

# Report on Corporate Governance

## Report of the Directors on Corporate Governance

The role of boards is undergoing constant evolution worldwide. Factors such as ongoing geo-political tensions, economic distress, the cost-of-living crisis, market instability, and concerns related to climate change are directly shaping the landscape of corporate governance. Boards must remain fully engaged and serve as drivers of change to safeguard corporate resilience. Those boards with a long-term perspective typically prove more effective in guiding organizations through challenging times.

In Bangladesh, the Bangladesh Securities and Exchange Commission (BSEC) continues to elevate corporate governance standards. By amending the Code of Corporate Governance and issuing related circulars, the regulator rightly encourages companies to enhance their non-financial disclosures. This emphasis on non-financial disclosures contributes to a more comprehensive understanding of a company, providing stakeholders with a holistic perspective.

## Philosophy on Corporate Governance

Corporate Governance embodies a blend of voluntary practices and adherence to laws and regulations, fostering effective control and optimal management within the organization. Our company steadfastly prioritizes governance practices that uphold the highest ethical standards, prudence, and long-term growth objectives. Our unwavering commitment to sound governance not only confers a distinct competitive edge but also bolsters our reputation and ensures enduring sustainability.

At the core of our approach lies the belief that a robust alignment between culture and strategy consistently yields enhanced financial performance, greater employee engagement, ethical conduct, and heightened stakeholder satisfaction. Leveraging the profound industry expertise of our directors, we navigate through a spectrum of challenges, including economic uncertainties, regulatory shifts, digitalization, and market volatility.

Compliance remains integral to our operations, and we adhere diligently to the provisions outlined in the Companies Act, 1994, Code of Corporate Governance-2018 and its related amendment in 2023, Listing Regulations-2015, and Finance Companies Act- 2023 where applicable. Recognizing our multifaceted responsibilities, we acknowledge our obligations not only to legal and contractual frameworks but also to our diverse stakeholders, encompassing shareholders, bankers, regulators, governmental bodies, employees, investors, creditors, and customers, among others. We are dedicated to ensuring that all stakeholders have access to transparent, comprehensive, and factual information pertaining to our company.

Our steadfast commitment to a culture of governance has garnered prestigious accolades, including the 'ICSB Gold Award for Excellence in Corporate Governance' for four consecutive years. Additionally, we have been honored with the 'ICMAB Best Corporate Award' and the 'ICAB National Award' on various occasions.

In our endeavor to furnish stakeholders with accurate information, we have maintained an official website linked with the exchanges' websites ([www.dbhfinance.com](http://www.dbhfinance.com)) for an extensive period. We diligently upload requisite information in compliance with regulatory mandates to ensure transparency and accountability.

## Responsibilities of the Board

The Board of Directors serves as stewards of the Company's interests, aiming to optimize long-term value by offering management guidance and strategic direction. Their mandate encompasses several crucial tasks, including overseeing the Corporation's strategic trajectory, evaluating corporate performance, upholding the highest ethical standards of governance, assessing the effectiveness of risk management and mitigation measures, reviewing internal financial controls, authorizing and monitoring strategic investments, overseeing board and senior management succession planning, and ensuring compliance with regulatory, environmental, and corporate social responsibility obligations.

Furthermore, the board is entrusted with ensuring transparency in all dealings with stakeholders, evaluating the performance of key executives, and aligning the Company's remuneration policy with the long-term interests of both the Company and its stakeholders.

Directors are expected to actively participate in all board and committee meetings, which are scheduled well in advance. The Company provides necessary assistance to facilitate directors' attendance at meetings, whether in person or through audio-visual means.

Finally, all board members are committed to ensuring that their engagements in other capacities do not compromise their fiduciary responsibilities as directors of the Corporation.

### Change in Board Composition

**As of the date of this report, the board composition has undergone the following changes:**

Ms. Rasheda K. Choudhury, Independent Director, concluded her tenure as a Director of the Company on the final day of December 2023, marking the completion of her second term as an Independent Director. The board acknowledges and expresses its sincere appreciation for her invaluable guidance and significant contributions to the Company throughout her tenures.

## 1. BOARD INDEPENDENCE & GOVERNANCE

At DBH, our Board of Directors is steadfastly dedicated to maintaining the highest governance standards. With a focus on ensuring the integrity of our financial reporting system, internal controls, risk management, and compliance with applicable laws, the Board diligently oversees the Company's operations and management. Every decision made is meticulously evaluated to ensure alignment with the best interests of our stakeholders.

In fulfilling its fiduciary duties, the Board acknowledges its responsibilities to shareholders and other stakeholders, committing to uphold exemplary standards in all aspects of governance. Moreover, the Board ensures the proper delegation of authority to senior officials, empowering them to effectively manage operations.

Recognizing the importance of diversity and expertise, the composition of our Board is carefully curated to encompass a blend of skill, experience, and personal attributes. This diversity

enables our Directors, both individually and collectively, to discharge their duties efficiently, understand the intricacies of our business, and evaluate management performance effectively. With Directors possessing a wealth of local and international experience, expertise, and specialized skills, we are well-equipped to make informed decisions and lead the Company for the benefit of our shareholders.

### (a) Chairman

The Board elects the Chairman, who serves as a Non-Executive Director. The Board acknowledges the Chairman's independence in his role. Acting as the primary liaison between the Board and Management, the Chairman collaborates with the CEO and Company Secretary to formulate the agenda for Board Meetings. Providing leadership to the Board, he ensures its effectiveness and efficient discharge of responsibilities.

### Responsibilities of the Chairman

The Chairman of the Board bears the pivotal responsibility for the management, development, and optimal performance of the Board of Directors. Specifically, the Chairman shall:

- Uphold the highest standards of corporate governance, ensuring the efficient operation of the Board and its committees.
- Facilitate effective communication with shareholders, government entities, and other pertinent stakeholders, ensuring the Board is well-informed of their perspectives.
- Set the agenda, tone, and manner of Board discussions to foster constructive dialogue and facilitate sound decision-making processes.
- Ensure the proper establishment, composition, and functioning of all Board Committees.
- Provide support and counsel to the CEO & Managing Director in the formulation of strategic initiatives, thereby contributing to organizational growth and success.
- Foster a cohesive relationship among Directors, serving as the primary channel for communication on matters related to business strategy, planned acquisitions, and corporate governance.

- Cultivate a harmonious and transparent rapport with the CEO & Managing Director, promoting alignment and collaboration at the executive level.
- Ensure comprehensive coverage of corporate governance matters and oversee the structuring of Board Committees to address pertinent issues effectively.
- Encourage proactive participation and engagement from all Board members, fostering a culture of collaboration and accountability within the Boardroom.

**(b) Chairman & Managing Director/CEO of the Company are different persons**

The Chairman of the Board and Managing Director of the Company are different persons with different roles and responsibilities, defined by the Board and thereby preventing unregulated powers of decision making on a single hand. The Chairman is a Non-Executive Director while the Managing Director is an Executive, ex-officio Director.

**Role of the Managing Director & CEO**

As the principal figure, the Managing Director & CEO assumes the pivotal role in overseeing the Company's operations. Charged with both formulating and executing Board strategy and policy, the Managing Director spearheads the Company's direction. Additionally, the Managing Director assumes the crucial task of establishing and executing the Company's operational plan, essential for achieving organizational objectives. With ultimate authority over day-to-day affairs, the Managing Director & CEO is answerable to the Board for the Company's financial and operational performance.

**(c) Criteria for Appointment of Independent Directors**

As per the amendments of Corporate Governance Code- 2018 of the Bangladesh Securities and Exchange Commission (BSEC), At least 2(two) directors or one-fifth (1/5) of the total number of directors in the company's Board, whichever is higher, shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s)

Thus, in compliance with the Code, two (2) Directors out of the total eight (8) Directors were independent, having no share or interest in DBH. The independence of the respective Independent Directors is confirmed

during selection and appointment and they remain committed to continuing with such independence throughout their tenure.

**Role of Independent Directors**

Independent Directors are integral to the decision-making process of the Board, actively engaging in shaping the overall strategy of the Company and overseeing management performance. Committed to acting in the best interests of the Company and its stakeholders, Independent Directors bring a diverse array of experience, knowledge, and judgment to the table. Drawing upon their expertise in economics, finance, management, law, and public policy, Independent Directors provide valuable insights and perspectives that contribute to informed and impartial decision-making. Their broad understanding of both their respective fields and boardroom practices fosters an environment conducive to diverse, unbiased, and experienced viewpoints. As a result, the Company greatly benefits from their contributions in charting its strategic course.

**(d) DBH's Policy for Induction of Directors**

In relation to the selection and appointment of a new Director, the existing Board of Directors possesses the following duties and responsibilities:

- Regularly review the size and composition of the Board and the mix of expertise, skills, experience, and perspectives that may be desirable to permit the Board to execute its functions;
- Identify any competencies not adequately represented and agree to the process necessary to be assured that a candidate nominated by the shareholders with those competencies is selected;
- The Directors are appointed/re-appointed by the shareholders in the Annual General Meeting (AGM). Casual vacancies, if any, are filled by the Board in accordance with the stipulations of the Companies Act, 1994, and the Articles of DBH;
- The CEO & Managing Director is appointed by the Board subject to the approval of Bangladesh Bank;
- Any change in the members of the Board requires intimation to the Bangladesh Bank, all scheduled Banks and Financial Institutions (FIs), Bangladesh Securities and Exchange Commission (BSEC), and the Stock Exchanges.

### (e) Composition and Category

The Composition of the Board of Directors of the Company is in compliance with Bangladesh Bank's Circular No. 9 dated September 11, 2002, and the condition nos. 1.1 & 1.2 of Bangladesh Securities and Exchange Commission's Corporate Governance Code dated June 3, 2018 and its relevant amendments. The Board has an optimum combination of Non-Executive and Independent Directors. The Board comprised of total eight (8) Directors, out of which six (6) are Non-Executive Directors and two (2) are Independent Directors.

### (f) Board's Effectiveness Policy

The Board has a fiduciary role, responsible for setting the strategic direction and long-term goals of the company. As elected representatives of the shareholders, the Board is expected to use its integrity and capability to vet corporate strategies, policies, plans, and major decisions, and to oversee and monitor the management in the interests of the Stakeholders of DBH. Key to good governance in DBH is an informed and well-functioning Board of Directors.

**Broadly, the responsibilities of the Board include the followings:**

- Reviewing and approving overall business strategy, as well as organization structure, developed and recommended by management;
- Ensuring that decisions and investments are consistent with long-term strategic goals;
- Ensuring that DBH is operated to preserve its financial integrity and in accordance with policies approved by the Board;
- Overseeing, through the Audit Committee, the quality and integrity of the accounting and financial reporting systems, disclosure, controls & procedures, and internal controls;
- Providing oversight in ensuring that DBH's risk appetite and activities are consistent with the strategic intent, operating environment, effective internal controls, capital sufficiency, and regulatory standards;
- Overseeing, through the internal Risk Management Committee, the establishment and operation of an independent risk management system for managing risks on an enterprise-wide basis, the adequacy of the risk management function (including ensuring that it is sufficiently resourced to monitor risk by the various risk categories and that it has

appropriate independent reporting lines) and the quality of the risk management processes and systems;

- Reviewing any transaction for the acquisition or disposal of material assets.
- Ensuring that the necessary human resources are in place to meet its objectives, as well as appointing and removing executive officers, as deemed necessary;
- Reviewing management performance and ensuring that management formulates policies and processes to promote fair practices and high standards of business conduct by staff;
- Establishing corporate values and standards, emphasizing integrity, honesty, and proper conduct at all times with respect to internal dealings and external transactions, including situations where there are potential conflicts of interest;
- Providing a balanced and understandable assessment of DBH's performance, position, and prospects, and this extends to interim and other price-sensitive public reports, and reports to regulators;
- Ensuring that obligations to shareholders and others are understood and met; and
- Maintaining records of all meetings of the Board and Board Committees, in particular, records of discussion on key deliberations and decisions taken.

### (g) Continuing Development Program of Directors & Annual Appraisal of the Board's Performance

Each and every Director is expected to make important contributions based on industry knowledge, and understanding of the Business model of the company.

The Chairman ensures that all Directors receive a full, formal, and tailored induction on joining the Board, facilitated by the senior management and comprising;

- A formal corporate induction, including an introduction to the Board, and a detailed overview of DBH, its strategy, operational structures, and business activities;
- Directors also attend various workshops arranged by national and international organizations.

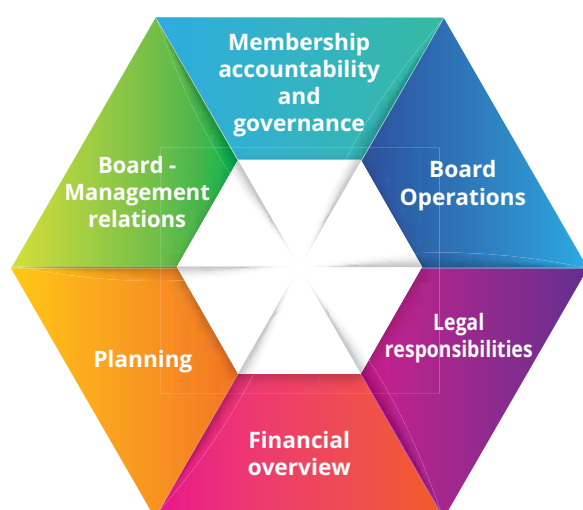
## Board's Appraisal

Appraising the Board's performance can clarify the individual and collective roles and responsibilities of its directors, and better knowledge of what is expected from them can help boards become more effective. Board appraisals may also improve the working relationship between a company's board and its management.

Any discussion of performance appraisals must necessarily cover two broad areas –the what and the how. In the case of a Board, what should be appraised is its ability first to define its responsibilities and establish annual objectives in the context of those general responsibilities, and then its record in achieving those objectives.

An appraisal must also look at the resources and capabilities the board needs and has available to perform its job. The how of the Board appraisal is, of course, the process the Board uses to evaluate its own performance.

The following criteria are considered for the evaluation:



## (h) Directors Report on Preparation and Presentation of Financial Statements and Corporate Governance

The Companies Act, 1994, requires the Directors to prepare financial statements for each accounting year.

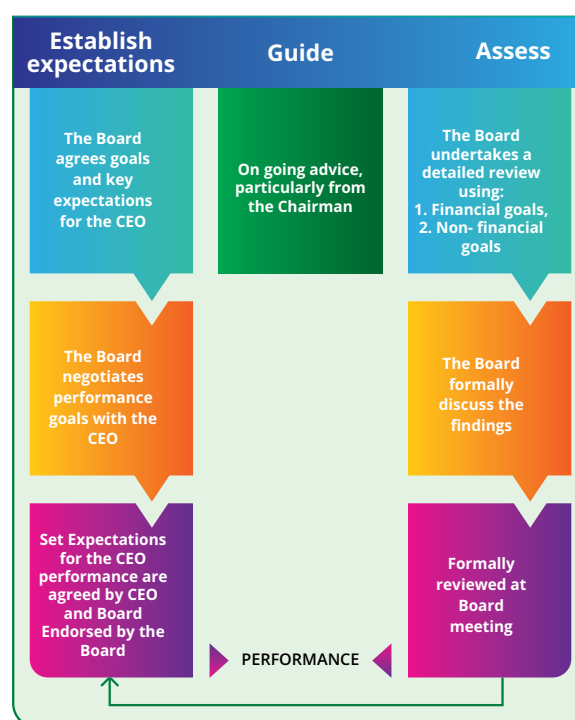
The Board of Directors accepts the responsibility for the preparation of the financial statements (as well as the quarterly financial statements), maintaining adequate records for safeguarding the assets of the Company, preventing and detecting fraud and/ or

other irregularities, selecting suitable accounting policies and applying those policies consistently and making reasonable and prudent judgments and estimates where necessary.

The Board of Directors is also responsible for the implementation of the best and most suitable corporate governance practices. A separate statement of the Directors' responsibility for financial reporting and corporate governance has been presented on page no. 186 of this Annual Report.

## (i) Annual evaluation of Managing Director & CEO by the Board

The Board of Directors evaluates the Managing Director & CEO's performance based on the goals set for him, considering the company's vision and mission at the beginning of each year. The annual financial budget and other job objectives are discussed, reviewed, and finalized by the Board at the start of the financial year. The Board considers financial and non-financial goals during the appraisal of MD's performance.



## (j) Board nomination and election process

The Board, as a whole, decides on the nomination of any Board member and the composition of the Board and its committees.



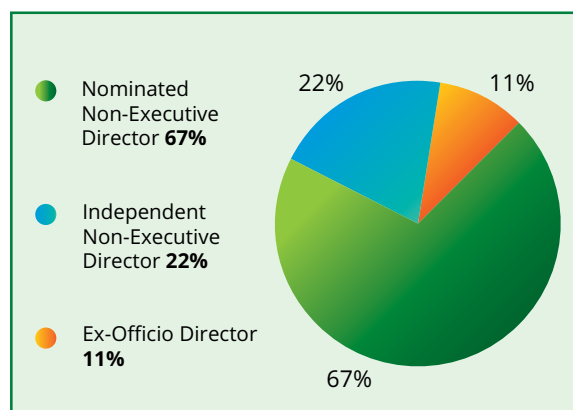
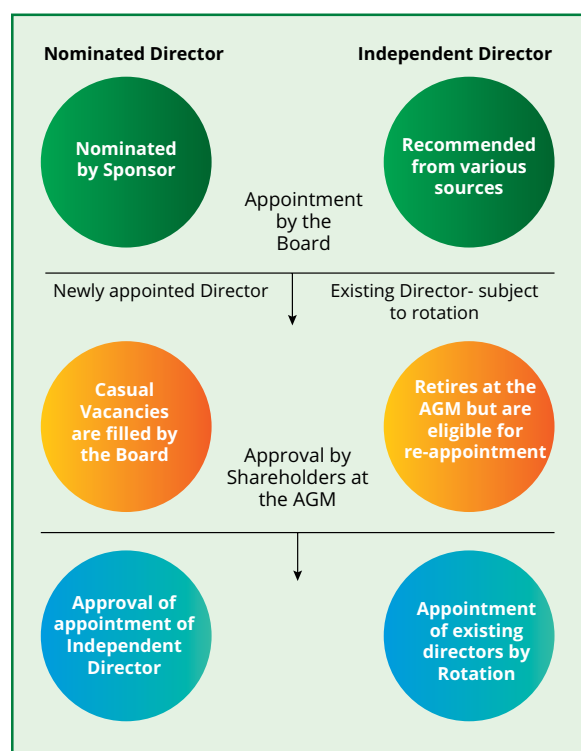
The Board of Directors of the Company is in compliance with Bangladesh Bank's Circular No. 9 dated September 11, 2002, and the condition nos. 1.1 & 1.2 of Bangladesh Securities and Exchange Commission's Corporate Governance Code-2018.

The Board has an optimum combination of Non-Executive and Independent Directors. The Board comprised of total eight (8) Directors, out of which six (6) were Non-Executive Directors and two (2) were Independent Directors. The Managing Director is an Executive and ex-officio Director of the Board.

As per DBH's Articles of Association, one-third of the Directors are required to retire from the Board every year, comprising those who have been in office, the longest since their last election. A retiring Director shall be eligible for re-election.

#### The Directors of DBH are:

**Nominated Non-Executive Directors-** Three Institutional Sponsors of the Company namely; BRAC, Delta Life Insurance Company Ltd., and Green Delta Insurance Company Ltd. nominate their representative as per their quota, and finally, upon scrutiny, the Board approve their nomination subject to Bangladesh bank's approval. After receiving formal approval from Bangladesh Bank, the Board Members are given the formal appointment.



**Non-executive Independent Directors-** The Board receives a recommendation from various sources for highly capable and seasoned professionals and finally approves in the Board meeting for the appointment. Currently, such appointment is done subject to prior approval from the Bangladesh Securities and Exchange Commission as well as from Bangladesh Bank.

#### Board composition

### 2. BOARD SYSTEMS AND PROCEDURES

#### (a) Board Meetings

The Board of Directors typically convenes at the Company's headquarters in Gulshan, Dhaka. Throughout the reviewed period, the board convened on nine occasions. Given the challenges posed by the COVID-19 pandemic, one meeting was conducted virtually, leveraging audio-visual technology in accordance with relaxations provided by the Bangladesh Securities and Exchange Commission. Six meetings followed a hybrid format, while two were held in-person.

Meetings are typically scheduled well in advance, with written notices provided to each director. The board convenes at least once per quarter to assess the Company's quarterly performance and financial results. In instances of special or urgent business matters, board approval is sought via resolutions circulated as permitted by law, with confirmations provided at subsequent meetings.

Prior to meetings, directors receive comprehensive board papers, agendas, and explanatory notes, accessible both in advance and on digital platforms. The Chairman moderates discussions, striving for consensus and ensuring accurate documentation of decisions. Senior management is often invited

to contribute additional insights relevant to board discussions.

### (b) Written Code of Conduct for the Chairperson, other Board members, and CEO

The Board in its 103rd Meeting held on December 27, 2018, laid down and adopted a Code of Conduct for the Chairperson, other Board Members, and CEO of the Company in accordance with Condition No. 1 (7) of the Corporate Governance Code – 2018. This code of conduct has successfully replaced the earlier code of conduct for the Directors and Senior Management approved by the Board in its 70<sup>th</sup> Meeting held on December 27, 2012, with the objective of enhancing the standards of governance.

However, the Company also adopted separate codes for the members of management and executives of the Company, which was adopted by the Board in its 97th meeting held on December 12, 2017, pursuant to the Code of Conduct for Banks & NBFIs issued by Bangladesh Bank.

Hence, for the year under review, all directors and members of senior management have affirmed their adherence to the provisions of the respective codes.

### Ethics and Compliance

The Board is committed to establishing the highest

levels of ethics and compliance.

DBH remains committed to upholding the highest standards of ethics and compliance by its employees. This commitment is reflected in its Code of Conduct which covers, among other issues, the following areas:

- Their relationship with and responsibilities to DBH.
- Their relationship with and responsibilities to customers.
- Compliance with laws and regulations.
- Acting in a professional and ethical manner.
- Protection of business assets.
- Disclosure of conflicts of interest.
- Prohibition of any conduct involving dishonesty, fraud, deceit, or misrepresentation including insider trading.

The complete Code of Conducts is available on the Company's website, the link to which is:

[https://www.dbhfinance.com/downloads/Code\\_of\\_Conduct\\_2018.pdf](https://www.dbhfinance.com/downloads/Code_of_Conduct_2018.pdf)

and

[https://www.dbhfinance.com/downloads/Code\\_of\\_Conduct\\_Chairperson.pdf](https://www.dbhfinance.com/downloads/Code_of_Conduct_Chairperson.pdf)

### (c) Attendance in AGM, Board and Committee Meetings

During the financial year under reporting total nine (9) Board Meetings, four (4) Audit Committee Meetings & eight (8) Executive Committee Meetings were held and the attendance of the Directors are noted below:

Name of Directors	Attendance at 27 <sup>th</sup> AGM	Board		Executive Committee		Audit Committee	
		Total Meetings	Meetings Attended	Total Meetings	Meetings Attended	Total Meetings	Meetings Attended
Mr. Nasir A. Choudhury Chairman	√	9	9	-	-	-	-
Dr. A M R Chowdhury Vice Chairman		9	8	8	5	-	-
Ms. Mehreen Hassan, Bar- at- Law	√	9	8	8	8	1	1
Mr. Syed Moinuddin Ahmed	√	9	5	-	-	4	1
Mr. Mohammad Anisur Rahman		3	2	-	-	2	1
Mr. Khandkar Manwarul Islam	√	9	7	-	-	4	3
Mr. Nazir Rahim Chowdhury	√	9	8	8	7	-	-
Ms. Rasheda K. Choudhury	√	9	7	-	-	4	4
Major General Syeed Ahmed, BP (Retd.)	√	9	9	-	-	4	4
Mr. Nasimul Baten, MD & CEO	√	9	9	8	8	4	4

**(d) Particulars of Whistle Blower Policy**

DBH has a Whistle Blowing Policy in place, which serves as a channel for early identification of corporate fraud or risk by ensuring that employees reporting legitimate concerns on potential wrongdoings occurring within the organization are guaranteed complete confidentiality. Such complaints are investigated and addressed through a formalized procedure.

**(e) Independence of the Chairman of all Board Committee**

The Chairmen of the Committees are selected by the Board. The Board considers that the Chairmen of both committees are independent.

**(f) Board Contains a Member with Expert Knowledge and is Responsible for Informing Board on Corporate Regulatory Rules, Responsibilities, and Implications**

DBH's Board of Directors consists of members who possess a wide variety of knowledge and experience in finance, economics, management, business administration, marketing, and law. This ensures that together, they formulate the right policy for the development of the business while having the specialized skills and the ability to foresee developments across a larger perspective and with enough independence to audit the management in a balanced manner.

Two of the Board Members are business graduates, one of the directors is Ph.D., and one Director is Barrister-at-law. Respective qualifications of the Directors are appended in the Directors' profile on page nos. 134-141 of this annual report.

**(g) Nomination and Remuneration Committee (NRC)**

As per the Bangladesh Bank's DFIM Letter No. DFIM(P)1052/27/2021-2436 dated 04 November 2021, The Financial Institutions (FIs) cannot form the Committee named Nomination and Remuneration Committee (NRC). For which the Board was unable to form the committee named Nomination and Remuneration Committee (NRC) in accordance with the Corporate Governance Code -2018.

**(h) Information Applied to the Board**

DBH has incorporated its Governance Framework pursuant to the guidelines prescribed in the Code of Best Practices on Corporate Governance issued by the Bangladesh Securities and Exchange

Commission (BSEC), and the Bangladesh Bank on Corporate Governance for listed companies as well as for the financial institutions from time to time.

**Related Acts, Regulations, and Guidelines:**

Sl.	Particulars
1	The Companies Act, 1994;
2	The Financial Institutions Act, 2023;
3	Securities & Exchange Ordinance-1969 and Securities & Exchange Rules- 2020;
4	Corporate Governance Code- 2018 and its amendments in 2023 issued by the Bangladesh Securities and Exchange Commission (BSEC);
5	Policies, Procedures, Directives of BB & BSEC;
6	Listing regulations 2015 of Stock Exchanges;
7	Code of Conduct for Banks/FIs issued by Bangladesh Bank.

**Related internal principles and guidelines:**

Sl.	Particulars
1	Articles of Association;
2	Code of Conduct for the employees & the Board;
3	Board and Board Sub Committee Charters;
4	Different approved Manual like; (i) Policy Statement, (ii) HR Manual, (iii) ICT & ICC Manual (iv) Credit Risk Management Manual, etc.

**(i) Disclosure of Board Committees**

The Board of Directors has constituted two committees namely – the Audit Committee and Executive Committee which enable the Board to deal with specific areas/activities that need a closer review and to have an appropriate structure to assist in the discharge of their duties and responsibilities.

The Committees of the Board meet at regular intervals and have the requisite subject expertise to handle and resolve matters expediently. Minutes of the Committee Meetings are circulated and placed before the Board of Directors in the subsequent Board Meeting for their noting. The Company Secretary acts as a Secretary to both the committees of the Board.

Detailed composition, meetings, and other information of all the Committees of the Board are herein below:



## Audit Committee

The primary role of the Audit Committee is overseeing the financial reporting process and disclosure of financial information, reviewing the financial statements before submission to the Board, reviewing the adequacy of internal control systems, and reviewing findings of internal investigations besides recommending appointment/ removal of statutory auditors and fixing their remuneration.

The Audit Committee of the Board was last reconstituted on July 30, 2023, in compliance with the DFIM Circular No. 13 dated October 2011 of Bangladesh Bank as well as the condition 4 (2) of the Bangladesh Securities and Exchange Commission's (BSEC) Corporate Governance Code-2018 and its relevant amendments in 2023. All the Members of the Audit Committee have the required qualifications and expertise to be a member of the Committee and possess the requisite knowledge of accounting and financial management.

A separate report on the activities of the Audit Committee has been presented on page no. 182 of this annual report.

## Executive Committee

The Executive Committee of the Board is authorized to review all the proposals of loans and advances above authority delegated to the Managing Director & CEO with an upper limit of Tk. 2.00 crore. During the period under review, 8 (eight) meetings of the Executive Committee were held.

The Executive Committee was last reconstituted on December 22, 2022, and the members are Ms. Mehreen Hassan as its Chairperson, Dr. A M R Chowdhury, Mr. Nazir Rahim Chowdhury, and Mr. Nasimul Baten, Managing Director & CEO.

### (j) Role of Company Secretary & his Background

The Company Secretary plays a pivotal role in advising the Board, primarily through the Chairman, on all governance matters. Furthermore, they are responsible for facilitating effective information flow between the Board and its Committees, as well as fostering communication between management and non-executive directors. Acting as a vital link between regulators, stakeholders, and the company, the Company Secretary ensures compliance and transparency in all dealings.

Mr. Jashim Uddin, FCS, currently holds the position of Executive Vice President-Company Secretary

and Head of Corporate Affairs at DBH. He joined the Company in December 2007, bringing with him a wealth of experience and expertise in corporate affairs. As a Professional Chartered Secretary, Mr. Uddin holds Fellow Membership of the Institute of Chartered Secretaries of Bangladesh (ICSB). Prior to his tenure at DBH, he served in various capacities at two publicly listed banks, where he gained extensive experience in managing IPOs and Rights issues.

## 3. BOARD SYSTEMS AND AUDIT COMMITTEE

### (a) Financial Expert in the Audit Committee

The Audit Committee of the Board was last reconstituted on July 30, 2023. All the Members of the Audit Committee have the required qualifications and expertise for appointment to the Committee and possess the requisite knowledge of accounting and financial management.

### (b) Reporting of Internal Auditor to the Audit Committee

The Company's internal control system was commensurate with its size and business nature. The system minimized operational risks through effective control, systemic review, and ongoing audit. The internal auditors of the internal control and compliance department (ICC) undertook a comprehensive audit of all functional areas and operations, their findings were referred to the Audit Committee of the Board.

The company internalized its legal and technical appraisal functions to ensure optimum control. The Company's multi-level authorization structure ensured that higher exposure levels were duly authorized by personnel and committees with requisite experience and authority. Training programs and guidelines helped to implement a linkage between goals and operations.

The Board has the ultimate responsibility for establishing an effective system of internal control. The internal control system holds all business risks, including financial, operational, and strategic risks. To mitigate all the risks as well as to establish a controlled environment, the board holds its meeting regularly with comprehensive agenda dealing with all major aspects of the business. The ICC Department looks after compliance with the organizational policies of different departments.

DBH made relevant mandatory disclosure in its financial statements under the regulatory framework, including compliance with the provisions

of International Financial Reporting Standards (IFRS) as adopted in Bangladesh, that it submits all the reports/ statements regularly, which are required to submit to the regulators as well as the other stakeholders of the Company. However, a separate report on Internal Control has been given on page no. 180 of this report.

**(c) Proportion of Independent Directors in the Audit Committee**

The Audit Committee of DBH has been formed pursuant to the Bangladesh Bank's guideline on Internal Control and Compliance (ICC) framework vide their DFIM Circular No. 13, dated: October 26, 2011, and Bangladesh Securities and Exchange Commission's Corporate Governance code- 2018 dated June 3, 2018.

The Audit Committee at DBH was last reconstituted on July 30, 2023, and the members of the Committee were:

Name	Status in the Committee
Maj. Gen. Syeed Ahmed, BP, awc, psc (Retd.) Independent Director	Chairman
Mr. Syed Moinuddin Ahmed	Member
Ms. Rasheda K. Choudhury Independent Director	Member
Ms. Mehreen Hassan, Bar-at-law	Member
Mr. Khandkar Manwarul Islam	Member

Mr. Jashim Uddin, FCS, Company Secretary is also the Secretary of the Audit Committee. The Head of Internal Audit concurrently reports to the Managing Director & CEO as well as to the Audit Committee.

**(d) Report by the Audit Committee to the Board about the matters related to Conflict of Interest**

The Audit Committee reports directly to the Board of Directors and under certain circumstances, can also report to the BSEC.

The Audit Committee shall immediately report to the Board of Directors in the following cases:

- On conflict of interest;
- Suspected and presumed fraud or irregularity or material defect in the internal control system;
- Suspected infringement of laws, including securities-related laws, rules and regulations

and

- Any other matter, which should be disclosed to the Board of Directors immediately.

No such issues arose at DBH during the year that ended on 31 December 2023.

**(e) Presence of the Chairman of the Audit Committee at the AGM**

The Chairman of the Audit Committee is an Independent Director and was present at the last 27<sup>th</sup> Annual General Meeting of the Company.

**4. TRANSPARENCY & DISCLOSURE COMPLIANCES**

**(a) Particulars of Purchase/ Sale of Goods/ Materials/ or Services by the Company for/ to Directors and/ or their Relatives etc.**

No such issues arose at DBH during the year ended 31 December 2023.

**(b) Disclosure in the Annual Report about Related Party Transaction**

Transactions with related parties have been made on an arm's length basis and are in the ordinary course of business. Detailed transactions with related parties have been described in notes- 40 of the Financial Statements on page no. 238 of this annual report.

**(c) Disclosure regarding Compliance with IFRS**

The Members of the Board, in accordance with the Bangladesh Securities & Exchange Commission's Corporate Governance Code- 2018, confirmed compliance with the financial reporting framework by the International Accounting Standards (IAS)/ International Financial Reporting Standards (IFRS), as applicable in Bangladesh for preparation of the financial statements and any departure therefrom has been adequately disclosed.

**(d) Disclosure regarding Compliance of ICSB Secretarial Standards**

The Company has complied with the applicable Secretarial Standards adopted by the 'Institute of Chartered Secretaries of Bangladesh (ICSB)'.

**(e) Adverse Remarks in the Auditors' Report**

The audit report 2023 contained no adverse observations of the activities by the Statutory Auditors of the Company.

**(f) Certification of Annual Financial Statements by the CEO & CFO**

The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) provide a certification on annual basis to the Board of Directors under Condition No.3 (3) (C) of the Corporate Governance Code- 2018 of BSEC.

**(g) Presentation of Financial Statements on the Website**

The Company's financial results and official news releases have been displayed on the company's website and also on the websites of the Dhaka Stock Exchange PLC and Chittagong Stock Exchange PLC.

**(h) Information relating to Compliance Certificate**

M/s. SARashid & Associates, Chartered Accountants have certified that the Company has complied with the conditions of Corporate Governance as stipulated under BSEC's Corporate Governance Code- 2018 and its relevant amendments. The said certificate forms part of this Annual Report as an annexure to the Corporate Governance Report of the Board of Directors.

**(i) Disclosure made to the prospective foreign/ local investors**

DBH made relevant mandatory disclosure in its financial statements and all price-sensitive information under the regulatory framework, including compliance with the provisions of International Financial Reporting Standards (IFRS) as adopted in Bangladesh, that it submits all the reports/statements regularly, which are required to submit to the regulators as well as the other stakeholders of the Company and also displayed on the company's website and the websites of the Dhaka and Chittagong Stock Exchanges for the prospective foreign/ local investors.

We also display some information (like a list of Directors, Financial Statements) on the front desk's board at all branches of DBH as required by Bangladesh Bank.

**(j) Disclosure Pertaining to the Remuneration Package of Directors in the Annual Report**

Pursuant to the Bangladesh Bank Guideline, Directors of FIs are not entitled to get any remuneration other than the fees for attending the meeting of the Board and its committees.

Bangladesh Bank vide its DFIM Circular No. 13 dated November 30, 2015, re-fixed the maximum limit of remuneration/ meeting attendance fees of Taka 8,000/- per meeting per Director.

The details of attendance along with the amount of remuneration of Directors in the meeting of the Board and its committees have been presented in Annexure II of the Directors' Report. The amount of remuneration paid to the Directors is also disclosed in Note No. 28 of the audited financial statements.

**5. TRANSPARENCY AND INTERNAL AUDIT FUNCTIONS**

**(a) Establishment of an Internal Audit Department in the Company**

The Company's internal control system was commensurate with its size and business nature. The system minimized operational risks through effective control, systemic review, and ongoing audit. There is an internal control and compliance department directly reporting to the Board Audit Committee which looks after compliance with the organizational policies by different departments.

The internal auditors undertook a comprehensive audit of all functional areas and operations, their findings were referred to the Audit Committee of the Board.

**(b) Written Role and Responsibility of the Head of Internal Audit**

The Head of Internal Audit (HIA) is the key person who is responsible for ensuring the appropriate level of assurance in relation to the operation of internal controls, risk management, and governance. Hence, appropriate governance arrangements would include the HIA having direct, unrestricted access to the accountable officer; a service level agreement (or similar) in place; and a strong audit committee in operation. The duties and responsibilities will also include overseeing the following functions:

- (1) Financial reporting including disclosures
- (2) Internal control
- (3) Internal audit
- (4) Compliance with relevant ethical requirements, in particular, independence and objectivity
- (5) The statutory audit or external audit
- (6) Remedial actions

**(c) Statement of Directors' Responsibility to Establish Appropriate System on Internal Controls**

The Company has taken proper steps and sufficient care in building a system of internal control, which

is reviewed, evaluated, and updated regularly. The internal audit department of the Company conducts a periodic audit to provide reasonable assurance that the established policies and procedures of the Company were consistently followed. However, a Statement of Directors' responsibility to establish an appropriate system of internal controls has been presented on page no. 186 of this report.

#### **(d) Review of the Adequacy of the Internal Control System**

DBH maintains a robust system of internal controls across its business operations, encompassing areas such as operations, financial reporting, fraud prevention, and compliance with relevant laws and regulations. These controls are established in alignment with principles of good governance and are implemented with a framework of checks and balances.

Our company ensures the presence of a reasonably effective internal control framework throughout the organization. This framework aims to safeguard assets, ensure the reliability of financial and operational information, ensure compliance with applicable statutes, authorize transactions appropriately, and adhere to internal company policies.

The internal audit function adopts a risk-based approach, conducting regular audits of all branches and offices. This ongoing evaluation assesses the adequacy and effectiveness of internal controls, adherence to company policies and procedures, and compliance with regulatory requirements. Audit findings are presented to the Audit Committee of the Board of Directors periodically.

The Audit Committee actively reviews the adequacy and effectiveness of internal control systems, offering recommendations for enhancements to better align with evolving business needs over time.

#### **(e) Report of the Internal Audit to the Audit Committee**

The internal auditors undertook a comprehensive audit of all functional areas and operations, and their findings/report was referred to the Audit Committee of the Board for appropriate actions/review.

## **6. SHAREHOLDERS INFORMATION & VALUE ENHANCEMENT**

Patterns of shareholdings as on 31<sup>st</sup> December 2023 are given below:

#### **Based on Shareholders types:**

Group Name	No. of Share holders	No. of Shares	Percent (%)
Sponsors/ Directors	5	102,072,758	51.32
General Public	9,253	22,488,255	11.31
Financial Institutions & Other Companies	205	40,484,897	20.35
Foreign Investors	14	33,844,261	17.02
<b>Total:</b>	<b>9,477</b>	<b>198,890,171</b>	<b>100.00</b>

#### **(a) Number of Shareholding (Parent/ Subsidiary/ Associated Companies and Other Related Parties)**

The shareholding position of each Sponsor of the Company has been presented on page no. 13 of this annual report.

#### **(b) Shares held by Directors/ Executives and Relatives of Directors/ Executives**

Shares held by the Directors/ Executives and relatives of Directors/ Executives of the Company have been shown on page no. 13 of this annual report.

#### **(c) Shares held by Ten Percent (10%) or more Voting Interests in the Company**

The shareholding position of ten percent (10%) or more voting interests in the Company has been shown on page no. 13 of this annual report.

#### **(d) Redressal of Investors' Complaints**

The Corporate Affairs Department of DBH is engaged to redress the complaints of the Shareholders and Investors related to the transfer and transmission of shares, non-receipt of annual reports, dividends, and other share-related matters.

The department also observes the monthly status of the number of shares in physical as well as dematerialized forms.

#### **(e) Growth/ Net Worth of the Company during the last 5 years**

Key operating and financial data of last preceding 5 (five) years has been shown under the heading of Operational and Financial Highlights on page no. 18 of this annual report.

**(f) Cash/ Stock Dividend Paid for the last 5 years**

The Company started its journey in early 1997 and commenced to pay the dividend to its shareholders in 2000, thereafter the Company has been paying dividends regularly. The historical record of payment of dividends and the summary of unclaimed dividends have been given on pages nos. 22 and 163 of this annual report as general disclosure to the stakeholders of the Company.

**(g) EPS of the Company for the last 5 years**

The Earnings per Share (EPS) for the year 2023 stood at Tk. 4.95 in place of Tk. 5.21 in the previous year.

The last preceding 5 (five) years of EPS have been shown under the heading of Operational and Financial Highlights on page no. 18 of this annual report.

**(h) Periodic Reminders to Shareholding who have not encashed their dividend**

In case of unpaid/unclaimed dividends, we serve our shareholders from our share department throughout the year on working days. We also try to communicate with them with the addresses available to send the dividend properly.

**(i) To view the level of Shareholders' Satisfaction and Confidence toward the Company**

The market value added statement gives a picture of the Company's performance evaluated by the capital market investors through the share price of the company. This statement depicts the difference between the market value of a company and the capital contributed by the investors.

The level of Shareholders' satisfaction and confidence in the Company has been shown under the heading of the Market value added (MVA) statement which has been included on page no. 24 of this annual report.

**(j) Means of Communication with the Shareholders**

As the owners of DBH, our shareholders are one of our main stakeholders. In order to accommodate shareholders' information, we regularly communicate with them across various channels – Stock Exchanges, face-to-face meetings, Websites, Print Media, etc.

**7. STAKEHOLDERS VALUE ENHANCEMENT**

Identification of stakeholders is the key to understanding the expectations of the Company and

as such helps pave the pathway toward delivering value and fulfilling those expectations. While shareholders, customers, developers, depositors, suppliers, employees, and the government are the prime stakeholders; the regulators, local community, and environmentally interested groups complete the stakeholder circle of DBH.

A separate report named Stakeholders Analysis has been presented on page no. 73 of this report.

**(a) Policy to Encourage Employee's Participation in management**

Employees are considered DBH's most valuable asset and key to DBH's continued success. Employees are deemed key stakeholders as they drive DBH's business forward. They wish to grow with the company and develop their careers to what they aspire to be, hand-in-hand, whilst the company progresses.

The employees (officers/ executives/ management personnel) are the main participant in the management decision and they are guided by the principle of individual opportunity, responsibility, and reward based on merit.

**(b) Payment to Vendors on Time**

DBH pays its vendors on time and the procurement policy is to maintain a good business relationship with all its service providers and material suppliers.

**(c) Payment of Taxes to the Govt. / Authorities on time**

DBH contributes to the national exchequer in the form of Income Tax, VAT & Excise duty regularly and in a timely manner. The company's contribution to the national exchequer has been given on page no. 130 of this annual report.

**(d) Dispute/ Default in Respect of Payment of Govt. Taxes**

The report of dispute/ default in respect of payment of Govt. taxes has been shown under the heading of Contingent liabilities on page no. 233 of this annual report.

**(e) Policy of Supply Chain Management**

DBH rigorously follows up its internal procurement policy and upgrades the policy regularly to ensure strong control and fair treatment of suppliers.

**8. CORPORATE SOCIAL RESPONSIBILITY****(a) Policy of CSR**

The Corporate Social Responsibility (CSR) policy of the Company was approved by the Board of Directors in



line with the Bangladesh Bank's Guidelines on CSR with a view to engaging the institution in a broad range of direct and indirect CSR activities including humanitarian relief and disaster response as well as to widening of advancement opportunities for disadvantaged population segments in the areas of healthcare, education, and Environment and Climate Change as well as greening initiatives, etc.

The report on Corporate Social Responsibility has been given on page no. 127 of this annual report.

#### **(b) Particulars of the Forestation and Plantation of Trees**

As an environment-responsive Institution, we initiated the go green campaign in our Company. DBH ensures the borrower has the due environmental clearance certificate from the concerned authorities while granting or renewing credit facilities. DBH has assessed environmental and social issues related to the projects at the time of granting credit facilities which reflects DBH's strong commitment to ensuring the environmental and social safeguard of the projects while creating a sense of accountability for the borrowers.

#### **(c) Policy to Prevent Employment of Child Labour in Company's Plants**

DBH ensures while approval of loan proposal to the developer that a particular developer/ client does not encourage child labor.

#### **(d) Whether Employees and their Immediate Family Members take part in the Community Welfare Initiative of the Company**

DBH encourages the concept of building homes for lower-income groups. Several times, DBH employees took part in the home-building activities launched by Habitat for Humanity Bangladesh (HFHB) for the construction of low-cost homes and renovating homes for destitute families under the CSR activities of DBH.

#### **(e) Scheme Maintain under CSR Programs**

As a socially responsible Financial Institution, DBH will plough back a part of its profit to society through various CSR activities. We shall choose initiatives that fall under the values and premises on which the Company operates.

Accordingly, we try to choose initiatives that satisfy the following areas of activity as per Bangladesh Bank guidelines for CSR:

- Promoting the education of the Country;
- Preventive and curative healthcare support in the Country;
- Providing support to climate vulnerable areas of the country under Environment and Climate Change Program.

### **9. CORPORATE OBJECTIVES, GOVERNANCE INITIATIVES/ RECOGNITIONS**

#### **(a) Award Won by the Company for Corporate Governance**

DBH won 4 Gold awards in a row in the 6<sup>th</sup>, 7<sup>th</sup>, 8<sup>th</sup> & 9<sup>th</sup> ICSB National Awards in the NBFI Category, for the good corporate governance practices of the Company. The Company had also won various other awards in earlier years since the introduction of the ICSB Corporate Governance Awards.

DBH won the ICMA Best Corporate Award 2021. It has also been awarded the ICAB National Award for best-presented annual reports in 2021.

#### **(b) Vision and Mission Statement of the Company in the Annual Report**

The Vision and Mission statement of the Company has been given on page no. 11 of this annual report.

#### **(c) Overall Strategic Objectives**

The strategic objectives of the Company have been given on page no. 12 of this annual report. (d) Core Values and Ethical Principles

The core values and code of conduct/ ethical principles of the Company have been given on page no. 10 of this annual report.

#### **(e) Code of Conduct**

The code of conduct for non-executive directors, independent directors, and members of senior management of the Company is in conformity with the requirements of the Bangladesh Bank as well as the Bangladesh Securities and Exchange Commission and is placed on the Company's website. The directors and members of senior management have affirmed their adherence to the provisions of the respective codes.

#### **(f) Directors' Profiles and their Representation on the Board of other Companies & Organization**

The brief resumes of the Directors have been included on pages nos. 134 to 141 of this Annual Report and as well as their representation on the Board of other companies & organizations has also been given in notes no. 42.1 of the Financial Statements.

## 10. TIMELINESS IN ISSUING FINANCIAL STATEMENTS AND HOLDING AGMs

DBH holds a General Meeting of members once a year and the meeting is held within 6 (six) months of completion of the respective financial year, as per the guidelines of BSEC as well as the permitted

time limit of the Companies Act- 1994. The Company ensures effective interaction with the members at the Annual General Meeting. The Directors pay special attention to answering the various queries raised by the members at the Annual General Meeting.

**As required under “Bangladesh Secretarial Standard-2” issued by ICSB, particulars of the last three Annual General Meetings are disclosed hereunder:**

### 27<sup>th</sup> Annual General Meeting:

Date & Time: May 18, 2023, at 11:30 AM

Participants: 107 Shareholders which represent 134,806,543 shares or 69.13% of paid-up shares of the Company.

#### Resolutions passed by the shareholders on the following:

- (i) Consideration and adoption of Directors’ Report, Audited Financial Statements for the year ended December 31, 2022, and the Auditors’ Report thereon;
- (ii) Dividend @ 17% (@ 15% cash & 2% stock);
- (iii) Appointment/re-appointment of Directors;
- (iv) Appointment of M/S Hoda Vasi Chowdhury, Chartered Accountants as statutory auditors, and appointment of M/S. SARashid & Associates, Chartered Accountants as a professional to provide the certificate on compliance with the BSEC’s Corporate Governance Code - 2018.

27 <sup>th</sup> AGM E-VOTING SCHEDULE	Record Date	Voting Start Date	Voting End Date	Voting Result
	Tuesday, April 18, 2023	Wednesday, May 17, 2023 (11:30 a.m.)	Thursday, May 18, 2023 (12:00 p.m.)	All the agenda are approved by around 99.99% votes.

### Extra-ordinary General Meeting-2022:

In addition to the 26<sup>th</sup> AGM, the shareholders met in another meeting (Extra-ordinary General Meeting-2022) held virtually by using the digital platform on Wednesday, October 26, 2022, at 12 pm and approved the proposed amendments in the Memorandum and Articles of Association of the Company by inserting a new Object Clause (object clause no. 53) in the Memorandum of Association and a new Article (Article No. 104) in the Articles of Association of the company, to carry on the business and monetary services supported by Islamic Shari’ah besides the conventional financing business.

EGM - 2022 E-VOTING SCHEDULE	Record Date	Voting Start Date	Voting End Date	Voting Result
	Wednesday, August 31, 2022	Tuesday, October 25, 2022 (12:00 p.m.)	Wednesday, October 26, 2022 (12:14 p.m.)	All the agenda are approved by around 99.99% votes.

### 26<sup>th</sup> Annual General Meeting:

Date & Time: April 17, 2022, at 11:30 AM

Participants: 73 Shareholders which represent 89,173,027 shares or 56.74% of paid-up shares of the Company.

#### Resolutions passed by the shareholders on the following:

- (v) Consideration and adoption of Directors’ Report, Audited Financial Statements for the year ended December 31, 2021, and the Auditors’ Report thereon;
- (vi) Dividend @ 25% (@ 15% cash & 10% stock);
- (vii) Appointment/re-appointment of Directors;

- (viii) Appointment of M/S ACNABIN, Chartered Accountants as statutory auditors, and re-appointment of M/s. ARTISAN, Chartered Accountants as a professional to provide the certificate on compliance with the BSEC's Corporate Governance Code - 2018.

26 <sup>th</sup> AGM E-VOTING SCHEDULE	Record Date	Voting Start Date	Voting End Date	Voting Result
	Tuesday, March 22, 2022	Saturday, April 16, 2022 (11:00 a.m.)	Sunday, April 17, 2022 (12:00 p.m.)	All the agenda are approved by around 99.99% votes.

### 25<sup>th</sup> Annual General Meeting:

Date & Time: May 6, 2021, at 11:00 AM

Participants: 141 Shareholders which represent 89,173,027 shares or 57.85% of paid-up shares of the Company.

### Resolutions passed by the shareholders on the following:

- Consideration and adoption of the Directors' Report, Audited Financial Statements for the year ended December 31, 2020, and the Auditors' Report thereon;
- Dividend @ 30% (@ 15% cash & 15% stock);
- Appointment/re-appointment of Directors;
- Appointment of M/S ACNABIN, Chartered Accountants as statutory auditors, and re-appointment of M/s. ARTISAN, Chartered Accountants as a professional to provide the certificate on compliance with the BSEC's Corporate Governance Code - 2018.

25 <sup>th</sup> AGM E-VOTING SCHEDULE	Record Date	Voting Start Date	Voting End Date	Voting Result
	Tuesday, April 13, 2021	Wednesday, May 05, 2021 (10:00 a.m.)	Thursday, May 06, 2021 (11:35 a.m.)	All the agenda are approved by around 99.99% votes.

## 11. DELEGATION OF AUTHORITY

There is a clearly spelled out delegation of authority in sanctioning loans as well as the operational and capital expenditure with specific task authority relationships. The board has empowered responsible persons to implement its broad policies and guidelines and has set up adequate review processes.

## 12. AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

The Company has complied with all mandatory requirements of Corporate Governance Guidelines as enumerated in the Corporate Governance Code- 2023 issued by Bangladesh Securities and Exchange Commission. M/s. SARASHID & Associates, Chartered Accountants have certified that the Company complied with the conditions of Corporate Governance as stipulated under the Corporate Governance Guidelines except as stated in the remarks column, which has been annexed on page no. 165 of this report.

## 13. RISK MANAGEMENT

The Company always concentrates on delivering high value to its stakeholders through an appropriate tradeoff between risk and return. A well-structured and proactive risk management system is in place within the Company to address the risks relating to credit, market, liquidity, and operations. Details of the Risk Management have been described in notes 2.45 of the Financial Statements on page no. 214 of this report.

## 14. GOING CONCERN

The board is satisfied that the Company has adequate resources to continue its business for the foreseeable future and consequently considers it appropriate to adopt the going concern basis in preparing the financial statements. A separate statement on the topic has been presented on page no. 184 of this report.

Having reviewed the BSEC's Corporate Governance Code- 2018 and its relevant amendments, the Company's Board issued and signed their declaration of Compliance, a statement of which has been annexed in this report.

## 15. DIVIDEND DISTRIBUTION POLICY

Pursuant to the Directive on dividend distribution and management of unpaid/unclaimed dividends by Bangladesh Securities and Exchange Commission (BSEC) No. BSEC/CMRRCD/2021-386/03/ dated January 14, 2021, the Board of Directors has approved the dividend distribution policy of the Company. Moreover, DBH also ensures timely adaption of any directives and circulars prescribed by Bangladesh Bank and Bangladesh Securities and Exchange Commission related to dividend distribution and management from time to time.

The objective of this policy is to lay down the criteria to be considered by the Board of Directors of the Company before recommending dividends to its shareholders for a financial year. The details dividend distribution policy of the Company is available on the Company's website and can be viewed with this link

<https://www.dbhfinance.com/downloads/Dividend-Distribution-Policy.pdf>

## 16. SUMMARY OF UNPAID OR UNCLAIMED DIVIDEND

We consistently strive to efficiently complete the dividend distribution process within the prescribed timeline. Initially, dividends are disbursed through BEFTN, and within 3 to 4 business days, we receive the BEFTN report from the respective bank. Subsequently, we organize the data, issue dividend warrants, and urge shareholders via DSE & CSE to collect physical dividend warrants within a specified timeframe. For those unable to collect physically, warrants are dispatched to their registered addresses via courier. However, some warrants are inevitably returned due to incorrect address details provided by shareholders in the BO setup. Consequently, a portion of dividends remains undistributed each year.

In light of this, the Bangladesh Securities and Exchange Commission, through their letter No. SEC/ SRMIC/165-2020/part-1/166, has instructed listed companies to transfer funds held for unclaimed, undistributed, or unsettled dividends (remaining for over three years), as well as non-refunded public subscription money or other such amounts, to the Capital Market Stabilization Fund (CMSF). Accordingly, we have been regularly transferring the unclaimed, undistributed, or unsettled dividend funds, as well as non-refunded public subscription money which had been held for over three years, to the Capital Market Stabilization Fund (CMSF) for the past three years. The last transfer was completed on June 5, 2023. The remaining amount of unclaimed dividends exceeding three years, as per this year's audited accounts, will be transferred to the CMSF shortly after the Annual General Meeting (AGM).

A summary of the current unpaid or unclaimed cash dividends is mentioned below:

### Aging analysis of unpaid/unclaimed cash dividend (As of December 2023)

	BDT in Taka
Up to 1 year	504,877.32
Over 1 year but within 3 years	1,742,652.59
Over 3 years but within 4 years	379,147.17
Interest received from Bank	1,699,566.03
<b>Present Amounts</b>	<b>4,326,243.11</b>

Since the Initial Public Offering (IPO) in the year 2008, we have distributed all the stock dividends through CDBL. But within this period we have failed to distribute the stock dividend against 6 shareholders.

Summary of undistributed stock dividends are given hereunder:

### Aging analysis of unpaid/unclaimed stock dividend (As of December 2023)

	Nos. of Shares
Up to 1 year	14
Over 1 year but within 3 years	816
<b>Total</b>	<b>830</b>

## Annexure-A

**[As per condition No. 1(5) (xxvi)]**

**DBH Finance PLC.**

**Declaration by CEO and CFO**

Date: March 11, 2024

The Board of Directors  
DBH Finance PLC.  
Landmark Building (9<sup>th</sup> Floor)  
12-14 Gulshan North C/A, Gulshan-2  
Dhaka-1212

**Subject: Declaration on Financial Statements for the year ended on 31<sup>st</sup> December, 2023.**

Dear Sir(s),

Pursuant to the condition No. 1(5) (xxvi) imposed vide the Commission's Notification No. SEC/ CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statements of DBH Finance PLC. for the year ended on 31<sup>st</sup> December, 2023 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<sup>st</sup> December, 2023 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,



**Nasimul Baten**  
Managing Director & CEO



**Md. Abdul Ahad, FCA**  
Chief Financial Officer



## Annexure-B

[Certificate as per condition No. 1(5)(xxvii)]

### **SARashid & Associates** (Chartered Secretaries)

**Noakhali Tower (12th Floor, 13-D)**  
**55/B Purana Paltan, Dhaka-1000, Bangladesh**  
Phone : +88 02 22 33 83 847, +88 01 755 944 966  
E-mail : sarashid12000@yahoo.com, sarashidnasso@gmail.com

**S. Abdur Rashid FCS**  
MBS, MBA (Finance), PGDHRM, LLB, FIPM  
**Chartered Secretary in Practice**  
Private Practice Certificate No.: 003

### Report to the Shareholders of DBH Finance PLC. on Compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by DBH Finance PLC. for the year ended on 31 December 2023. 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 except as stated in the remarks column of the Statement on Status of Compliance of the Code;
- (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.



Place : Dhaka  
Dated : 08 April 2024

For  
**SARashid & Associates**

  
**S. Abdur Rashid FCS**  
Chartered Secretary in Practice

## Annexure-C

### [As per condition No. 1(5)(xxvii)]

Status of compliance with the conditions imposed by the Commission's Notification No.SEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

#### (Report under Condition No. 9)

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	BOARD OF DIRECTORS:			
1(1)	Size of the Board of Directors: The total number of members of the company's Board of Directors shall not be less than 5 (five) and more than 20 (twenty)	✓		
1(2)	Independent Directors:			
1(2) (a)	At least 2(two) directors or one-fifth (1/5) of the total number of directors in the company's Board, whichever is higher, shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	✓		During 2023, there were 2 Independent Directors, one of them completed tenure on 31 December 2023. Appointment of 2 Directors is under process, awaiting prior approval of BB and BSEC.
1(2)(b)	Without contravention of any provision of any other laws, for the purpose of this clause, an “independent director” means a director--			
1(2)(b)(i)	Who either does not hold share in the company or holds less than one (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 or associated companies;	✓		
1(2)(b)(v)	who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	✓		
1(2)(b)(vi)	who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	✓		
1(2)(b)(vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned 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;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(2)(b)(viii)	who is not independent director in more than 5 (five) listed companies;	✓		
1(2)(b)(ix)	who has not been reported as a defaulter in the latest Credit Information Bureau (CIB) report of Bangladesh Bank for non-payment of any loan or advance or obligation to a bank or a financial institution; and	✓		
1(2)(b)(x)	Who has not been convicted for a criminal offence involving moral turpitude;	✓		
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM): Provided that the Board shall appoint the independent director, subject to prior consent of the Commission, after due consideration of recommendation of the Nomination and Remuneration Committee (NRC) of the company;	✓		During 2023, there were 2 Independent Directors, one of them completed tenure on 31 December 2023. Appointment of 2 Directors is under process, awaiting prior approval of BB and BSEC.
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and	✓		
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) tenure 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 laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	✓		
<b>1(3)(b)</b>	<b>Independent director shall have following qualifications:</b>			
1(3)(b)(i)	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 registered business association; or			N/A
1(3)(b)(ii)	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)	Former or existing 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: Provided that in case of appointment of existing official as independent director, it requires clearance from the organization where he or she is in service; or	✓		
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or			N/A
1(3)(b)(v)	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;			N/A

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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 or experiences may be relaxed subject to prior approval of the 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 Chairperson of the Board shall be elected from among the non-executive directors of the 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.			N/A
<b>1(5)</b>	<b>The Directors' Report to Shareholders:</b>			
1(5)(i)	An industry outlook and possible future developments in the industry;	✓		
1(5)(ii)	The 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, where applicable;	✓		
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);	✓		
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)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;			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)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;			N/A
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	✓		
1(5)(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	✓		
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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) or International Financial Reporting Standards (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)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	✓		
1(5)(xvi)	A statement that 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)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	✓		
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	✓		
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	✓		
1(5)(xx)	An explanation on the reasons, if the issuer company has not declared dividend (cash or stock) for the year;			N/A
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;	✓		
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by :-	✓		
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);			N/A
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 (name-wise details);	✓		
1(5)(xxiii)(c)	Executives; and	✓		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);	✓		
<b>1(5)(xxiv)</b>	<b>In case of 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; and	✓		
1(5)(xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the Board;`	✓		
1(5)(xxv)	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 :-	✓		



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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;			N/A
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;	✓		
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; and	✓		
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) shall be disclosed as per Annexure-A;	✓		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C;	✓		
1(5)(xxviii)	The Directors' report to the shareholders does not require to include the business strategy or technical specification related to products or services, which have business confidentiality.			Shall always be carefully followed
<b>1(6)</b>	<b>Meetings of the Board of Directors:</b> The company shall conduct 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 shall lay 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;	✓		Code of Conduct (COC) has been laid down by the Board
1(7)(b)	The code of conduct as determined by the NRC shall be 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.	✓		The COC, as laid down by the Board, has been posted on the website
<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 shall be made applicable to the composition of the Board of the subsidiary company;			N/A
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;			N/A

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;			N/A
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;			N/A
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.			N/A
<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 shall appoint 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) shall be filled by different individuals;	✓		
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time: Provided that CFO or CS of any listed company may be appointed for the same position in any other listed or non-listed company under the same group for reduction of cost or for technical expertise, with prior approval of the Commission: Provided further that the remuneration and perquisites of the said CFO or CS shall be shared by appointing companies proportionately;	✓		
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	✓		
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).			N/A
<b>3(2)</b>	<b>Requirement to attend Board of Directors' Meetings:</b> The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board: Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.	✓		CEO & CS remains throughout the meeting of the Board. CFO & HIAC attends at the time of consideration of related agenda items.
<b>3(3)</b>	<b>Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO):</b>			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief :			
3(3)(a)(i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	✓		
3(3)(a)(ii)	These statements together present 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 shall also certify 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;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	✓		
<b>4.</b>	<b>BOARD OF DIRECTORS' COMMITTEE:</b>			
4(i)	Audit Committee; and	✓		
4(ii)	Nomination and Remuneration Committee		✓	Persuant to BB letter dated 04-11-2021 NRC is not required for FIs
<b>5.</b>	<b>AUDIT COMMITTEE:</b>			
<b>5(1)</b>	<b>Responsibility to the Board of Directors:</b>			
5(1)(a)	The company shall have an Audit Committee as a sub-committee of the Board;	✓		
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect 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 shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	✓		
<b>5(2)</b>	<b>Constitution of the Audit Committee:</b>			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	✓		
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be nonexecutive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	✓		
5(2)(c)	All members of the audit committee should be "financially literate" and at least 1(one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	✓		
5(2)(d)	When the term of service of any Committee member 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 60 (sixty) days 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 shall act as the secretary of the Committee;	✓		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		
<b>5(3)</b>	<b>Chairperson of the Audit Committee:</b>			
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be 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.			N/A
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM)	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
5(4)	Meeting of the Audit Committee:			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year	✓		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be 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.	✓		
5(5)	Role of Audit Committee:			
5(5)(a)	Oversee the financial reporting process;	✓		
5(5)(b)	Monitor choice of accounting policies and principles;	✓		
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	✓		
5(5)(d)	Oversee hiring and performance of external auditors;	✓		
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	✓		
5(5)(f)	Review along with the management, the annual financial statements before submission to the Board for approval;	✓		
5(5)(g)	Review along with the management, 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 all related party transactions submitted by the management;	✓		
5(5)(k)	Review Management Letters or 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; and	✓		
5(5)(m)	Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission			N/A
5(6)	Reporting of the Audit Committee:			
5(6)(a)	Reporting to the Board of Directors:			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	✓		
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board on the following findings, if any:-			
5(6)(a)(ii)(a)	Report on conflicts of interests;			N/A
5(6)(a)(ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;			N/A
5(6)(a)(ii)(c)	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and			N/A
5(6)(a)(ii)(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;			N/A

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
<b>5(6)(b)</b>	<b>Reporting to the Authorities:</b> If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.			N/A
<b>5(7)</b>	<b>Reporting to the Shareholders and General Investors:</b> Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	✓		
<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 shall have a Nomination and Remuneration Committee (NRC) as a subcommittee of the Board;		✓	Persuant to BB letter dated 04-11-2021 NRC is not required for FIs
6(1)(b)	The NRC shall assist 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;			Do
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).			Do
<b>6(2)</b>	<b>Constitution of the NRC:</b>			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;			Do
6(2)(b)	At least 02 (two) members of the Committee shall be non-executive directors;			Do
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;			Do
6(2)(d)	The Board shall have 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 shall fill 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 shall act as the secretary of the Committee;			Do
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;			Do
6(2)(i)	No member of the NRC shall receive, 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



Condition No.	Title	Compliance Status (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 shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;			Do
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;			Do
6(3)(c)	The Chairperson of the NRC shall attend 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 shall conduct 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 shall be 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 shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.			Do
<b>6(5)</b>	<b>Role of the NRC:</b>			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;			Do
<b>6(5)(b)</b>	<b>NRC shall oversee, among others, the following matters and make report with recommendation to the Board:</b>			
<b>6(5)(b)(i)</b>	<b>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:</b>			
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; and			Do
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; and			Do

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies;			Do
6(5)(c)	The company shall disclose 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 OR STATUTORY AUDITORS:</b>			
<b>7(1)</b>	<b>The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:</b>			
7(1)(i)	Appraisal or valuation services or fairness opinions;	✓		
7(1)(ii)	Financial information systems design and implementation;	✓		
7(1)(iii)	Book-keeping or other services related to the accounting records or financial statements;	✓		
7(1)(iv)	Broker-dealer services;	✓		
7(1)(v)	Actuarial services;	✓		
7(1)(vi)	Internal audit services or special audit services;	✓		
7(1)(vii)	Any service that the Audit Committee determines;	✓		
7(1)(viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	✓		
7(1)(ix)	Any other service that creates conflict of interest.	✓		
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company.	✓		
7(3)	Representative of external or statutory auditors shall remain 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 shall have an official website linked with the website of the stock exchange.	✓		
8(2)	The company shall keep the website functional from the date of listing.	✓		
8(3)	The company shall make 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)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	✓		
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	✓		
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	✓		

## Annexure-D

Statement of compliance with the good governance guidelines issued by the Bangladesh Bank.

Bangladesh Bank vide, DFIM Circular No. 7, dated 25 September 2007, issued a policy on the responsibility & accountability of the Board of Directors, Chairman & Chief Executive of financial institution. The Board of Directors of the Company has taken appropriate steps to comply with the guidelines.

A status report on compliance with those guidelines is stated below:

SL. No.	Particulars	Status of Compliance
1.	<b>Responsibilities and authorities of the Board of Directors:</b>	
	The Board of Directors should focus mainly on the policy matters and evaluation of the performance of the institution, such as:	
	<b>(a) Work-planning and strategic management:</b>	
	(i) The Board shall determine the Vision/ Mission of the institute. In order to enhance operational efficiency and to ensure business growth, they shall chalk out strategies and work-plans on annual basis.  The Board shall review such strategies on quarterly rests and shall modify accordingly, if required. If any structural modification is required, shall bring those changes with consultation with the management.	Complied
	(ii) The Board shall have its analytical review incorporated in the Annual report as regard to the success/failure in achieving the business and other targets as set out in its annual work-plan and shall apprise the shareholders on future plans and strategies.	Complied
	(iii) The Board will set the Key Performance Indicator (KPI)s for the CEO and other senior executives and will appraise those on half yearly basis.	Complied
	<b>(b) Formation of sub-committee:</b>	
	Executive Committee may be formed in combination with directors of the Company for rapid settlement of the emergency matters (approval of loan/lease application, write-off, rescheduling etc.) arisen from the regular business activities. Except the Executive Committee and Audit Committee, no other committee or sub-committee can be formed, even in temporary basis.	Complied
	<b>(c) Financial management:</b>	
	(i) Annual budget and statutory financial statements shall be adopted finally with the approval of the Board.	Complied
	(ii) Board shall review and examine in quarterly basis various statutory financial statements such as statement of income-expenses, statement of loan/lease, statement of liquidity, adequacy of capital, maintenance of provision, legal affairs including actions taken to recover overdue loan/lease.	Complied

SL. No.	Particulars	Status of Compliance
	(iii) Board shall approve the Company's policy on procurement and collection and shall also approve the expenditures according to policy. The Board to the maximum extend shall delegate the authority on the Managing Director and among other top executives for approval of expenditure within budget.	Complied
	(iv) The Board shall adopt the process of operation of bank accounts. To ensure transparency in financial matters, groups may be formed among the management to operate bank accounts under joint signatures.	Complied
<b>(d) Management of loan/lease/investments:</b>		
	(i) Policy on evaluation of loan/lease/investment proposal, sanction and disbursement and its regular collection and monitoring shall be adopted and reviewed by the Board regularly based on prevailing laws and regulations. Board shall delegate the authority of loan/ lease/investment specifically to management preferably on Managing Director and other top executives.	Complied
	(ii) No director shall interfere on the approval of loan proposal associated with him. The director concerned shall not give any opinion on that loan proposal.	Complied
	(iii) Any large loan/lease/investment proposal must be approved by the Board.	Complied
<b>(e) Risk management:</b>		
	Risk Management Guideline framed in the light of Core Risk Management Guideline shall be approved by the Board and reviewed by the Board regularly.	Complied
<b>(f) Internal control and compliance management:</b>		
	An Audit Committee as approved by the Board shall be formed. Board shall evaluate the reports presented by the Audit Committee on compliance with the recommendation of internal auditors, external auditors and Bangladesh Bank Inspection team as well.	Complied
<b>(g) Human resource management:</b>		
	Board shall approve the policy on Human Resources Management and Service Rule. The Chairman and directors of the Board shall not interfere on the administrative job in line with the approved Service Rule.	Complied
	Only the authority for the appointment and promotion of the Managing Director/ Deputy Managing Director/ General Manager and other equivalent position shall lie with the Board in compliance with the policy and Service Rule. No director shall be included in any Executive Committee formed for the purpose of appointment and promotion of others.	Complied

SL. No.	Particulars	Status of Compliance
	<b>(h) Appointment of CEO:</b>	
	The Board shall appoint a competent CEO for the institution with the prior approval of the Bangladesh Bank and shall approve the proposal for increment of his salary and allowances.	Complied
	<b>(i) Benefits offer to the Chairman:</b>	
	For the interest of the business, the Chairman may be offered an office room, a personal secretary, a telephone at the office and a vehicle subject to the approval of the Board.	Complied
	<b>Responsibilities of the Chairman of the Board of Directors:</b>	
	(a) Chairman shall not participate in or interfere into the administrative or operational and routine affairs of the Company as he has no jurisdiction to apply executive power;	Complied
	(b) The minutes of the Board meetings shall be signed by the Chairman;	Complied
	(c) The Chairman shall sign-off the proposal for appointment of Managing Director and increment of his salaries & allowances;	Complied
	<b>Responsibilities of Managing Director:</b>	
	(a) Managing Director shall discharge his responsibilities on matters relating to financial, business and administration vested by the Board upon him. He is also accountable for achievement of financial and other business targets by means of business plan, efficient implementation of administration and financial management;	Complied
	(b) For day to day operations, Managing Director shall ensure compliance with the rules and regulation of the Financial Institutions Act, 1993 and other relevant circulars of Bangladesh Bank;	Complied
	(c) All recruitment/promotion, except those of DMD, GM and equivalent positions shall be vested upon the Managing Director. He shall act such in accordance the approved HR Policy of the institution;	Complied
	(d) Managing Director may re-schedule job responsibilities of employees	Complied
	(e) Except for the DMD, GM and equivalent positions, power to transfer and to take disciplinary action shall vested to the Managing Director.	Complied
	(f) Managing Director shall sign all the letters/ statements relating to compliance of policies and guidelines. However, Departmental/ Unit heads may sign daily letters/statements as set out in DFIM circular no. 2 dated 06 January 2009 if so authorized by MD.	Complied