

## DIRECTORS' REPORT

Dhaka Bank Limited had launched its voyage with a view to attain magnificence in the 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 Bank Company Act, 1991 and 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.

Dhaka Bank moves 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.



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In the beginning, we the Board of Directors, welcome all of you to the 26th Annual General Meeting of Dhaka Bank Limited [DBL]. We do thank you for your continuous patronage and support in our common journey of 26 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.

## World Economy

Global Economy is facing a down turn due to COVID-19 Pandemic. Although global economic activity is growing again, it is not likely to return to business as usual in a rush. The pandemic has caused a severe loss of life, is tipping millions into extreme poverty, and is expected to inflict lasting scars that push activity and income well below their pre-pandemic trend for a prolonged period.

The incipient recovery was initially supported by a partial easing of stringent lockdowns. Various restrictive measures have been reintroduced, however, as COVID-19 has continued to spread around the world. There has been substantial progress in the development of effective vaccines, and inoculation has begun in some countries. A more general rollout in advanced economies and major emerging market and developing economies (EMDEs) is expected to proceed early this year.

Following the initial rebound in mid-2020, the global economic recovery has slowed. Whereas activity and trade in the goods sector have improved, the services sector remains anemic, with international tourism, in particular, still depressed. Even though financial conditions remain very loose, reflecting exceptional monetary policy accommodation, underlying financial fragilities are mounting. Most commodity prices rebounded from their mid-2020 lows as strict lockdowns were gradually lifted and demand firmed. However, the recovery in oil prices was more modest amid concerns over the pandemic's lasting impact on oil demand. In advanced economies, the initial contraction was less severe than anticipated, but the ensuing recovery has been dampened by a substantial resurgence of COVID-19 cases.

Prospects for the global economy are uncertain, and several growth outcomes are possible. In the baseline forecast, global GDP is expected to expand 4 percent in 2021, predicated on proper pandemic management and effective vaccination limiting the community spread of COVID-19 in many countries, as well as continued monetary policy accommodation accompanied by diminishing fiscal support. Nonetheless, the level of global GDP in 2021 is forecast to be 5.3 percent below pre-pandemic projections or about \$4.7 trillion. After this year's pickup, global growth is envisioned to moderate in 2022 to 3.8 percent—still above its potential pace, but weighed down by lasting damage from COVID-19. By 2022, global GDP is still expected to be 4.4 percent below pre-pandemic projections.

Advanced economies are projected to recover, with growth reaching 3.3 percent and 3.5 percent in 2021 and 2022, respectively, on the back of

pandemic containment aided by widespread vaccination and sustained monetary policy accommodation, which is expected to more than offset the partial unwinding of fiscal support. Although aggregate EMDE growth is envisioned to firm to 5 percent in 2021 and to moderate to 4.2 percent in 2022.

The pandemic has caused per capita incomes to fall in more than 90 percent of EMDEs, tipping millions back into poverty. For more than a quarter of EMDEs, the pandemic is expected to erase at least 10 years of per capita income gains and, in about two-thirds of EMDEs, per capita incomes are projected to be lower in 2022 than they were in 2019.

In low-income countries (LICs), activity in 2020 shrank 0.9 percent the first aggregate contraction in a generation. Growth is forecast to resume at a moderate pace in 2021-22, averaging 4.3 percent. Nonetheless, output in LICs is expected to remain 5.2 percent below its pre-pandemic projections by 2022.

Global cooperation will be essential for supporting vulnerable populations and achieving a sustainable and inclusive global recovery. In light of substantial fiscal constraints and high debt levels, globally coordinated debt relief, predicated on debt transparency, could help many economies particularly LICs and provide much-needed fiscal resources to support social protection programs. More broadly, deeper global collaboration will be needed to develop equitable and sustainable solutions to the world's most pressing long-term challenges, including tackling climate change and eliminating extreme poverty.

## Global Trade

Global trade collapsed last year as border closures and supply disruptions interrupted the international provision of goods and services. Goods trade fell more rapidly and recovered more swiftly than during the global financial crisis, while services trade remains depressed. Relative strength in manufacturing, alongside persistent weakness in services, reflects the unusual nature of the recession, which has shifted consumption patterns toward goods and away from services requiring face-to-face interactions.

Continued impediments to international travel and tourism are contributing to persistent weakness in services. Trade policy uncertainty has fallen from its highs in 2019 but is still above historic norms, in part due to the potential of renewed trade tensions between major economies.

## The Financial markets

Aggressive policy actions by central banks kept the global financial system from falling into crisis last year. Financial conditions are generally loose, as suggested by low borrowing costs, abundant credit issuance, and a recovery in equity market valuations amid positive news about vaccine developments. This masks rising underlying vulnerabilities, however, including rising debt levels and weakening bank balance sheets.

Banks' capital buffers are under pressure due to falling profitability and asset quality deterioration. Defaults have already surged in the hardest-hit sectors and countries, and rising credit downgrades point to further strains in the future. These developments reduce the resilience of financial systems, particularly in countries with weaker banking systems or without the policy space to provide sufficient support to stressed financial institutions.

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## Commodity markets

Most commodity prices rebounded in the second half of last year; however, the pickup in oil prices lagged the broader recovery in commodity prices due to the prolonged impact of the pandemic on global oil demand. Crude oil prices averaged \$41/bbl in 2020, a 34 percent fall from 2019. Oil demand fell 9 percent last year the steepest one-year decline on record as a result of pandemic-control measures and the associated plunge in global demand, which was partly offset by historically large production cuts among OPEC+. Oil prices are forecast to remain close to current levels and average \$44/bbl in 2021 before rising to \$50/bbl in 2022. The main risk to this forecast relates to the evolution of the pandemic, with oil demand particularly susceptible to lockdown measures and reduced mobility; however, positive vaccine news has reduced this risk somewhat.

Base metal prices were, on net, broadly flat in 2020, as sharp falls in the first half of the year were followed by a strong recovery in the second half. Prices are expected to increase 5 percent in 2021 alongside the expected rebound in global demand. Agricultural prices rose 4 percent in 2020, largely driven by supply shortfalls and stronger-than-expected demand in edible oils and meals. Agricultural prices are forecast to see a further modest increase in 2021.

## Major economies: Recent developments and outlook

In advanced economies, a sharp resurgence of COVID-19 cut short an incipient economic rebound in the second half of 2020. The expected recovery in 2021 and beyond will depend heavily on the evolution of the pandemic, which will in turn be influenced by the possibility of widespread effective vaccination. In China, the economic rebound has been rapid but uneven, with consumer services trailing industrial production.

In advanced economies, precautionary social distancing and stringent lockdowns in response to surging COVID-19 cases triggered an unprecedented collapse in the demand and supply of services in mid-2020.

## Advanced Economies

The collapse in economic activity in the second quarter of 2020 was largely driven by sharp declines in the demand and supply of services. A lull in the COVID-19 outbreak in the second half of last year allowed for a solid rebound, powered largely by retail sales, but the more recent rise in COVID-19 cases has slowed the recovery. The level of output is expected to remain below its pre-crisis peak for a prolonged period, as was the case following the global financial crisis.

Sources contributes to firming consumption and investment still above potential growth, but leaving output 3.8 percent below pre-pandemic trends.

## United States

The fall in U.S. activity in the first half of 2020 was nearly three times as large as the peak decline during the global financial crisis, underscoring the depth of the recession. For 2020 as a whole, U.S. output is estimated to have fallen by 3.6 percent. Although the pandemic's economic impact was not as severe as envisioned in previous projections, last year's contraction was more than one percentage point larger than that of 2009. Substantial fiscal support to household incomes—far exceeding

similar measures delivered during the global financial crisis—contributed to a robust initial rebound in the third quarter of 2020, which was subsequently cut short by a broad resurgence of the pandemic.

Growth is forecast to recover to 3.5 percent in 2021—0.5 percentage point lower than previously projected, held down in the early part of the year by subdued demand amid renewed restrictions and a broad-based resurgence of COVID-19. Despite a 3.3 percent expansion in 2022, output is projected to remain 2.1 percent below pre-pandemic trends in that year, weighed down by labor market hysteresis and the scarring of potential output. The potential for additional fiscal support and improved pandemic management during the forecast horizon could result in stronger than expected growth outcomes.

## Euro area

Following the historic pandemic-induced collapse, an emerging rebound in economic activity in the third quarter of last year was cut short by a sharp resurgence of COVID-19, which prompted many member countries to reimpose stringent lockdown measures. Several service sectors vital to the area's economy—tourism in particular—remain depressed and are unlikely to recover until effective management of the pandemic improves confidence in the safety of face-to-face interactions. Despite a worsening pandemic, manufacturing has continued to recover, supported by strengthening foreign demand.

In all, following a sharp contraction of 7.4 percent in 2020, growth is forecast to rebound to 3.6 percent in 2021, underpinned by improved COVID-19 management, an initial vaccine rollout, and rising external demand, particularly from China. Growth is projected to strengthen further to 4 percent in 2022 as widespread vaccination contributes to firming consumption and investment—still above potential growth, but leaving output 3.8 percent below pre-pandemic trends.

## Japan

Early effective management of COVID-19, coupled with unprecedented fiscal support, powered a rebound in activity in the third quarter of 2020. This nascent recovery quickly lost momentum as a resurgence of COVID-19 dampened consumption, even though the manufacturing sector continued to firm.

After contracting by an estimated 5.3 percent in 2020, activity is expected to expand by 2.5 percent in 2021 as additional fiscal stimulus is implemented and, with new COVID-19 cases brought down to low levels, pandemic-control measures are gradually phased out. Growth is projected to tick down to 2.3 percent in 2022, leaving output 2.4 percent below its pre-pandemic trend.

## China

Growth decelerated to an estimated 2 percent in 2020—the slowest pace since 1976 but above previous projections, helped by effective control of the pandemic and public investment-led stimulus. The recovery has been solid but uneven, with consumer services trailing industrial production. For most of last year, import growth lagged a rebound in exports, contributing to a widening current account surplus.

Accommodative fiscal and monetary policies led to a sharp increase in the government deficit and total debt. Fiscal policy support, which initially focused on providing relief and boosting public investment, is starting to moderate.



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Growth is forecast to pick up to 7.9 percent in 2021, above previous projections due to the release of pent-up demand, and moderate to 5.2 percent in 2022 as deleveraging efforts resume. Even as GDP returns to its pre-pandemic level in 2021, it is still expected to be about 2 percent below its pre-pandemic projections by 2022, with the crisis accentuating preexisting vulnerabilities and imbalances.

## Emerging market and developing economies

Activity in EMDEs fell 2.6 percent in 2020 as a result of the COVID-19 pandemic. Although aggregate EMDE growth is projected to pick up to 5 percent in 2021 and moderate to 4.2 percent in 2022, output will remain well below pre-pandemic projections throughout the forecast horizon. Progress on critical development goals has been set back by several years, as the pandemic has disproportionately affected vulnerable groups and is driving poverty rates sharply higher.

## Recent developments

The health and economic crisis triggered by COVID-19 caused EMDE output to shrink an estimated 2.6 percent in 2020—the worst rate since at least 1960, the earliest year with available aggregate GDP data. Excluding the recovery in China, the contraction in EMDE output last year is estimated to have been 5 percent, reflecting recessions in over 80 percent of EMDEs—a higher share than during the global financial crisis, when activity shrank in about a third of EMDEs. Services activity contracted last year as consumers shifted away from activities requiring face-to-face interactions amid severe and prolonged weakness in international travel. In the average EMDE, services accounted for more than half of the value-added GDP prior to the pandemic. The relatively higher share in countries dependent on tourism helps to explain why they have experienced relatively deeper contractions. Substantial macroeconomic support helped soften the decline in activity. The fall in investment was partly curbed by policy rate cuts and macro prudential support measures, which provided liquidity and promoted lending, as well as by sizable fiscal packages, which increased capital on health and information technology.

## Bangladesh Economy

For Bangladesh, the outgoing year 2020 was a challenging one. In fiscal year 2020, prior to the outbreak of the pandemic, the Bangladesh economy was somewhat under stress due to the weak performance of a few economic indicators such as exports, imports, private investment, foreign direct investment, and revenue mobilization. Besides, the banking sector was suffering from high non-performing loans (NPL).

Bangladesh's GDP growth is forecast to slow down to 1.6 per cent in the fiscal year 2021 as the country struggles with the devastating impact of the lingering Covid-19 pandemic, the World Bank said in its twice-a-year-regional update.

The latest South Asia Economic Focus report also warns of a hardest recession in South Asia, of which Bangladesh is a part.

Bangladesh has achieved GDP growth at more than 6 percent on an average during the last decade. According to Bangladesh Bureau of Statistics (BBS), the GDP growth in FY2015-16, FY2016-17 and FY2017-18 stood at 7.11 percent, 7.28 percent and 7.86 percent in FY2018-19 the GDP growth stood at 8.15 percent. As per provisional

estimate of BBS, the GDP growth is 5.24 percent in FY2019-20 which is the lowest since FY2008-09, this situation has been created mainly because of the outbreak of COVID-19 pandemic.

## Growth of GDP by Sectors

Production based estimate of GDP encompasses 3 broad sectors which are agriculture, industry and service. Moreover, overall GDP consists of 15 sectors. Among these 15 sectors, 6 sectors are divided into different sub sectors.

### Agriculture Sector

At constant prices growth of agriculture and forestry sector under broad agriculture sector stood at 2.08 percent in FY2019-20, which was 3.15 percent in previous fiscal year. The growth of the three subsectors of agriculture and forestry sector i.e. crops and horticulture; animal farming; forest and related services reached 0.89 percent, 3.04 percent and 6.36 percent respectively in FY2019-20, which were 1.96 percent, 3.54 percent and 8.34 percent respectively in previous fiscal year.

### Industry Sector

Among the 4 sectors of broad industry sector, the growth rate of mining and quarrying and construction sector moderated to 4.38 percent and 9.06 percent respectively in FY2019-20 from 5.88 percent 12.25 percent respectively from the previous fiscal year. On the other hand, growth rate of 'manufacturing' and electricity, gas and water supply' has slowed down significantly compared to the previous fiscal year. Growth in natural gas and crude petroleum sub-sector was (-) 0.51percent in FY2019-20, from (-) 0.79 percent in previous fiscal year. In addition, growth of other mining and coal sub-sector declined to 9.01 percent, from 13.08 percent in previous fiscal year. Similarly, growth of large and medium scale manufacturing sub-sector slowed down to 5.47 percent from 14.84 percent of previous fiscal; year.

### Service Sector

According to the provisional data, growth in broad service sector decreased to 5.32 in FY2019-20 compared to 6.78 percent in previous fiscal year. The output of the 'wholesale and retail trade', 'hotel and restaurants' and 'transport, storage and communication' sector under broad service sector registered growth to 5.02 percent, 6.46 percent and 6.19 percent respectively in FY2019-20; which were 8.14 percent, 7.57 percent and 7.19 percent respectively in the preceding fiscal year. The growth of 'real estate, renting and business activities' and 'community, social and personal services' sector decreased to 4.85 percent in FY2019-20 from 5.23 in the previous fiscal year.

Like all other economies, ours has experienced pressure due to the disruption in economic activities during the pandemic. Both domestic and global demand contracted. As our economy is integrated with the global economy, a downward trend was observed in case of exports, outflow of Bangladeshi migrants for work, and foreign investment. On the domestic front, depressed domestic demand has been reflected through low investment. Credit flow to the private sector and import of capital machinery had been low. Job losses by a large number of people had also reduced demand. All these had an impact on growth which was on an increasing trend during the last decade. Thus, in fiscal year 2020, the growth of gross domestic product (GDP) was 5.2 percent as opposed

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to 8.2 percent, which the government projected originally. Several studies have indicated that low growth and slower economic activities had a knock-on effect on poverty, unemployment, education, inequality and many social aspects.

Due to government efforts combined with the hard work of the people, the Bangladesh economy has been less affected compared to other countries during the pandemic. Several international organisations including International Monetary Fund, World Bank, and Asian Development Bank have assessed the economic performance of countries during the pandemic. Bangladesh's performance stands out amongst its peers. Despite the pandemic, agricultural production has been exceptionally good—that helped ensure food security. Remittances have soared in recent months, foreign exchange reserve has reached the highest level ever, exports picked up towards the end of the year and inflation remained low.

In view of this, Bangladesh looks forward to seeing brighter economic prospects in 2021. For Bangladesh, 2021 is also a special year. The country will celebrate the golden jubilee of its independence. This will be the year to celebrate our achievements in the last 50 years. This will also be an occasion to reflect on the constraints and commit ourselves to expedite efforts to fulfil the unmet dreams in the next 50 years. Bangladesh must also seize every opportunity that comes in its way in the coming years.

Among a number of initiatives that are required to achieve the unfulfilled goals, a few can be reiterated. First and foremost is the need for institutional strengthening and reform. For rebuilding the economy from the fallout of the pandemic, public expenditure is the key. Therefore, more fiscal room is to be created through domestic resource mobilisation and its efficient utilisation. Fiscal discipline through prudent fiscal management will be critical for economic recovery. In this regard, governance of the financial sector will also have to be ensured. In recent times, liquidity situation in the banking system has increased which led to low interest rates. This is due to weak investment demand and Bangladesh Bank's measure to create liquidity space in commercial banks. The volume of the NPL in 2020 may not be a reflection of the real situation since Bangladesh Bank had frozen loan classification from January 1 to December 31, 2020 in view of the pandemic. The embedded weakness of the sector emphasises the need for reforming the sector and establishing better governance in the system.

Second, the anti-corruption drive should be continued and strengthened. Corruption in public investment projects reduces fiscal space. Studies have indicated how corruption affects growth. A large part of resources is also sent out of the country illegally. By preventing corruption, resource efficiency and economic competitiveness can be enhanced.

Third, investment on human capital has been reinforced during the pandemic. The weaknesses in the healthcare system was evident during the pandemic management. Increased allocation for the health sector and appropriate utilisation of the allocated resources are essential. For human capital development, education is an important means. Improvement of human resource capacity through skills development is the need of the hour. For a sustainable recovery from the pandemic, creation of opportunity is not enough. Access to opportunity for all has to be ensured. This will also require quality education and technological skills. During the pandemic,

digital technology has played a pivotal role in facilitating activities and connecting with the world. However, without affordable access to technology there may be a digital divide leading to further inequality.

Fourth, Bangladesh can also set a milestone on its 50<sup>th</sup> anniversary by initiating the universal social protection scheme for the poor. The need for a comprehensive social protection for all including those in the informal sector has been felt acutely during the ongoing pandemic.

Fifth, 2021 is also an opportune moment for discarding the unsustainable way of development which is based on destruction of natural resources and biodiversity. This pattern of development creates inequality by depriving the poor to access the natural commons. To achieve sustainable development, the government has to work towards tackling climate change at the global level and preventing environmental degradation at the domestic level.

Bangladesh can make 2021 a year full of opportunities by doing the above and much more.

## Banking Sector

Currently there are 61 Scheduled Banks 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 Excellence 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 Branches, ATMs, ADMs, SME channels and SMS Banking. As on December 31, 2020, we made our vibrant presence at 105 Branches including 2 Islamic Banking Branches, 12 Sub Branches, 3 SME Service Centres, 63 ATMs, 20 ADMs, and 2 Off-shore Banking Unit across the country.

On July 5, 2020 we passed 25 years of stride for progress. Our Balance Sheet size was Tk. 295,337 million, Deposits of Tk. 205,667 million and Advances of Tk. 198,660 million with Profit before tax track of approximately Tk. 5,207 million as on December 31, 2020. Our Board and our Colleagues together want to make a strong positive impact in the economy of Bangladesh with superior quality Banking Services.

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## Rooms for Business

We had started 2020 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 Deposit grew 1% in 2020, while the previous year the progress here was 4%. 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.' 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 2021 in all areas.

## Core areas of DBL business and Banking

- Act as secured custodian of Customers' Deposit
- Honour 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

## Extra-ordinary gain/losses

The Bank did not record any extraordinary gain/loss during the year 2020.

## Related party Disclosure

In the normal course of business, Dhaka Bank entered into a few transactions with related parties during the year 2020, details of which have been furnished in Annexure – G of the financial statements. These transactions have been executed on an arm's length basis.

## Preparation of Financial Statements and the Annual Report

- All relevant books and accounts were maintained as per regulation.
- Financial Statements have been prepared in accordance with the appropriate accounting policies and procedures.
- All estimates and assumptions were made within these financial statements and are made on reasonable ground and prudent judgement.
- Preparation of Financial Statements (FS) of DBL were in accordance with the International Financial Reporting Standards (IFRS) as adopted by Financial Reporting Council (FRC) in Bangladesh and the instructions of Bangladesh Bank. Any departures from such requirements have been duly disclosed.
- Sincere efforts were put to ensure the integrity and legal compliance of DBL's financial statements. The priority of the annual report is to portray a true and fair representation of the Bank's activities and transactions as per prevailing laws of the land.

- There is no significant doubt upon the Bank's ability to continue as Going Concern. DBL has neither intention nor the need to liquidate or curtail materially the scale of its operation. Hence, the Financial Statements of the Bank for 2020 have been prepared for its Shareholders.
- Certain Information required in the Directors' Report to the Shareholders under BSEC Corporate Governance Code are provided in various other parts of this Annual Report under relevant sections for the ease of reading by the user.

## Financial Performance

**Performance & Profitability:** We recorded Profit after Tax of Tk. 2,030 million in 2020 in comparison with Tk. 1,571 million in 2019 as a result of critical Market condition. 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 2020 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 2020.

The Bank secured an amount of Tk. 10,165 million in Operating Income. On the Balance Sheet side, the Bank shaped an amazing Balance in Assets of Tk. 295,337 million showing up an increase of Tk. 10,328 million from Tk. 285,009 million of 2019. The Growth was achieved on the wings of 2% Growth in Loans and Advances. Deposits also showed a Growth of 1%. The Bank continued to have notable Capital Adequacy at 14.52% in accordance with Basel-III requirement. Total Shareholders' Equity increased to Tk. 18,792 million in 2020 from Tk. 17,211 million in 2019. 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 25.58% of Total Assets. The Bank had a stable portfolio of Loans & Advances as Loan to Deposit Ratio at 83.28% at the year-end 2020 which was 84.97% in 2019.

## Appropriation of Profit

Profit after Tax [PAT] stood at Tk. 2,030 million. Profit available for distribution among Shareholders is Tk. 3,004 million after a mandatory transfer of Statutory Reserve of Tk. 636 million [@20% on PBT].

## Dividend

The Board of Directors in its 397<sup>th</sup> Meeting held on May 6, 2021 has recommended 6% Stock Dividend and 6% Cash Dividend for the Shareholders for the year 2020 subject to approval of the Shareholders in the 26<sup>th</sup> Annual General Meeting.

## Re-appointment of External Auditors

In the 25<sup>th</sup> Annual General Meeting of the Bank, M/s. Rahman Rahman Huq (KPMG in Bangladesh) was appointed as the External Auditors of the Bank for the year 2020 subject to approval of Bangladesh Bank. Subsequently, Bangladesh Bank approved the appointment of the External Auditors. M/s. Rahman Rahman Huq, Chartered Accountants (KPMG in Bangladesh) have completed their first year of the audit and

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has expressed their intention for re-appointment as the statutory auditors of the Bank for the year 2021. With the recommendation of the Audit Committee of the Board of the Bank, the proposal for re-appointment of M/s. Rahman Rahman Huq, Chartered Accountants (KPMG in Bangladesh) as the Statutory Auditors of the Bank for the year 2021 will be placed for approval of the Shareholders in the 26<sup>th</sup> AGM strictly following the terms/conditions of Bangladesh Bank's Guidelines and the Directives of BSEC.

## Appointment of Compliance Auditors

In the 25<sup>th</sup> Annual General Meeting of the Bank, M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants were appointed as the Compliance Auditors of the Bank for the year 2020. M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants have completed their first year of the audit and in terms of the Directives of BSEC, they are eligible for re-appointment as the Compliance Auditor of the Bank for the year 2021.

## Rotation of Directors

As per the Company Act 1994 and the Articles of Association of the Bank, 1/3 [one third] of the Directors of the Bank will retire in the 26<sup>th</sup> Annual General Meeting and they are eligible for re-election, subject to approval of Bangladesh Bank.

## 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], 14.52% as of Dec 31, 2020. 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.

BDT in million unless mentioned otherwise

Particulars	Year 2020	Year 2019
Profit After Tax	2,030	1,571
Retained Earnings brought forward	974.39	835.75
<b>To be appropriated</b>		
Transfer to Statutory Reserve	636.39	620.14
Transfer to General Reserve	-	-
<b>Dividend for the year 2018 [recommended]</b>		
Stock Dividend	6%	5%
Cash Dividend	6%	5%
Retained Earnings to be carried forward	1,514.78	974.39
Dividend	853.21	812.58

## Credit Rating vis-à-vis Capital Adequacy

We kept up efforts to pursue Corporate and SME-mid Customers to get Credit Rated by eligible External Credit Assessment Institutions [ECAI]. As per Bangladesh Bank BRPD Circular No. 05 of April 29, 2009, BRPD Circular No. 31 of October 25, 2010, BRPD Circular No. 12 of October 31, 2013 and BRPD Circular No. 08 of April 15, 2014, we nominated 8

[Eight] recognized these ECAIs: Credit Rating Information & Services Limited [CRISL], Credit Rating Agency of Bangladesh [CRAB], National Credit Rating Limited., Emerging Credit Rating Limited., ARGUS Credit Rating Services Limited, WASO Credit Rating Co. [BD] Limited, Alpha Credit Rating Limited & Bangladesh Rating Agency Limited [for SME Clients only].

Since external rating of most of our Rated Corporate Customers falls in the range of A to AAA [BB rating grade 1 & 2] bearing risk weight of 50% or below, the more our Customers do their entity rating, the less will be our Capital Requirement.

## Protection to minority shareholders

Through various strategies including multi-faceted internal control system including independent and internal audits as well as the establishment of independent management team, DBL has fostered a professional environment where protection of minority shareholders is ensured. Any attempt for controlling shareholders through aggressive or abusive strategies either directly or indirectly is made ineffective. Nevertheless, if any issue arises at the Bank's AGM or elsewhere, a thorough investigation is conducted.

## Five Years Performance

Key operating and financial highlights of the past 5 (five) years has been presented in this Annual Report under Shareholders' Information.

## Management's Discussion and Analysis

A Management's Discussion and Analysis signed by the Managing Director & CEO of the Bank has been presented with detailed analysis of the Bank's Financial Positions and Operations in this Annual Report.

## Segment-wise Performance

A Segment Performance during the year 2020 details of which are furnished in note no.48 of the financial statements.

**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 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, 2020, equity of the Bank including Retained Earnings reflected a Balance of Tk. 18,792 million. Equity as a percentage of Total Assets was 15.72%. Bank's Paid-up Capital increased by Tk. 426 million at the year ended 2020. The Statutory Reserve also increased by Tk. 636 million due to transfer of 20% of Profit before provision and taxes under Regulatory Compliance.

**Special Assets Management:** In a year span, Classified Loans amounted to Tk. 6,227 million from Tk. 9,278 million of 2019. The amount of Non-Performing Loan [NPL] decreased by Tk. 3,051 million in 2020. In 2020, NPL to Total Loans Ratio reached to 3.13% compared to 4.74% of the year 2019.



# DIRECTORS' REPORT 2020

Continued

## Non-Performing Assets by Segments:

BDT in million unless mentioned otherwise

Particulars	As on 31.12.2020	As on 31.12.2019	Change in %
UnClassified Loans	192,433	186,357	3%
Standard [Including Staff Loan]	186,251	178,294	4%
Special Mention Accounts [SMA]	6,182	8,062	-23%
Classified Loans	6,227	9,278	-33%
Sub-standard [SS]	416	1,247	-67%
Doubtful [DF]	155	198	-22%
Bad/Loss [BL]	5,656	7,832	-28%
Total Loans	198,660	195,635	2%
Non-Performing Loans (%)	3.13	4.74	-34%

## Way forward 2021

### Challenges:

- Ensuring sophisticated IT system towards safe and lawful Transactions
- Fighting uncertainty still prevailing in the political frontier. Economic stability is less feasible due to Covid-19
- 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 2021 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. 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 in the investment situation in coming days

## Goals set for 2021

- 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 2021 is to reduce 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 1% in 2020, while the previous year the progress here was 4%. We have to look for more CASA. So we have to make strategies for raising Core Deposit, i.e., Customers' Deposit. CASA share of 12-13% of Total Deposit should be taken up to 25% at the minimum, in 2021. Advance upped 2% as against 8% last year. The Guarantee business saw a tremendous rise of 25%, which was not only 2% the year before. More pleasing was the increase in Inward Remittance by 52% from previous year.

**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.

On behalf of the Board of Directors,



**Abdul Hai Sarker**  
Chairman, Dhaka Bank Limited



# পরিচালকগণের প্রতিবেদন ২০২০

ঢাকা ব্যাংকের ২৬তম বার্ষিক সাধারণ সভায় আপনাদের স্বাগতম। আপনাদের জন্য তৈরি এই ‘বার্ষিক প্রতিবেদন ২০২০’ ঢাকা ব্যাংকের সকল অর্জন এবং কর্মকাণ্ড-সম্পর্কিত বিবরণী।

## বিশ্ব অর্থনীতি ২০২০

২০২০ সাল হতে সারা বিশ্বে নভেল করোনা ভাইরাস বিশ্ব অর্থনীতির গতিকে প্রভাবিত করেছে। বিশেষ করে ব্যবসা-বাণিজ্যে লকডাউনের প্রভাব শিল্প-বাণিজ্যের গতিধারাকে মন্থর করে দেয়। এর প্রভাবে উন্নত দেশ গুলো অর্থনৈতিক উন্নয়নে যেমন ক্ষতির সম্মুখীন হয়েছে, তেমনি অনুন্নত দেশ গুলো এর প্রভাব মুক্ত ছিলো না। তাই বিশ্ব অর্থনীতিতে আলোচনার কেন্দ্রবিন্দুতে কোভিড-১৯ সারা বছর ধরে আলোচিত ছিল।

## বাংলাদেশ অর্থনীতি ২০২০

২০১৯-’২০ অর্থবছরে বাংলাদেশ অর্থনীতিতে করোনা ভাইরাসের প্রভাব বিস্তার করেছে। এর ফলে কিছু শিল্প প্রতিষ্ঠান যেমন উৎপাদনের কার্যক্রমে বাঁধার সম্মুখীন হয়েছে, তেমনি নতুন ধরনের শিল্প প্রতিষ্ঠানের চাহিদার ব্যাপকতা লাভ করে। বিশেষ করে স্যানিটাইজেশনের উপাদানের ব্যাপক চাহিদা বৃদ্ধি পায় এবং এর উৎপাদনের সাথে জড়িত প্রতিষ্ঠান সচলতা লাভ করে। ফলে একদিকে যেমন অর্থনীতিতে টানাপোড়েন দেখা যায়, তেমনি অন্যভাবে অর্থনীতি ভিন্ন আবেশে সচল থাকে। বিগত দশকে বাংলাদেশের অর্থনীতি গড়ে ৬.০০ শতাংশের বেশি প্রবৃদ্ধি অর্জন করে আসছে। ২০২০ সালে বাংলাদেশের জিডিপি’র হার নির্ধারণ করা হয়েছে ৬.৮০ শতাংশ। ২০১৯-’২০ অর্থবছরে বাংলাদেশ ব্যাংক মূদ্রাস্ফীতি ৫.৫০% শতাংশের নিচে রাখার পরিকল্পনা করে। আমদানি এবং রপ্তানি তেমন আশাব্যঞ্জক ছিল না। ২০১৯-’২০ অর্থবছরে বাংলাদেশের রপ্তানি আয় ৪৬.২৪ বিলিয়ন ডলার দাঁড়িয়েছে। রপ্তানি আয়ের ৮০ শতাংশই এসেছে তৈরি পোশাক খাত থেকে। বিগত অর্থবছরে আমদানি ব্যয় ছিল ৪৬.২৪ বিলিয়ন ডলার। ২০১৯-’২০ অর্থবছরে মাথাপিছু আয় ২,০৬৪ মার্কিন ডলারে দাঁড়ায়, যা ২০১৮-’১৯ অর্থবছরে ছিল ১,৯০৯ মার্কিন ডলার।

## ঢাকা ব্যাংকঃ সমৃদ্ধি 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 করেছে।

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 ১০৫টি শাখা, [২টি ইসলামী শাখাসহ] ৬৩টি এটিএম, ২০টি এডিএম, ৩টি এসএমই সেবা কেন্দ্র, ২টি অফশোর ব্যাংকিং কেন্দ্র, ১২টি উপশাখা ও ঢাকা ব্যাংক সিকিউরিটিজের অধীন ৬টি ব্রোকারেজ শাখার মাধ্যমে আমরা আমাদের কার্যক্রম চালিয়ে যাচ্ছি। নতুন নতুন গ্রাহককে আমাদের বহুমুখী আর্থিক সেবার আওতায় নিয়ে আসতে আমরা সর্বদাই সচেষ্ট।

## প্রতিবেদন ২০২০ এর সারসংক্ষেপ

সকল প্রকার কর পরিশোধের পর ২০২০ সালে ঢাকা ব্যাংকের আয় ২,০৩০ মিলিয়ন টাকায় দাঁড়ায়, যা ২০১৯ সালে অর্জিত আয় থেকে ২৯ শতাংশ বেশি। বিগত বছরে ঢাকা ব্যাংকের সুদবাবদ আয় ৯৮ শতাংশ কমে গিয়েছে। অনেক কঠিন পরিস্থিতির মধ্যেও আমাদের পরিচালন মুনাসফা ছিল ৫,২০৭ মিলিয়ন টাকা। বিগত অর্থবছরে লোন ও অ্যাডভান্সের ক্ষেত্রে ২ শতাংশ প্রবৃদ্ধি অর্জিত হয়েছে। পরিচালকগণ ২০২০ সালের জন্য ৬% নগদ এবং ৬% স্টক লভ্যাংশ সুপারিশ করেছেন।

সিডিকেশন এবং স্ট্রাকচার্ড ফাইন্যান্স ইউনিটের জন্য ২০২০ সালটি ছিল বড় রকম সাফল্যের সময়। ঢাকা ব্যাংক কেএসআরএম পাওয়ার প্লান্ট লিমিটেডকে ২,৮০০ মিলিয়ন টাকা সিডিকেট টার্ম লোন প্রদান করে। এছাড়াও চাঁদপুর পাওয়ার জেনারেশন লিমিটেডকে ৫,২১০ মিলিয়ন টাকার সিডিকেট লোন সুবিধা প্রদান করে। বাংলাদেশের সবচেয়ে বড় পেট্রোলিয়াম পরিশোধন সেক্টর, “বসুন্ধরা অয়েল এন্ড গ্যাস কোম্পানি লিমিটেড”-কে ১৮,০০০ মিলিয়ন টাকা সিডিকেট লোন প্রদান করা হয়। ২০১৯ সালের তুলনায় ২০২০ সালে আমাদের এসএমই পোর্টফোলিও বৃদ্ধি পায় ৪.০৪ শতাংশ

ডিসেম্বর ৩১, ২০২০ পর্যন্ত ঢাকা ব্যাংক ১৯১.৭৪ মিলিয়ন মার্কিন ডলার অফশোর মার্কেটে বিনিয়োগ করেছে। ২০২০ সালে ইসলামী ব্যাংকিং-এর আমানত এবং বিনিয়োগ যথাক্রমে ৯,৬৭৩.০০ মিলিয়ন এবং ৬.০০৬.০০ মিলিয়ন টাকায় দাঁড়ায়।

## আমাদের অগ্রযাত্রা

২০২১ সালটি নিশ্চয়ই আমাদের সামনে তুলে ধরবে নানান সম্ভাবনা; করোনা ভাইরাসের প্রভাব কাটিয়ে অর্থনীতিতে উন্নয়নের গতিধারা বজায় থাকবে এবং একইসাথে উন্নয়নের ধারা বজায় রাখার জন্য নিতে হবে নতুন নতুন কৌশল। এই লক্ষ্যে, আমরা সবসময় আমাদের পোর্টফোলিও নানান বিন্যাসে সাজাতে সচেষ্ট থাকি এবং নতুন কৌশলগত সিদ্ধান্ত প্রয়োগ করে যাচ্ছি। একটা টেকসই ব্যাংক হিসেবে পরিচিতি পাওয়াটা আমাদের কাছে সবসময়ই গুরুত্বপূর্ণ। উদ্যমী ও সৃষ্টিশীল কর্মীদের সঙ্গে নিয়ে একটি অত্যাধুনিক, লাভজনক ও স্থিতিশীল ব্যবসায়ী 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।

পরিচালনা পর্ষদের পক্ষে,

আব্দুল হাই সরকার

চেয়ারম্যান, ঢাকা ব্যাংক লিমিটেড