position as per the Guidelines on Risk Based Capital Adequacy (revised Regulatory capital framework for banks in line with Basel III). In addition, the bank has Risk Appetite as per Credit Risk Management Policy. Bank also employs Annual Budget Plan and Capital Growth Plan for managing excessive on and off-balance sheet leverage.</p>
	<p><b>Approach for calculating exposure:</b></p> <p>The bank calculates the exposure under standardized approach as per the Guidelines on Risk Based Capital Adequacy (revised Regulatory capital framework for banks in line with Basel III).</p>

## 10.2 Quantitative Disclosure:

(in Crore BDT)

Particulars	Amount (Consolidated)	Amount (Solo)
Leverage Ratio	4.59%	4.44%
On balance sheet exposure	27,133.91	26,991.82
Off balance sheet exposure	7,711.82	7,711.82
Total exposure	34,845.73	34,703.64

\*Leverage ratio come into effect from March 31, 2015 as per RBCA Guidelines.

## 11. REMUNERATION

### 11.1 Qualitative Disclosure

<b>Qualitative Disclosures</b>	<p>(a) The remuneration committee provides assistance to the Board in relation to the remuneration arrangements of the Bank. The Board makes all final decisions in relation to those arrangements. The current members of the Committee are as follows:</p> <ol style="list-style-type: none"> <li>1. Syed Mahbubur Rahman, Managing Director &amp; CEO</li> <li>2. Mohammad Masud Rana, SEVP &amp; CFO</li> <li>3. M Rezaur Rahman, SVP &amp; Head, Human Resources Division</li> </ol> <p>The committee is responsible to give input into the total risk framework in relation to remuneration risk, in particular, recommending to the Board the remuneration arrangements.</p> <p>The Committee's remuneration responsibilities include conducting reviews of, and making recommendations to the Board on, the remuneration policy taking into account the Bank's strategy, objectives, risk profile, shareholder interests, Regulatory requirements, corporate governance practices and Employee interests.</p> <p>The Committee may consult a professional adviser or expert, at the cost of the Bank, if the committee considers it necessary to carry out its duties and responsibilities. No remuneration recommendations were obtained from external consultants during the reporting period.</p> <p>The Board has approved a remuneration policy which applies to the Bank. The policy does not apply to service contracts with third parties. The policy deals with base remuneration and performance based remuneration including the deferral of short-term incentive payments. As on 31 December 2018, we have 101 branches, 3 SME service centers and 2 Offshore Banking Unit in different areas of Bangladesh. The Bank has no foreign subsidiaries and branches.</p> <p>For the purposes of the accompanying remuneration disclosures, the "senior managers" of the bank comprise of Managing Director, the heads of appropriate big branches, the heads of operation, corporate, and credit risk functions and the company secretary.</p> <p>There were 48 senior managers as at the end of the reporting period.</p>
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	<p>(b) The policy establishes a remuneration framework designed to attract, retain, and motivate Employees to achieve the objectives of the bank. The framework is structured to provide the desired flexibility and reward arrangements to support the Bank's strategy.</p> <p>The main features of the remuneration framework are: simplicity, fairness, alignment with values, appropriate risk behavior and transparency. Salary &amp; benefits structure implemented with effect from 1 July 2016. The major objectives of the remuneration policy includes:</p> <ol style="list-style-type: none"> <li>i. To ensure market driven pay and benefits,</li> <li>ii. To retain bright professionals of the bank;</li> <li>iii. To take the advantage over other banks in terms of attracting prospective Employees due to less advantageous pay and benefits compared to the competitors.</li> </ol> <p>Dhaka Bank reviewed its Employee remuneration during 2016. Accordingly, changes were made.</p> <p>Technical allowance has given to IT Employee for highly technical professional. Managers to manage the branch and Employees to handle the cash are remunerated by charge allowance and risk allowance respectively. Risk and control personnel are still eligible to receive an annual bonus payment under the performance bonus plan.</p>
	<p>(c) The remuneration framework includes the following arrangements and processes designed to ensure that remuneration outcomes appropriately take into account the impact of business risk. The Board has discretion, having regard to the recommendation of the Committee, to provide variable remuneration to reflect the following:</p> <ol style="list-style-type: none"> <li>i. The outcomes of business activities;</li> <li>ii. The risk related to the business activities taking into account, where relevant.</li> <li>iii. Unexpected or unintended consequences that are not foreseen by the Board.</li> </ol> <p>On recommendation of the Management, the Board at its discretion may approve the performance/incentive bonus for the Employees of the bank as a financial measure to minimize the risk.</p> <p>Risk and Compliance requirements represent a gateway to whether a bonus payment is made and the size of the payment. Notwithstanding financial performance and an individual's contribution and performance, if the individual does not meet, or only partially meets, risk and compliance requirements, no award or a reduced award may be made.</p> <p>There were no changes to the nature and type of measures used during the reporting period.</p>
	<p>(d) The remuneration framework includes the following arrangements designed to ensure that remuneration outcomes are linked to performance:</p> <p><b>Fixed base:</b> There is an annual review for all eligible Employees. Performance ratings for the performance period are taking into consideration as well as individual circumstances for annual increment.</p> <p><b>Performance base:</b> Performance bonus or incentive bonus are given to all eligible Employees as per performance ratings for a performance period.</p> <p>Amounts of individual remuneration are linked to individual performance as per their performance ratings for the performance period. In addition, amounts of individual remuneration also linked to bank's growth.</p> <p>In determining the payment of a bonus to individuals, the factors taken into account include:</p> <ol style="list-style-type: none"> <li>1. Team financial and strategic performance;</li> <li>2. Individual contribution to team performance;</li> <li>3. Individual performance including alignment with corporate values and meeting performance objectives.</li> </ol> <p>Long term incentives are designed to link a component of remuneration with key performance measures that underpin sustainable longer term growth in shareholder value.</p>
	<p>(e) The remuneration framework describes short term and long term benefits. Short term benefits include salary, festival bonus, Travel Passage, and performance bonus as variable payments. Long term benefits include Gratuity, Provident Fund, Superannuation Fund and Leave encashment.</p>
	<p>(f) Dhaka Bank Limited has no variable remuneration like cash, shares and share-linked instruments and other forms.</p>

## 11.2 Quantitative Disclosure:

Number of meeting held by the main body overseeing remuneration during the financial year and remuneration paid to its member.	(g)	The Committee met twice during the financial year. No additional fees are paid for serving on board committees.
Number of Employees having received a variable remuneration award during the financial year. Number and total amount of guaranteed bonuses awards made during the financial year. Number and total amount of sign-on awards made during the financial year. Number and total amount of severance payments made during the financial year.	(h)	Performance bonuses/Incentives:N/A Number of total guaranteed bonus(festival bonus): 2 Total amount of guaranteed bonus (festival bonus): BDT 13,41,09,855.00 Number of severance payments:59 Employees Total amount of severance payments: BDT. 149,158,100.00 which includes Provident Fund, Gratuity Fund, Superannuation Fund.
Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms. Total amount of deferred remuneration paid out in the financial year	(i)	Not applicable for Dhaka Bank Limited
Breakdown of amount of remuneration awards for the financial year to show: - Fixed and variable. -Deferred and non-deferred. -Different forms used (cash, shares, and share linked instruments, other forms).	(j)	<ul style="list-style-type: none"> <li>• Fixed: BDT 2,172,006,177.00, Variable: N/A</li> <li>• Deferred: BDT 193,137,972.00</li> <li>• Non-deferred: Nil</li> <li>• Different forms used: Nil</li> </ul>
Quantitative information about Employees' exposure to implicit (e.g. fluctuations in the value of share or performance units) and explicit adjustments (e.g. claw backs or similar reversals or downward revaluations of awards) of deferred remuneration: Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments. Total amount of reductions during the financial year due to ex post implicit adjustments.	(k)	Not applicable for Dhaka Bank Limited

# BRANCH NETWORK

Branch Code	Branch Name in English	Branch Business Address
0016	Agrabad Branch	World Trade Center, 102-103, Agrabad Commercial Area, Chattogram
0208	Amin Bazar Branch	Market Complex(1st floor), Amin Bazar Jame Mosque, 780, Begun Bari Union, Amin Bazar, Savar, Dhaka
0027	Anderkilla Branch	Mozahar Bhaban, 222-223, Abdus Sattar Road, Rahmatgonj, Anderkilla, Chattogram
0101	Araihasar Branch	Suptasha Bhaban, Plot#1, Thana Road, Araihasar Bazar, Narayanganj
0002	Ashuganj Branch	Dulal Tower(1st floor), Ashuganj Bazar, Brahmanbaria
0232	BB Road Branch	127, 1st floor, B.B Road, Narayanganj
0206	Banani Branch	73/B Kemal Ataturk Avenue, Banani C/A, Dhaka-1213
0227	Banashree Branch	Nilachal(1st floor), Plot#14, Block#B, Banashree, Rampura, Dhaka
0210	Bangshal Branch	88, Shaheed Syed Nazrul Islam Sharani, Bangshal, Dhaka
0218	Baridhara Branch	House# 23, Block-K, Shaheed Suhrawardy Avenue, Dhaka
0601	Barishal Branch	Talukder Mansion, 86, Sadar Road, Barishal
0401	Belkuchi Branch	Jamuna Shopping Complex, Mukundogati Bazar, Belkuchi, Sirajgonj
0241	Bhairab Bazar Branch	166, Kalibari Road, Bhairab Bazar, Bhairab, Kishoreganj
0234	Bhulta Branch	Nur Mansion Market(1st Floor), Bhulta, Rupganj, Narayanganj
0219	Board Bazar Branch	Karam Ali Complex, Board Bazar, National University, Gazipur Sadar, Gazipur
0411	Bogura Branch	Shaha Complex, Kobi Nazrul Islam Sarok, Jhawtola, Bogra
0020	CDA Avenue Branch	565/A, CDA Avenue(Ground Floor), East Nasirabad, Chattogram
0082	Chakaria Branch	Taher Plaza(1st floor), Chiringa, Old Bus Stand, Chakaria, Cox's Bazar
0302	Chandaikona Branch	Happy Store Bhaban, Bazar Road, Chandaikona Bazar, Raiganj, Sirajganj
0305	Chapai Nawabganj	3, Godagari Road, Chapainawabganj Sadar, Chapainawabganj
0303	Chatmohar Branch	J.S Shopping Complex(1st floor), 516, Narikel Para, Chatmohor Sadar, Chatmohor, Pabna
0006	Chhagalnaiya Branch	Nur Islam Plaza, Holding#826, Ward#06, Chhagalnaiya, Feni
0071	Cumilla Branch	20, Kandırapar Moor(1st floor), Adarsha Sadar, Cumilla
0081	Cox'sbazar Branch	Rakshit Market(1st floor), Main Road, Laldighirpar, Sadar, Cox's Bazar
0205	Dhanmondi Branch	House No-20, Road-7, Dhanmondi R/A, Dhaka
0226	Dhanmondi Model Branch	Plot#275/G, Road#27(old), Shahid Sheikh Kamal Sharani, Dhanmondi R/A
0437	Dinajpur Branch	Rowshan Tower(1st floor), 44/42, North Munshipara Road, Dinajpur
0212	EPZ Branch	Zone Service Building, Room#48-51, DEPZ, Ganakbari Savar, Dhaka
0213	Fantasy Kingdom Branch	Chowdhury Plaza, Jamgara, Ashulia, Savar, Dhaka
0244	Faridpur Branch	Holding No.90(1st & 2nd floor), Thana Road, Chawk Bazar, Faridpur
0024	Fatickchari Branch	Fatickchari Branch, College Gate, Bibirhat, Fatickchari, Chattogram
0096	Feni Branch	City Center(1st floor), 132, S.S.K. Road, Feni
0203	Foreign Exchange Branch	Biman Bhaban, 100, Motijheel C/A, Dhaka
0152	Goalabazar Branch	Rahman Complex(1st floor), Goalabazar, Sylhet
0026	Gohira Branch	1st floor, Chowmuhoni, Gohira, Raozan, Chattogram
0104	Gopaldi Branch	Musa Market (1st & 2nd floor), Gopaldi Bazar
0215	Gulshan Branch	24, Gulshan Avenue, Gulshan-1, Dhaka
0102	Gulshan Circle -2 Branch	Bilquis Tower, Plot No. 06, Road No.46, Gulshan Circle -02, Dhaka-1212
0154	Habigonj Branch	Khaza Garden City(1st floor) Town Hall Road, Habigonj
0023	Halishahar Branch	14/A, Nusrat Mension(1st floor), Block#G, Halishahar H/E, P.C Road, Chattogram
0021	Hathazari Branch	Sobahan Plaza, Kachari Road, Hathazari, Chattogram
0209	Imamganj Branch	Sardar Mansion, 01, Imamgonj Lane, Imamgonj Bazar, Dhaka
0019	Islamic Banking Branch Muradpur	A H Paragon(1st & 2nd floor), 282, CDA Avenue, Muradpur, Chattogram
0214	Islamic Banking Branch Motijheel	Modhumita Cinema Hall Building, 158/160 Motijheel C/A, Dhaka
0211	Islampur Branch	6-7, Islampur Road, Dhaka
0242	Jatrabari Branch	1 <sup>st</sup> floor, Al Monir Bhaban, Holding No.- 101, Shaheed Faruque Road, Ward-50, Dhaka South City Corporation, Thana-Jatrabari, District-Dhaka 1204.

# BRANCH NETWORK

Continued

Branch Code	Branch Name in English	Branch Business Address
0521	Jashore Branch	Rashid Center(1st floor), 7/A R.N.Road Jashore
0216	Joypara Branch	Munshi Super Market(1st floor), 1083, Joypara Bazar Main Road, Dohar, Dhaka
0018	Jubilee Road Branch	Liberty Tower, 183, Jubilee Road, Chattogram
0106	Kakrail Branch	71, Purana Paltan Lane, Dhaka
0113	Kalatia Branch	Shamshedpur, Kalatia Bazar, Keranigonj, Dhaka
0110	Kamarpara Branch	Hasmat Tower, 30/A, Kamarpara Bazar Road, Khairtek, Nishat Nagar, Turag, Dhaka
0207	Karwan Bazar Branch	39, karwan Bazar C/A, Dhaka
0502	KDA Avenue Branch khulna	2B KDA Avenue, Khulna
0221	Keraniganj Branch	Khan Plaza(1st floor), Shahid Delwar Hossain Road, East Aganagar, Keraniganj, Dhaka
0017	Khatungonj Branch	291, Khatungonj, Chattogram
0224	Khilgaon Branch	389/B, Khilgaon Chowdhurypara, Dhaka
0243	Kishoregonj Branch	Charterjee Market(1st & 2nd floor), 154, Natun Bazar, Ishakha Road, Kishoregonj
0220	Konabari Branch	Plot No.146/147, BSCIC, Konabari, Gazipur
0005	Lakshmipur Branch	126/1, Thana Road, Bolram Bhaban, Sadar, Lakshmipur
0151	Laldighirpar Branch	960, Laldighirpar, sylhet
0201	Local Office	Adamjee Court Building, 115-120, Motijheel C/A, Dhaka
0236	Madhabdi Bazar Branch	8, Bank Road, Madhabdi Bazar, Narsinghdi
0150	Madina Market Branch	Mahmud Complex, 1st Floor, Madina Market, West Pathantula, Sylhet
0003	Maijdee Branch	Mostafa Plaza, Holding#142, Road#01, Main Road, Maijdee, Noakhali
0161	Moulvibazar Branch	S.R. Plaza (1st Floor), 1151/3/ M. Saifur Rahman Road, Moulvibazar
0001	Teknaf Branch	Farid Market, 1st floor, Madrasha Road, Teknaf Pouroshova, Teknaf, Cox's Bazar
0105	Eskaton Branch	Shanta Garden, 50/B, New Eskaton Road, Dhaka
0223	Mirpur Branch	Plot-01, Road-05, Block-A, Section-10, Mirpur, Dhaka
0225	Mohakhali Branch	100, Mohakhali(Ground & 1st floor), Bir Uttam A.K. Khandakar Road, Dhaka
0217	Shahjahanpur Branch	Navana Circular Heights, Holding#20, Outer Circular Road, Ward-11, Dhaka
0109	Murapara Branch	Brothers Riaz Uddin Khan Plaza(1st floor), Murapara Bazar, Rupgonj, Narayanganj
0701	Mymensingh Branch	Momen Tower, Holding 65, Dr. Bipin Sen Road, Choto Bazar, Mymensingh
0111	Nandipara Branch	Haji Mohammad Sadek Ali Mansion, Union-Dakkhingaon, Thana-Khilgaon, Dhaka
0231	Narayanganj Branch	Sattar Tower, 48, S.M. Maleh Road, Tanbazar, Narayanganj
0025	New Market Branch Chattogram	Al-Karan Biponi Bitan Centre (2 <sup>nd</sup> floor),H#388, Road#Kotwali, Ward#31, Chattogram City Corporation, Chattogram
0301	Pabna Branch	1st floor, Munshi Complex, Hazi Abdul Goni Road, Boro Bazar C/A, Near Jubili Tank, Pabna
0233	Pagla Bazar Branch	Al-Haj Afsar Karim Bhaban, D.N.Road, PaglaBazar, Narayanganj
0112	Panchdona Branch	Microgreen City, Shreechandi,Union-Maherpara, Ward-09,P.S-Narshingdi Sadar, Narshingdi
0022	Patiya Branch	A S Rahat Ali High School Market(1st floor), Thana Road, Patiya, Chattogram
0114	Pragati Sarani Branch	Skill House(1st & 2nd floor),KA-53/2, Pragati Sarani, Gulshan, Dhaka
0230	Rajanagar Branch	Smriti Plaza(1st floor), Rajanagar, Serajdikhan, Munshigonj
0421	Rajshahi Branch	73, Ganakpara, Shaheb Bazar, Rajshahi
0431	Rangpur Branch	Bangladesh Muktijoddha Sangsad, Rangpur Unit(1st floor), Shahid Mokter Elahi Sarani, Station Road,Ward-25,Rangpur
0436	Saidpur Branch	1st Floor, (Shahid Dr,Zikrul Houqe Road),Saidpur,Nilphamari
0501	Satkhira Branch	Bara Bazar, Thana Road, Satkhira Sadar, Satkhira
0222	Savar Bazar Branch	Alam Plaza,(1st floor), 122, Jaleshwor, Savar Bazar Bus Stand, Savar, Dhaka
0403	Shahajadpur Branch	Hamid Market(1st floor), H#38, Dariapur Bazar, P.O-Shahajadpur, P.S-Shahajadpur,Dist-Sirajganj
0304	Sherpur Branch	H#2339,(1st & 2nd floor), Sherpur Pourosova, Bogura
0402	Sirajganj Branch	Mahbub Shopping Center,(1st floor),SS Road, Sirajganj
0091	Sonaimuri Branch	Tofael Shopping Mall, Sonaimuri Bazar, Sonaimuri,Noakhali
0103	Tangail Branch	Noorjahan Complex(1st floor), Maszid Road, Tangail
0153	Uposahar Branch	House#10, Road#32, Block#D, Shahjalal Uposahar, Sylhet

# BRANCH NETWORK

Continued

Branch Code	Branch Name in English	Branch Business Address
0204	Uttara Branch	House#01, Road#13, Sector#1, Uttara, Dhaka
0007	Chowmuhani Branch	Rupali Bhaban, Holding no.807, Feni Road, Ward no. 4, Chowmuhani Pourashava, Thana-Begumganj, District-Noakhali
0115	Kalibari Branch	Mumtaz Plaza, Kalibari Adarsha Bazar, Union-02, Thana-Araihazar, District-Narayanganj
0116	Mawna Branch	L.K.Tower, 2nd floor, Sonabo, Tengra, Telihati Union Parishod, Sreepur, Gazipur
0118	Rupshi Branch	City Staff Quarter, Holding No.-498 & 499, Shaheed Bokul Road, Ward No.-04, Pourosova- Tarabo, P.S- Rugganj, Dist- Narayanganj
0008	Gunabati Branch	Wadud Akbar Garden, Gunabati Bazar, Union-12 no. Gunabati union, P.S- Chauddagram, Dist- Cumilla
0117	Banani Road No 11 Branch	Eleven Square, Holding No.-01, Road No.-11, Ward No.-19/5, Banani R/A, P.S- Banani, Dhaka North City Corporation, Dist- Dhaka
0004	CEPZ SME Service Centre	CEPZ Zone Service Complex, Chittagong EPZ, South Haliashar, Chattogram
0107	Goran Sme Service Center	179, North Goran, 1st floor, Khilgaon, Dhaka 1219
0108	Shewrapara SME Service Centre	Plot-1036, 1st Floor, Shewrapara, Mirpur, Dhaka-1216
0119	Sonargaon Janapath Branch	Holding NO.56, Sonargaon Janapath Road, Sector-09, Ward No.01, Dhaka North City Corporation, Thana-Uttara, Dist-Dhaka.
	Baily Road Customer Service Centre	Guide House, Holding No-02, Natok Shoroni, New Baily Road, Ramna, Dhaka-1000

# ABBREVIATIONS

ABB	Association of Bankers, Bangladesh	GABV	Global Alliance on Banking for Values
AC	Audit Committee	GDP	Gross Domestic Product
ADR	Advance to Deposit Ratio	GOB	Government of Bangladesh
ADC	Alternative Distribution Channel	GTFP	Global Trade Finance Program
ALCO	Asset Liability Committee	HFT	Held for Trading
ALS	Assured Liquidity Support	HRD	Human Resources Division
ATM	Automated Teller Machine	ICAB	Institute of Chartered Accountants of Bangladesh.
BACH	Bangladesh Automated Clearing House	ICAAP	Internal Capital Adequacy Assessment Process
BAS	Bangladesh Accounting Standard	ICCD	Internal Control & Compliance Division
BB	Bangladesh Bank (Central Bank of Bangladesh)	IFC	International Finance Corporation
BAC	Board Audit Committee	IT	Information Technology
BCP	Business Continuity Plan	IAS	International Accounting Standard
BFRS	Bangladesh Financial Reporting Standards	IPO	Initial Public Offering
BSEC	Bangladesh Securities and Exchange Commission	IVR	Interactive Voice Response
BORC	Bank Operational Risk Committee	LC	Letter of Credit
BRMC	Bank Risk Management Committee	LCR	Liquidity Coverage Ratio
BRPD	Banking Regulation and Policy Department (of Bangladesh Bank)	MANCOM	Management Committee
CAGR	Compound Annual Growth Rate	MCO	Maximum Cumulative Outflow
CDBL	Central Depository Bangladesh Limited	MCR	Minimum Capital Requirement
CRAB	Credit Rating Agency of Bangladesh	MD&A	Management Discussion & Analysis
CMU	Cash Management Unit	MFIs	Micro Finance Institutions
CP	Commercial Paper	MICR	Magnetic Ink Character Recognition
CRAR	Capital to Risk-weighted Assets Ratio	NBFI	Non-bank Financial Institution
CSU	Customer Support Unit	NII	Net Interest Income
CRR	Cash Reserve Ratio	NPL	Non Performing Loan (Classified Loan)
CRM	Credit Risk Management	NCBs	Nationalized Commercial Banks
CSE	Chittagong Stock Exchange	NRB	Non Resident Business
CSR	Corporate Social Responsibility	NSFR	Net Stable Funding Ratio
CRGM	Credit Risk Grading Matrix	OBU	Offshore Banking Unit
CDCS	Certified Documentary Credit Specialist	OCI	Other Comprehensive Income
CRISL	Credit Rating Information and Services Ltd.	PCBs	Private Commercial Banks
DSE	Dhaka Stock Exchange	PC	Purchase Committee
DTA	Deferred Tax Assets	PD	Probability of Default
DCFCL	Departmental Control Function Check List	POS	Point of Sale
DR	Disaster Recovery	PPG	Product Program Guidelines
EPL	Equity Partners Limited	PRI	Prime Risk Indicator
EPS	Earnings per Share	QMS	Quality Management System
ERM	Enterprise Risk Management	RBCA	Risk Based Capital Adequacy
EVA	Economic Value Added	RFCD	Resident Foreign Currency Deposit
EC	Executive Committee	RWA	Risk Weighted Assets
ECAI	External Credit Assessment Institution	RMG	Readymade Garments
EFT	Electronic Fund Transfer	ROA	Return on Assets
EMI	Equal Monthly Installment	ROE	Return on Equity
EPZ	Export Processing Zone	SAMD	Special Asset Management Division
E&SR	Environmental and Social Risk	SFU	Structured Finance Unit
ETP	Effluent Treatment Plant	SAFA	South Asian Federation of Accountants
FD	Fixed Deposit	SME	Small and Medium Enterprise
FTP	Fund Transfer Pricing	SLR	Statutory Liquidity Ratio
FY	Fiscal Year	STP	Straight Through Processing
FCY	Foreign Currency	SRP	Supervisory Review Process
FDI	Foreign Direct Investment	TFP	Trade Finance Program
FI	Financial Institution	TREC	Trading Right Entitlement Certificate
FUM	Fund under Management	UBS	Universal Banking System (Core Banking Solution)
FY	Financial Year		





Registered Office: Biman Bhaban, 100, Motijheel C/A., Dhaka-1000

## Notice of the 24<sup>th</sup> Annual General Meeting

Notice is hereby given to all the members of Dhaka Bank Limited that the 24<sup>th</sup> Annual General Meeting of the members of the Company will be held on Monday, May 20, 2019 at the Ruposhi Bangla Grand Ball Room, InterContinental Dhaka, 1, Minto Road, Dhaka at 11:00 a.m. to transact the following businesses:

1. To receive, consider and adopt the Profit and Loss Account of the Company for the year ended 31<sup>st</sup> December, 2018 and Balance Sheet as of that date together with the Reports of the Directors and the Auditors thereon.
2. To declare dividend for the Shareholders out of the profits of the year ended 31<sup>st</sup> December, 2018 as recommended by the Board of Directors.
3. To re-elect Directors who will be retiring from their Office and to approve appointment /re-appointment of Independent Directors.
4. To re-appoint the Auditors of the Company for the term until the next Annual General Meeting and to fix their remuneration.
5. To appoint the Compliance Auditors as per Corporate Governance Code for the year 2019 and to fix their remuneration.
6. Any other matter with the permission of the Chair.

April 24, 2019

By order of the Board  
Sd/-  
Arham Masudul Huq  
SEVP & Company Secretary

### NOTES:

1. The 'Record Date' is on Sunday, May 05, 2019. The Shareholders whose names would appear in the CDS/Register of Members of the Company on the Record Date shall be entitled to the dividend and attend the AGM.
2. A member eligible to attend the Annual General Meeting may appoint a proxy to attend on his/her behalf. Proxy Form/Power of Attorney must be submitted at the Corporate Office of the Company situated at 71, Purana Paltan Lane, Kakrail, Dhaka not later than 48 hours before the time fixed for the Annual General Meeting. Revenue Stamp of Tk.20/-(Taka Twenty) only shall have to be affixed on the Proxy Form.
3. Shareholders and proxies are requested to record their entry in the AGM well in time. No entry will be recorded after 10: 30 a.m.
4. Shareholders are requested to update their respective BO Accounts with 12 digits Taxpayer's Identification Number (e-TIN), Bank Account Number, e-mail address and Mailing Address through their respective Depository Participants before the Record Date. If a shareholder (other than a company) fails to update e-TIN in his/her BO Account before the Record Date, disbursement of dividend will be subject to deduction of Advance Income Tax (AIT) @15% instead of @10% as per amended Section 54 of the Income Tax Ordinance, 1984.
5. Merchant Banks and Depository Participants (DPs) are requested to provide the list of their margin clients who will hold the shares of the Company as on 'Record Date' to the Share Department of the Company situated at 71, Purana Paltan Lane (Level-6), Kakrail, Dhaka well ahead of AGM for facilitating payment of Cash Dividend and sale proceeds of fractional bonus shares.
6. **No gift or benefit in cash or kind shall be offered to the shareholders in the 24<sup>th</sup> Annual General Meeting of the Company in compliance with the Bangladesh Securities and Exchange Commission's Circular No.SEC/CMRRCD/2009-193/154 dated 24.10.2013.**





L I M I T E D

Registered Office: Biman Bhaban, 100 Motijheel C/A, Dhaka-1000  
Corporate Office: 71, Purana Paltan Lane, Kakrail, Dhaka

### Attendance Slip

I/We hereby record my attendance at the 24<sup>th</sup> Annual General Meeting of Dhaka Bank Limited being held on Monday, May 20, 2019 at 11.00 a.m. at Ruposhi Bangla Grand Ball Room, InterContinental Dhaka, 1, Minto Road, Dhaka.

Name of the Shareholder(s) .....

Folio/BO ID No. 

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\_\_\_\_\_  
Signature of Shareholder(s)

**Note:** Honorable Shareholders attending the Meeting in person are requested to complete the Attendance Slip and deposit the same at the 'Registration Counter' of the AGM venue. Signature in the Attendance Slip must tally with the signature recorded with the Company.



# DHAKABANK

L I M I T E D

Registered Office: Biman Bhaban, 100 Motijheel C/A, Dhaka-1000  
Corporate Office: 71, Purana Paltan Lane, Kakrail, Dhaka

## Proxy Form

I/We .....

Folio/BO ID No. 

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Address: .....  
being a Shareholder of Dhaka Bank Limited, do hereby appoint

Mr./Ms. ....

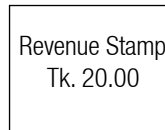
of .....  
as my/our Proxy in my/our absence to attend and vote for me/us on my/our behalf at the 24<sup>th</sup> Annual General Meeting of the Company scheduled to be held on Monday, May 20, 2019 at 11.00 a.m. at Ruposhi Bangla Grand Ball Room, InterContinental Dhaka, 1, Minto Road, Dhaka and at any adjournment thereof.

In witness whereof I/we set my/our hand(s) on this the ..... day of ....., 2019.

Signature of the Proxy .....

Signature of the Shareholder(s) .....

No. of Shares held .....



### Note:

1. The Proxy Form, duly stamped and completed in all respect, must be deposited at least 48 (Forty Eight) hours before the appointed time of the Meeting at the Share Department of the Company located at Level-6 of Corporate Office.
2. Signature of the Shareholder(s) must tally with the signature recorded with the Company.
3. No gift or benefit in cash or kind shall be offered to the shareholders in the 24<sup>th</sup> Annual General Meeting in compliance with the Bangladesh Securities and Exchange Commission's Circular No.SEC/CMRRCD/2009-193/154 dated 24.10.2013.

# DHAKABANK

L I M I T E D

Registered Office: Biman Bhaban, 100 Motijheel C/A, Dhaka-1000  
Corporate Office: 71, Purana Paltan Lane, Kakrail, Dhaka

## Attendance Slip For Proxy-Holder

I hereby record my attendance at the 24<sup>th</sup> Annual General Meeting of Dhaka Bank Limited being held on Monday, May 20, 2019 at 11.00 a.m. at Ruposhi Bangla Grand Ball Room, InterContinental Dhaka, 1, Minto Road, Dhaka.

Name of the Shareholder(s): .....

Folio/BO ID No. 

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

No. of Shares held .....

Signature of the Shareholder(s) .....

Signature of the Proxy .....

Name of the Proxy .....

Note: The Proxy-Holder attending the Meeting is requested to deposit the Attendance Slip at the "Registration Counter" of the AGM venue.







Registered Office: Biman Bhaban, 100 Motijheel C/A, Dhaka-1000  
Corporate Office: 71, Purana Paltan Lane, Kakrail, Dhaka  
Phone: +88 02 5831 4424 (hunting number), +88 02 5831 4425-31, 5831 4624-8  
Fax: +88 02 5831 4419 Email: [info@dhakabank.com.bd](mailto:info@dhakabank.com.bd) Swift: DHBLBDDH