Chairman's foreword

Bismillahir Rahmanir Rahim

Dear Shareholders

Assalamu Alaikum

It is a great privilege and honor for me to welcome you all to the Fourteenth Annual General Meeting of the members of Dutch-Bangla Bank Limited. On behalf of the Board of Directors and from myself, I would like to express my heartfelt thanks and sincere gratitude to all of you for your active support and co-operation without which it would not be possible for us to take your Bank at this present stratum. It is your kind patronage and continued support that have always resulted in greater success for the Bank.

Business environment

Global economic downturn and financial crisis resulted in slower business and investment activities in the country which adversely affected overall economic activities and business operations in 2009.

Bangladesh Bank pursued supportive monetary policy seeking to maintain adequate credit flow for sustained high real output while containing inflation within tolerable moderate levels.

During the year interest rates on deposits declined due to excess liquidity in the market following slower business and investment activities. The interest rates on loans were also reduced to support some priority sectors. Despite global financial meltdown, foreign exchange market of the country was relatively stable in 2009 because of higher inward remittances, moderate growth in export earnings and significant fall of prices of some major items leading to lower import payments.

Technology Investment rationale

As a result of maintaining the nation's largest ATM network and being the most technologically advanced Bank, DBBL has a large financial burden. At DBBL, we have undertaken these initiatives with the outlook that these services will be beneficial for the entire banking sector.

Due to DBBL's cost-cutting in the entire ATM and technology market, these investments presently are not rewarding for the Bank. We give free transactions to our customers even though neighboring countries are charging twenty times higher. Our charges for other banks are insignificant considering the rates that they still pay to local ATM companies and standard international charges.

The Bank approached the IT project as a component of the CSR project, where the intrinsic value of the system would outweigh the financial costs. We have facilitated emergency money withdrawal for clients to withdraw anywhere between 100 Taka to 20,000 Taka. Why should a customer from one district, branch, or ATM not be able to withdraw money from another? Can a price be quantified on a customer's worries, security and time? This is why we took measures to make these services universal. The Bank even amplified their efforts to help member banks reach full automation and only for a fraction of the cost of what it would take for them to implement the system themselves.

We intend to continue with this strategy. In the future, DBBL will introduce many "first and only" products. We hope that you will continue to take advantage of our technology offerings with the same satisfaction that we have in implementing them.
Bank's performance and strategy in 2009

Despite global financial crises and slower business activities in the country, DBBL was successful in achieving higher operating profit and net profit after tax. Sustainable growth was achieved in deposits, loans and import business. The profit growth was achieved even after higher investment cost in IT, HR, branch and ATM network and more expenditure in CSR related activities which constrained the profit growth to some extent. However, DBBL has been consciously making these strategically important investments to provide much better customer service with a wide range of products that will definitely bring long-term growth and enhance shareholders' value.

During the year under review, our focus and strategy was concentrated on sustainable growth of business, better deposit mix, improving the quality of assets, rationalizing operating cost, improving operational efficiency and productivity of resources, better and faster customer service, expansion of branches and ATM network, offering a number of new products in retail banking and card services and strengthening the overall risk management and corporate governance system. With this end in view, a number of steps were taken in 2009. Fifteen (15) new branches were opened during 2009 to have 79 branches, 5 new SME Service Centres were opened in 2009 to have 10 SME Service Centres and 350 ATM units were installed in 2009 to reach 700 ATMs at the end of 2009 to expand our banking services at the doorsteps of the customers across the country and to provide online banking services to a wider range of customers. This was supported by increased investment and upgradation of online banking software and infrastructure. New personnel were recruited in 2009 to strengthen HR to support the business growth and expansion of network and to provide personalized services to our customers.

In 2009, Profit before tax increased by 21.3% and stood at Taka 2,154.4 million compared to Taka 1,776.1 million in 2008. Profit after tax increased by 38.5% and stood at Taka 1,137.7 million compared to Taka 821.7 million in 2008. The return on equity was 30.3% compared to 29.9% in 2008. During the year under review earnings per share attributable to shareholders amounted to Taka 75.85 compared to Taka 54.78 during the previous year.

Classified loan as a percentage of total loan portfolio significantly decreased from 3.27% of 2008 to 2.46% as at 31 December 2009 which is lower than industry average. At the end of 2009, total equity stood at Taka 4,351.8 million as compared to Taka 3,163.6 million in 2008. Tier-1 capital stood at Taka 4,048.9 million as on December 31, 2009 as compared to Taka 2,911.2 million in 2008. The supplementary capital (Tier-2 capital) reached at Taka 1,850.9 million at the end of December 2009 compared to Taka 1,676.3 million at the end of 2008. Total regulatory capital was Taka 5,899.8 million at the end of 2009, an increase of Taka 1,312.3 million (28.6%) from previous year. As of 31 December 2009, Capital Adequacy Ratio (CAR) stood at 11.59% (Tier-1 capital 7.95% and Tier-2 capital 3.64 %) under Basel I that was well above minimum requirement of 10% by Bangladesh Bank.

Respected shareholders, you are aware of the fact that, DBBL's performance cannot be judged by profit figures alone. Many of our services including online banking and ATM services are offered free of cost or at a very low cost though input cost of providing this service is very high. That is where DBBL is different from other banks in the country. As you also know, a significant part of the profit is also returned to the common and distressed people of the country through various CSR programs in which DBBL is a pioneer in the country. Without such social programs, the amount of profit of the Bank could have been much higher. We strongly believe that our strong social commitment and better customer service at affordable cost will make DBBL stronger and provide long term sustainable growth to enhance shareholders' value and to protect depositors' money.

Corporate governance

As you know, good corporate governance system is vital for efficient and effective business operation, long-term stability, and sustainable growth for any organization. The corporate governance system in DBBL is designed to ensure transparency and accountability at all levels in doing business. It also ensures that duties and responsibilities are appropriately segregated between the Board and management to provide sufficient checks
and balance and flexibility for smooth business operations. The Board provides leadership and direction for the management, approves strategic and major policy decisions and oversees management to attain predetermined goals and objectives of the Bank. Integrity and compliance throughout DBBL are strongly encouraged by the Board.

The Board also ensures that adequate internal control systems are in place and that they are consistently complied with to provide reasonable assurance that financial records are reliable for preparation of financial statements. The Board further ensures that quality of financial reporting is maintained, assets of the Bank are safeguarded against unauthorized use or disposition and accountability for assets and business transactions is maintained.

In Compliance with SEC regulations and Bangladesh Bank regulations and to further strengthen our corporate governance system one Independent Director and two Depositor Directors have been inducted in the Board.

Social Commitment and Corporate Social Responsibility (CSR) Programs

As you all know, DBBL has pioneered CSR programs in this country since 2001. As part of its CSR activities, selected rural branches of DBBL are equipped with medical centres to provide medical services to mothers and children and the rest of the rural population free of cost. DBBL’s CSR activities were further increased in 2009. Since inception, DBBL tried to enrich economic and social indicators of society by way of reducing poverty, giving standard health care service, proper nutrition, and ensuring environment friendly society for the present and future generations.

Our lending policy is also supportive for creating employment opportunities and it is free from environmental hazards. Education and healthcare are key areas where we are directing our efforts to improve quality. CSR initiatives undertaken in 2009 among other include awarding scholarships to needy and meritorious students, the Smile Brighter program for cleft-lipped operations, rural healthcare service, the financial support to the acid-burn, dowry victims, AIDS victims etc.

We strongly believe that these kinds of social and philanthropic activities would ultimately improve the quality of lives of the disadvantaged people of the country by receiving healthcare facilities, support for education, financial support and assistance whenever there is a natural disaster.

Future Outlook

I strongly believe that our personalized customer service with existing and new products with the support of our huge investment in IT platform, branch and ATM network, efficient and productive resources and better risk management and corporate governance system will bring sustainable growth with improved asset quality that will maximize value for all the stakeholders in coming years.

I would like to express my gratitude to the Government of Bangladesh, Bangladesh Bank, Securities and Exchange Commission, Office of the Registrar of Joint Stock Companies and Firms, the Stock Exchanges for their continued support and guidance. I would also like to express my thanks to all valued clients, patrons, well wishers, shareholders and all employees for their continued support and cooperation, without which the Bank would not be able to achieve its present position. I am thankful to our statutory auditors Hoda Vasi Chowdhury & Co. My appreciation also goes to my fellow members in the Board of Directors of the Bank for their generous assistance, guidance and thoughtful leadership in bringing every success for the Bank.

To conclude, we reaffirm our intention to remain "Your Trusted Partner" all the time.

May Allah help us and shower his unending blessings upon us.

With best regards,

Abedur Rashid Khan
Chairman