from the desk of the managing director

Business Performance:

The Dutch-Bangla Bank Limited (DBBL) passed another successful year of its operation. It gives me much pleasure to pen down to mark my observations on the performance of the year under review i.e., 2004. Let me share this cheerful moment with our valued clients, patrons, well wishers and above all the honorable shareholders who have much contribution in achieving extra feathers into the crown of glory of the Bank.

In our endeavor to satisfy our customers, we remain customer-driven and we are able to service customer requirements better by introducing superior system and training support for our staff. This has included looking at more flexible pricing structures, offering new and innovative products and providing our customers with real alternatives to traditional investments. Thus, we try to keep developing competitiveness of our home grown business leaders to meet the challenges of global economy of post MFA era. This year, keeping conformity with government policy, we have further reduced the prices of our products which ranged between 7.00% to 12.00%. As a result, we have been able to attract more business firms either corporate or individual who established business relationship with us. Thus, even after reducing prices the revenue earnings of the Bank increased to Taka 2,366.91 million in 2004 as against Taka 2,115.49 million in the preceding year recording an increase of 11.88%. The operating profit for the year under review stood at Taka 632.41 million as against Taka 453.79 million in 2003 indicating an increase of 39.36% over the preceding year. The Net Profit (before tax) recorded an increase of 30.60% over that of 2003.

It reveals from the Auditors Report that the Bank needs an additional amount of Tk.225.00 million for making provision against some non-performing loan accounts. From management points of view, we like to mention that though the transactions of the concerned accounts are not quite satisfactory, but this is a very temporary phenomenon. The Management expects satisfactory transactions of those accounts very shortly. Above all, we like to further mention that we have made provisions on unclassified loans and advances to the extent of 3.00% (Tk.447.72 million) in lieu of required 1.00%.
The depositors' confidence in the Bank has demonstrably increased with consequent broadening of the deposit base from Taka 17,133.81 million as on December 31, 2003 to Taka 21,067.56 million as on December 31, 2004 depicting a growth rate of 22.96%. The Loans and Advances stood at Taka 14,976.06 million as on December 31, 2004 as against Taka 11,431.32 million as on December 31, 2003 representing a growth rate of 31.01%.

**DBBL's world of 'Truly on-line' Banking:**

Our commitment to introduce 'truly on-line' Banking services is now available on a fully automated real time, any where and any branch banking at a desired speed, absolute accuracy and at a competitive price. We are fully aware of the need for confidentiality and security of customers' transactions through on-line Banking system for which we have established 4 layers of security at application, network, database and operating system level. Now-a-days, the use of Information Technology by our valued customers is a common phenomenon. It is also pertinent to note that in our exclusive on-line Banking program, we have not only launched Internet Banking, DBBL-NEXUS Debit Card and DBBL Credit Card but also set up our own exclusive ATM and POS Terminals located at strategic point throughout the country. We have also made arrangement for issuing of DBBL Maestro and DBBL Cirrus Card shortly.

**DBBL's excellence:**

DBBL is unique and different from other members of banking industry which can be characterized in the very fact that no director including Chairman of the Board of Directors maintain any account with the Bank and take no fee or remuneration whatsoever from the Bank for attending meeting of the Board of Directors/Executive Committee/Audit Committee of the Board/other Committees of the Board. No office room and transport facility is availed by the members of the Board even by the Chairman.

DBBL's regulatory capital as on December 31, 2004 stood at Taka 1,429.02 million. Capital adequacy ratio as on December 31, 2004 was 10.13% as against Bangladesh Bank's minimum requirement of 9%. The Bank's growth in revenue earnings is primarily due to the policy of pursuing strong asset quality. In the history of banking industry of Bangladesh, it is observed that non-performing asset of a bank increases with the increase of its age. Dutch-Bangla bank Limited is an exception to that. Its classified loan rose to its height at 0.72% as on December 31, 2000 and there after it came down gradually to 0.16% as on December 31, 2004. The absolute amount of classified loan has also been reduced from Taka 41.58 million to Taka 23.24 million as on December 31, 2004. DBBL maintains general provision on unclassified loans and advances at 3% instead of minimum requirement of 1% as set by Bangladesh Bank's regulatory provision in order to increase the ability of the Bank to meet on any unforeseen obligations. The Bank maintained loan deposit ratio at 71:09 as on December 31, 2004 to have safe liquidity position. The Bank recognizes the social needs for supporting medium and small enterprises to contribute to the growth of national economy. A number of small scale loan schemes both under FMO local currency credit line and Bank's own fund have been undertaken by the Bank to support such socially desired economic activities.

Steady and solid business growth together with strict discipline on expenses and a culture of sound risk management have upgraded the Bank to a level of excellence, for which, even the foreign investors like FMO, The Netherlands, and DEG, Germany have shown interest in channeling credit lines with us. In 2004, we have availed 2 credit lines (one is Export Credit Line for US $ 8.75 million and another one
is Housing Finance Loan for Euro 2.50 million) from FMO. We have availed another credit line from DEG, Germany for US$ 3.75 million during the year under report. It is expected that some other Credit Lines will be availed by the Bank from FMO and other world renowned Financial Institutions in the current year. This demonstrates clearly that foreign investors have equal confidence in the Bank as the local business people have already demonstrated it.

The Bank and the Community:

Unemployment is one of the curses which creates social problems and also hinders economic development of our country. Dutch-Bangla Bank Limited extended its hand to help engage the unemployed people of the country in productivity-oriented jobs and undertook a series of projects/programs, which created ample employment opportunities in the country.

DBBL has decided to donate Taka 0.01 million each to 400 divorced women and 100 acid victim women for establishing small agro-based/rural economic enterprises like setting up Poultry Farm, Fish Farm, Livestock Rearing, Nursery, Cottage Industries etc. amounting to Taka 5.00 million only with a view to making them self-reliant. The program also envisages advancing loans to the successful entrepreneurs at zero interest rate to expand their farms or meet working capital requirements for smooth running of the enterprises.

The Bank extends financial supports to Dutch-Bangla Bank Foundation for carrying out social and philanthropic activities through the Foundation.

Human Resources and Organizational Development:

In common with most organizations, DBBL's performance depends on the quality and commitment of its people. Accordingly, the Bank's stated strategy is to attract, retain and motivate the very best people. The Bank's activities are based on trust and relationships; the Bank's policy is to look after people who want to make a long term career with the Bank because trust and relationship are built over time. Remuneration packages may be an important factor to motivate for joining a company, but it is not the only one. In case of DBBL, it is the excellence of DBBL with good values, fairness, potential for success, scope to develop a broad interesting career etc which attract people to join and work with DBBL.

DBBL always encourages excellence in performance by rewards and recognition. In addition, a number of well thought policies were formulated for the welfare of the employees in the form of DBBL Superannuation Fund, DBBL employees House Building Loan Scheme, Car Leasing Scheme for employees etc. On the other hand, DBBL attaches utmost importance to the development of its employees through continuous training. We imparted training to 213 officers in 9 different courses during 2004. The training programs were organized by our own training institute. We also nominated 89 officers to undergo different training programs/courses organized by different organizations like BIBM, Bangladesh Bank Training Academy (BBTA) and other similar organizations.

An International Training Course entitled 'Financing Sustainable Development' was jointly organized by DBBL and FMO. The course was conducted by 5 foreign trainers at Dhaka Sheraton Hotel and participated by 19 participants out of whom 9 from South and South Asian countries and the remaining from different Banks/Financial Institutions of Bangladesh. At the concluding ceremony, Mr. M. Saifur Rahman, the honorable Minister for Finance and Planning, the Government of People's Republic of Bangladesh was present as the Chief Guest to give away the certificates among the participants.
The number of DBBL staff remained virtually the same in 2004 as in the previous year. At the year end, the member of the staff stood at 431 as opposed to 436 at the end of 2003. During the reporting year, DBBL reached an important milestone by rewriting and evaluating job description of its members of the staff. The new job descriptions will increase management's understanding and involvement in determining the level of responsibility attached to each job.

In the year 2004, DBBL also reorganized its organogram by restructuring of organizational chart flow of authorities and responsibilities therein including the division wise objectives, job descriptions and job specifications of the Bank in accordance with the suggestions made in Bangladesh Bank Guidelines for Managing Core Risks.

The corporate culture at DBBL as grew over last 9 years is such that the members of the staff have ample opportunities to take initiative and responsibilities. The challenge is to maintain a business like, committed corporate culture that matches DBBL's mission. Achieving results and taking responsibility are important components of the culture we pursue, one in which management and staff work together and are mutually accountable.

**Strategic Outlook:**

As we look ahead, we foresee some uncertain economic conditions. However, the financial position of DBBL is such that it can overcome economic uncertainty to a greater degree. We have made long term investments in many areas of our business and will continue to do so where opportunities exist. Meanwhile, we look forward to a year where we will benefit from our world-class customer relationship management systems and our internet delivery capabilities, particularly in personal and commercial banking. Our aim to provide unparalleled customer service will see further development of our marketing capabilities, especially with regard to client segmentation, to allow us identifying customer needs accurately and to offer a wider range of appropriately targeted products and services.

It is always gratifying when the quality of our services or products is recognized in the form of customers’ commendations expressed through different media either print or electronic. We are proud of having such commendations on different occasions. We received a prestigious award from The Institute of Chartered Accountants of Bangladesh, the highest professional accounting regulatory body for the best published financial statement of the year 2003. I thank my talented colleagues whose hard work and dedication have made this superior performance possible. The quality of DBBL's staff is the single most important factor in our success.

Sincere and heartfelt gratitude is due to our respected shareholders, valued customers, patrons and well wishers for their continued supports and advices in all our development programs. We should like to pay our special thanks and gratitude to the Government Agencies, Bangladesh Bank, Securities and Exchange Commission, Office of the Registrar of Joint Stock Companies and Firms, Dhaka Stock Exchange and Chittagong Stock Exchange for their all out co-operation and support for the development of the Bank. The Management is expressing its sincere thanks and gratitude to the Members of the Board of Directors for their prudent policy guidelines in achieving the Bank's cherished goal.

Md. Yeasin Ali
Managing Director