

# ANNUAL REPORT 2021

**25** years  
of creating  
home  
ownerships





16 Years of  
AAA

DBH Home Loan | DBH Fixed Deposits | ☎ 16562

🌐 [www.deltabrac.com](http://www.deltabrac.com) | 🗣 [vivr.deltabrac.com](https://vivr.deltabrac.com) | 📘 [dbhfinance](https://dbhfinance.com)

  
**DBH**  
The Specialist in Housing Finance

**25** years  
of creating  
**home**  
ownerships

# Contents

|                                                                                       |     |
|---------------------------------------------------------------------------------------|-----|
| Letter of Transmittal                                                                 | 4   |
| Notice of the 26 <sup>th</sup> AGM                                                    | 5   |
| Core Values, Corporate Profile & Corporate Responsibility                             | 6   |
| Vision, Mission, Strategic Objectives & Competitive Strengths                         | 7   |
| Corporate Directory                                                                   | 8   |
| Board of Directors                                                                    | 9   |
| Profile of the Board of Directors                                                     | 10  |
| Board Committees                                                                      | 20  |
| Management & Other Committees                                                         | 21  |
| Management & Executives                                                               | 23  |
| Operational and Financial Highlights                                                  | 24  |
| Financial Highlights as Required By Bangladesh Bank                                   | 25  |
| Graphical Presentation of Financial Performances                                      | 26  |
| Historical Record of Dividend Payments                                                | 28  |
| Value Added Statement                                                                 | 29  |
| Market Value Added Statement                                                          | 30  |
| Economic Value Added Statement                                                        | 31  |
| Message from the Chairman                                                             | 32  |
| Message from the Managing Director & CEO                                              | 34  |
| Awards & Accolades                                                                    | 37  |
| Directors' Report                                                                     | 38  |
| Management Discussion and Analysis                                                    | 64  |
| Report on Corporate Governance                                                        | 77  |
| Declaration on Financial Statements by CEO & CFO                                      | 93  |
| Certificate on Corporate Governance                                                   | 94  |
| Status of Compliance with the Corporate Governance Code                               | 95  |
| Statement of compliance with the good governance guidelines issued by Bangladesh Bank | 106 |
| Report on Internal Control                                                            | 109 |
| Audit Committee Report                                                                | 111 |
| Green Banking Activities                                                              | 113 |
| Report on National Integrity Strategy                                                 | 114 |
| Corporate Social Responsibility                                                       | 115 |
| Disclosures on Capital Adequacy & Market Discipline                                   | 117 |



# 25 years of creating home ownerships

|                                                            |     |
|------------------------------------------------------------|-----|
| Report on Going Concern                                    | 124 |
| Directors' Responsibility Statement                        | 126 |
| Report on Human Resources                                  | 127 |
| Stakeholders Analysis                                      | 129 |
| Statement on Protection of Minority Shareholders' Interest | 131 |
| Annual Report Review Checklist                             | 132 |
| Auditor's Report                                           | 135 |
| Balance Sheet                                              | 142 |
| Profit & Loss Account                                      | 143 |
| Cash Flow Statement                                        | 144 |
| Statement of Changes in Equity                             | 145 |
| Liquidity Statement                                        | 146 |
| Notes to the Financial Statements                          | 147 |
| Proxy Form & Attendance Slip                               | 183 |



## Letter of Transmittal

All Shareholders  
Bangladesh Bank  
Registrar of Joint Stock Companies & Firms  
Bangladesh Securities & Exchange Commission  
Dhaka Stock Exchange Ltd.  
Chittagong Stock Exchange Ltd.  
ACNABIN, Chartered Accountants  
Chairman, Audit Committee

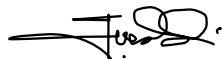
Dear Sir/Madam,

**Re: Annual Report for the year ended December 31, 2021.**

We are pleased to enclose a copy of the Annual Report together with the audited financial statements including balance sheet as at December 31, 2021, profit and loss account, cash flow statement and statement of changes in equity for the year ended on that date along with notes thereon for your kind information and record.

Thank you.

Yours sincerely,



**Jashim Uddin, FCS**  
Company Secretary

# Notice of the 26<sup>th</sup> Annual General Meeting (Virtual)

Notice is hereby given that the 26<sup>th</sup> Annual General Meeting (AGM) of Delta Brac Housing Finance Corporation Ltd. will be held on **Sunday, April 17, 2022, at 11:30 a.m.** (Dhaka Time). The AGM will be held virtually by using a digital platform through the following link: **<https://dbh.bdvirtualagm.com>** to transact the following businesses:

**(a) Ordinary Business:**

1. Consideration and adoption of Directors' Report, Audited Financial Statements for the year ended December 31, 2021, and the Auditors' Report thereon.
2. Declaration of dividend for the year ended December 31, 2021.
3. Appointment/re-appointment of Directors.
4. (i) Re-appointment of statutory auditors and fixation of their remuneration;  
(ii) Appointment of a professional to provide the certificate on compliance of the Corporate Governance Code of BSEC for the year 2022, as well as fixation of their remuneration.

**(b) Special Business:**

1. To change the registered name of the Company to 'DBH Finance PLC' from 'Delta Brac Housing Finance Corporation Limited' and to amend the relevant clauses of the Memorandum and Articles of Association of the Company by adopting the following special resolution:  
"Resolved that the proposal for changing the registered name of the Company, 'Delta Brac Housing Finance Corporation Limited' with the proposed new name 'DBH Finance PLC' be and is hereby approved, subject to the approval of the regulatory authorities."  
"Further Resolved that to effect the change in the registered name of the Company as 'DBH Finance PLC', the alteration of the existing Name Clause of the Memorandum (Clause-1) and Article numbers 2, 26, and 91 of the Articles of Association are also hereby approved."
2. To increase the Authorized Capital of the Company from the existing Tk. 200 crore to Tk. 400 crore and to amend the relevant clauses of the Memorandum and Articles of Association of the Company by adopting the following special resolution:  
"Resolved that the proposal for enhancement of Authorized Capital from the existing Tk. 200 crore to Tk. 400 crore and related amendment of the capital clause of the Memorandum (Clause-V) and Articles of Association [Article- 6(A)] of the Company be and is hereby approved."

By order of the Board

March 23, 2022

Sd/-

**Jashim Uddin, FCS**  
Company Secretary

**Notes:**

- The Shareholders whose names appeared on the Shareholders/Depository Register as on the "Record Date" i.e. March 22, 2022, are eligible to participate in the 26th Annual General Meeting (AGM) and receive the dividend.
- Pursuant to the Bangladesh Securities and Exchange Commission's Order No. SEC/SRMIC/04-231/932 dated 24 March 2020, the AGM will be a virtual meeting of the Shareholders, which will be conducted via live webcast by using a digital platform.
- The Shareholders will be able to submit their questions/comments and vote electronically 24 hours before commencement of the AGM and during the AGM. For login to the system, the Shareholders need to put their 16-digit Beneficial Owner (BO) ID number and other credentials as proof of their identity by visiting the link: **<https://dbh.bdvirtualagm.com>**.
- Pursuant to the Bangladesh Securities and Exchange Commission (BSEC) Notification No. BSEC/CMRRCD/2006-158/208/ Admin/81 dated 20 June 2018, the soft copy of the Annual Report-2021 (link) will be sent to the email addresses of the Shareholders available in their Beneficial Owner (BO) account maintained with the Depository. The soft copy of the Annual Report-2021 will also be available on the Company's website at: **[www.deltabrac.com](http://www.deltabrac.com)**.

## Core Values

Honesty,  
integrity and  
ethics in all  
aspects of  
business

Outstanding  
service to the  
customer,  
above all else

Individual  
opportunity,  
responsibility  
and reward  
based on  
merit

Hard work and  
continuous self-  
improvement,  
never being  
satisfied

Respect and  
concern for  
the individual  
employee

## Corporate Profile

Delta Brac Housing Finance Corporation Ltd. (DBH) is the pioneer, largest and specialist in Housing Finance Institution in the private sector of the country. After commencing operation in 1996 the company has registered commendable growth in creating home ownership in Dhaka and other major cities of the country. At the same time, the company has been playing an active role in promoting the real estate sector to the large cross sections of prospective clients who had but yet unfulfilled dream of owning a home.

Among all Banks and Financial Institutions of Bangladesh only DBH has been rated the highest 'AAA' credit rating for 16<sup>th</sup> consecutive years. The level of credit rating provides a very important indication of the financial safety, security and strength of the concerned Bank or Financial Institution and is particularly relevant to its depositors and other investors such as shareholders and lenders.

## Corporate Responsibility

DBH is recognized as a responsible corporate citizen for its continuous effort to promote ownership of housing, wealth creation and also towards the improvement of the underprivileged and weaker sections of the society. DBH is committed to participate in ventures for improvement of our society by taking development initiatives which contribute to the country's rich cultural heritage.



## Vision

To strengthen the society of the country by continually expanding home ownership.

## Mission

To be the leading financial institution in the country with satisfied customers and employees and to generate value for our shareholders while contributing to the well being of the society.



## Strategic Objectives

- Focus on building deep and long-standing relationships with our clients, customers as well as real-estate developers, and constantly look to improve the quality of our products and services.
- Focus on developing our human resource talents.
- Ensure balanced growth with a disciplined approach to the management of risks and costs.
- Ensure adequate capital and liquidity to sustain our business over the long term.

## Competitive Strengths

DBH is the major player in the housing finance sector in Bangladesh since 1997 and remains one of the leading non-bank financial institutions. Today, we are an acclaimed brand for a high level of customer service; and respected for ethics, values and corporate governance.

We have developed an attractive suite of products that cater to all customer segments, with our primary focus to strengthen the society by expanding home ownership. By leveraging our understanding of customers from different economic segments, we are today in a position to extend a range of products and services in loans as well as deposits through our specialized team members. Thus, we provide one stop facility for our customer needs.

# Corporate Directory

## Head Office

Landmark Building (9<sup>th</sup> Floor), 12-14 Gulshan North C/A, Gulshan-2, Dhaka-1212.  
PABX: 09612 334455, +880 (2) 222282374, 58816001, 222289112, Fax: + 880 (2) 22228211

## Branches

|                                                                                                                                                                                                           |                                                                                                                                                                                                   |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Dhanmondi Branch</b><br>Pantha Plaza (1 <sup>st</sup> Floor), 63/A Lake Circus,<br>Kalabagan, (West Panthapath), Dhaka-1205<br>PABX: 09612 334440, 09612 334455<br>+880 (2) 9134211, 9124112, 58155745 | <b>Motijheel Branch</b><br>D R Tower (7 <sup>th</sup> Floor), 65/2/2, Purana Paltan,<br>Box Culvert Road, Dhaka-1000<br>PABX: 09612 334400, 09612 334455,<br>+880 (2) 47111774, 47111778, 9565053 |
| <b>Uttara Branch</b><br>Union Nahar Square (4 <sup>th</sup> Floor), Plot- 19<br>Sonargaon Janapath Road, Sector-13, Uttara, Dhaka-1230<br>PABX: 09612 334480, 09612 334455,<br>+880 (2) 48956657, 8991580 | <b>Savar Branch</b><br>MK Tower (4 <sup>th</sup> Floor)<br>B-16/1 Jaleshwar<br>Shimultola, Savar, Dhaka<br>PABX: 09612 334500, 09612334455                                                        |
| <b>Gazipur Branch</b><br>Reaz Tower (2 <sup>nd</sup> Floor), Tangail Road, Joydebpur<br>Chowrasta, Gazipur City Corporation, Gazipur -1702<br>PABX : 09612 334520, 09612 334455                           | <b>Narayanganj Branch</b><br>Madina Tower (1 <sup>st</sup> Floor) 42/2 Nawab Salimullah Road<br>North Chashara, Narayanganj<br>PABX: 09612 334540, 09612 334455                                   |
| <b>Nasirabad Branch</b><br>Sanmar Tower-1 (5 <sup>th</sup> Floor), 1850/3319, CDA Avenue,<br>East Nasirabad, Chattogram<br>PABX: 09612 334600, 09612 334455,<br>+880 (31) 2551224-6                       | <b>Agrabad Branch</b><br>Makkah Madinah Trade Centre (MMTC)<br>6 <sup>th</sup> Floor (South Side)<br>78 Agrabad Commercial Area, Chattogram<br>PABX : 09612 334650, 09612 334455                  |
| <b>Sylhet Branch</b><br>19/A, Kumarpara Road, (1 <sup>st</sup> Floor) Kumarpara, Sylhet<br>PABX: 09612 334630, 09612 334455<br>+880 (821) 722489, 722490                                                  | <b>Cumilla Branch</b><br>Trical Tower (1 <sup>st</sup> Floor)<br>634/581, Laksham Road, Cumilla-3500<br>PABX: 09612 334700, 09612 334455                                                          |
| <b>Khulna Branch</b><br>Raj Square (5 <sup>th</sup> Floor)<br>Plot: A-1, KDA Majid Sarani, Sonadanga, Khulna<br>PABX: 09612 334720, 09612 334455                                                          | <b>Rajshahi Branch</b><br>Dulal Tower (3 <sup>rd</sup> Floor), 220 Shaheb Bazar,<br>Moni Chottor, Boalia, Rajshahi-6100<br>PABX: 09612 334740, 09612 334455                                       |

## Mirpur Customer Service Center

HAL GBDL Kazi Morning Glory (3<sup>rd</sup> Floor), House-15, Road-3 (Main Road), Block-A, Section-11, Mirpur, Dhaka  
PABX: 09612 334560, 09612 334455

## DBH Contact Centre Number : 16562

## Bankers

Citibank, N.A.  
 Commercial Bank of Ceylon PLC  
 Dhaka Bank Limited  
 IFIC Bank limited  
 NRB Bank Limited

Prime Bank Limited  
 Pubali Bank Limited  
 Standard Chartered Bank  
 Standard Bank Limited  
 Woori Bank Limited

## Auditors

### ACNABIN

Chartered Accountants  
 BDBL Bhaban (Level-13), 12 Kawran Bazar C/A, Dhaka-1215.

## Board of Directors



**Mr. Nasir A. Choudhury**  
Chairman



**Dr. A M R Chowdhury**  
Vice Chairman



**Ms. Mehreen Hassan, Bar-at-Law**  
Director



**Mr. Md. Mujibur Rahman**  
Director



**Mr. Syed Moinuddin Ahmed**  
Director



**Mr. M. Anisul Haque, FCMA**  
Director



**Mr. Mohammad Anisur Rahman**  
Director



**Ms. Rasheda K. Choudhury**  
Independent Director



**Major General Syeed Ahmed,  
BP, awc, psc (Retd.)**  
Independent Director



**Mr. Nasimul Baten**  
Managing Director & CEO



# Profile of the Board of Directors



**He has been a Director of DBH, nominated by Green Delta Insurance Company Limited, since 1996 and Chairman of DBH since May 2017.**

**Nasir A. Choudhury**  
Chairman

Mr. Nasir A. Choudhury is the Chairman of the Board of Directors of the Company.

Mr. Choudhury is acting as Advisor of Green Delta Insurance Company Limited (GDIC). He is in the insurance profession for over the last 50 years and was the Founding Managing Director of GDIC.

After obtaining his Masters Degree from the University of Dhaka, he started his career in Karachi in the then Pakistan Insurance Corporation in 1958. Mr. Choudhury received advanced training in insurance and reinsurance from UK and Germany during 1961 and 1962. After the liberation of Bangladesh, he was responsible for arranging reinsurance for the newly established Bangladesh Insurance Corporation and subsequently for Sadharan Bima Corporation as General Manager. Mr. Choudhury was the Managing Director of GDIC since its inception (01-01-1986) until his retirement in May 2013.

Mr. Choudhury is an executive committee member of the Federation of Afro-Asian Insurers & Reinsurers (FAIR). He was the Honorable Insurance Advisor of Bangladesh Biman and Bangladesh Shipping Corporation for decades.

He was the Chairman of Bangladesh Insurance Association, the official body of all the private sector insurance companies of the country from 2001 to 2005.

Mr. Choudhury is the Chairman of Green Delta Securities Ltd., Green Delta Capital Ltd. & GD Assist Ltd. He is one of the Sponsors of Union Capital Limited and Director of United Hospital (Pvt.) Limited and Managing Director of Nascom (Pvt.) Ltd. Mr. Choudhury is also the Member of Governing Body of Bangladesh Insurance Academy.

He was honored with "Lifetime Achievement Award" by The DHL-Daily Star in April 2010 for his outstanding contribution towards the development of the insurance industry in Bangladesh. His other notable awards include: Lifetime Achievement Award by Asia Insurance Review as the first Bangladeshi Insurer, Mother Teresa International Award for contributions as a Social Worker, Honesty Award by Campus and Golden Award by Jalalabad Association.

He has been a Director of DBH, nominated by Green Delta Insurance Company Limited, since 1996 and Chairman of DBH since May 2017.



**He has been a Director of DBH, nominated by BRAC, since February 2015 and Vice- Chairman of DBH since May 2017.**



**Dr. A M R Chowdhury**  
Vice Chairman

Dr. Ahmed Mushtaque Raza Chowdhury is a Professor of Population and Family Health at the Mailman School of Public Health of Columbia University in New York. Previously, he was the Vice Chair and Executive Director of BRAC, the world's largest non- governmental organization and was the founding Director of the Research and Evaluation Division and founding Dean of the James P. Grant School of Public Health. During 2009-12, he worked as the Senior Adviser for the Rockefeller Foundation, based in Bangkok, Thailand. He also served as a MacArthur Fellow at Harvard University. Dr. Chowdhury was a coordinator of the UN Millennium Task Force on Child Health and Maternal Health, set up by the former Secretary General Kofi Annan. Dr. Chowdhury holds a PhD from the London School of Hygiene and Tropical Medicine, an MSc from the London School of Economics and a BA (Hon's) from the University of Dhaka.

Dr. Chowdhury had been awarded the prestigious "Medical Award of Excellence" in the year 2017 by US- based Ronald McDonald House Charities (RMHC) for his outstanding contribution to improving health and ensuring wellbeing of

children. He is a co- recipient of the 'Innovator of the Year 2006' award from the Marriott Business School of Brigham Young University in USA and in 2008 he received the PESON oration medal from the Perinatal Society of Nepal. He is a recipient of the Dr Mohammad Ibrahim Gold Medal from the Bangladesh Diabetic Samity (2016). Dr. Chowdhury has published over 200 articles in peer-reviewed national and international journals. Two of his recent books are: "Corona Tale: A Bangladeshi family's pen-war against the pandemic" (*AnyoProkash*, 2021) and "আমার ব্রাক জীবন: একজন উন্নয়ন কর্মীর বেড়ে ওঠা" (*Prothoma*, 2021).

Dr. Chowdhury is a founder of the Bangladesh Education Watch and Bangladesh Health Watch, two civil society watch-dogs on education and health respectively. He is on the board and committees of several organizations and initiatives, including: Board of Trustees of BRAC University in Bangladesh, and International Growth Centre and the South Asia Centre at the London School of Economics. He is also a Senior Fellow of the Bangladesh Institute of Development Studies (BIDS).



**She has been a Director of DBH, nominated by Delta Life Insurance Company Limited, since June 2012.**

### **Mehreen Hassan, Bar-at-Law Director**

Ms. Mehreen Hassan is a Barrister- at-law and Advocate practicing in the High Court Division of the Supreme Court of Bangladesh. Her areas of practice (both litigation and advisory matters) involve mostly Corporate and Commercial laws. She has experience working with several banks and insurance companies on matters involving Banking, Insurance laws and Securities laws. She also practices in the areas of International Arbitration, Admiralty matters, Constitutional and Administrative laws.

Ms. Hassan obtained her Bar-at-law degree

from City University, UK in the year 2007 and is a member of the Lincoln's Inn, UK. She completed a mini-pupilage with Staple Inn Chambers in London prior to returning to Bangladesh in 2007. She is a member of the Dhaka Bar Association and the Supreme Court Bar Association of Bangladesh and also participates in various social and charitable activities through her association with Zonta International Dhaka.

Ms. Hassan has been a Director of DBH, nominated by Delta Life Insurance Company Limited, since June 2012.

**Has been a Director of DBH  
nominated by Delta Life  
Insurance Company Limited.**



**Md. Mujibur Rahman**  
Director

Mr. Md. Mujibur Rahman was born in 1952 in a respectable Muslim family. He did his B.Com (Hons) and M.Com from the University of Dhaka in 1972 and 1973 respectively. Mr. Rahman was a Director and also a Member of the Audit Committee of Delta Life Insurance Company Limited from May 23, 2012 to September 7, 2014. Beside regular academic education, he participated in various professional courses and seminars at home and abroad. His area of experience ranges from Management and Administration in Accounts, Finance, Internal Audit, Procurement and Supply Chain and Contract, Commercial and Legal Affairs since

1975 in the fields of hospitality, readymade garments and real estate development. He is presently working as the Executive Director of Shanta Holdings Limited. He is a Director of Shanta Securities Limited and also a member of the Board of Trustees and General Secretary and Treasurer of the philanthropic nonprofit healthcare Trust "Centre for Woman and Child Health (CWCH)" which is a Specialized Hospital dedicated for the treatment of mostly under privileged women & children, at EPZ Bypass Road, Ashulia, Savar, Dhaka.

He has been a Director of DBH from since December 2017.





**He has been a Director of DBH, nominated by Green Delta Insurance Company Limited, since September 2019.**

### **Syed Moinuddin Ahmed Director**

Mr. Syed Moinuddin Ahmed is a respected banking and finance professional in Bangladesh with an experience spanning over two decades.

Having an MBA in Finance from the University of Dhaka, Mr. Ahmed started his career at Southeast Bank. Beginning as a management trainee at the bank, he subsequently drew rich experience by virtue of working with several other reputed commercial banks in the country and across various roles, before joining the renowned Green Delta Insurance Group in 2009.

Mr. Ahmed's contribution in evolving the GDIC Group into its present exalted status has been a highlight of his long and illustrious career. At Green Delta Insurance, the flagship of the GDIC Group, Mr. Ahmed has worked in various departments and has taken up several responsibilities that include managing Board affairs and engaging in business development, business process optimization, technology,

forging strategic alliances, optimising human resource and ensuring project deliverables. The recognition of Mr. Ahmed's relentless efforts in building strong foundations of the Group was his elevation to the role of Additional Managing Director and Company Secretary of Green Delta Insurance Company and Managing Director of GD Assist, a fast-emerging company in the group.

Today, Mr. Ahmed continues to lead and inspire his team through his experience and foresight. Having travelled throughout the world for work and having being exposed to several workshops and seminars globally, Mr. Ahmed is passionate about implementing global best management practices and technological advancements in Bangladesh, thereby contributing to the country's advancement in his own small way.

He has been a Director of DBH, nominated by Green Delta Insurance Company Limited, since September 2019.



**He has been a Director of DBH, nominated by Delta Life Insurance Company Limited, since January 2020.**



**M. Anisul Haque, FCMA  
Director**

Mr. M. Anisul Haque is a Finance and Accounting Professional. He completed his M.Com in Management from Rajshahi University and MBA major in Finance from Dhaka University. He is also a Fellow Member of the Institute of Cost and Management Accountants of Bangladesh (ICMAB).

Mr. Haque has 21 years of professional experience in the field of Finance, Accounting, Budgeting, Banking, Tax, Management Accounting and Capital Market Operation. He has been working

with Shanta Group as Chief Finance Officer/ Finance Director since 1998.

Mr. Haque is also holding the position of Director of Delta Life Securities Ltd. and Shanta Securities Ltd. He is actively engaged with various social activities and holding the membership of Kurmitola Golf Club, Banani Club and Gulshan Youth Club.

He has been a Director of DBH, nominated by Delta Life Insurance Company Limited, since January 2020.



**He has been a Director of DBH, nominated by BRAC, since December 2020.**

### **Mohammad Anisur Rahman** Director

Mohammad Anisur Rahman has over 15 years of progressive leadership experience in managing multiple businesses with forward and backward linkages in FMCG, Food and Agro-Processing. He strives to create an enabling and cohesive environment where people can sell their ideas, get empowered and drive changes.

Mr. Rahman leads social enterprises of BRAC in livestock, agriculture, aquaculture, horticulture and other sectors. He is also member of the Board of Directors for BRAC Services Limited, BRAC Industries Limited, and Bangladesh Netting Factory Limited. Prior to joining BRAC in October 2016, he was working as chief operating officer at PRAN, one of the largest agro-processors in Bangladesh. He also worked for other reputed organisations - Rahimafronz, AC Nielsen Bangladesh, United Nations and Bangladesh University of Professionals.

Mr. Rahman brings with him a wealth of leadership experience, especially in the areas of marketing, sales, customer care, supply chain, human resources, production, and value chain integration. He specialises in orchestrating large projects, start-ups, turnarounds and growth ventures. He is driven to provide strategic directions and improve the bottom line, while ensuring staff compliance to business policies and procedures.

He holds an MBA in Marketing from University of Dhaka and obtained special training from Indian Institute of Management, Kolkata. Mr. Rahman has special interests in travelling, movies and golfing.

He has been a Director of DBH, nominated by BRAC, since December 2020.

**She has been a  
Director of DBH, since  
December 2017.**



**Rasheda K. Choudhury**  
Director

Ms. Rasheda K. Choudhury is the Executive Director of CAMPE, a network of more than a thousand education NGOs, researchers and educator groups in Bangladesh. It is well known for its evidence based advocacy, pro-people campaigns and capacity to mobilise thousands of people particularly at the grassroots level for advancing SDG-4 /Education 2030 Agenda.

Ms. Rasheda is also Member-Secretary of Education Watch, the largest academia-civil society joint initiative that regularly reviews the status of Education in Bangladesh. It has earned wide recognition at home and abroad and inspired others Watch initiatives, at the courtesy of GCE and in cooperation with ASPBAE and ANCEFA, in other countries of Asia-Pacific and Africa regions.

Ms. Rasheda is Co-Founder of the Global Campaign for Education (GCE), a civil society movement, operating in more than 100 countries working to end the global education crisis. She is also an elected Member of the CCNGO Coordination Group of UNESCO, a global coordination mechanism of more three hundred NGOs in consultative status with UNESCO.

Ms. Choudhury is a member of the Board of Trustees (BOT) of BRAC University.

Ms Choudhury is currently a member of the

Consultative Group of the External Resources Division (ERD), Government of Bangladesh.

Ms. Rasheda is also a member of the Population Expert Group/Committee of the General Economics Division (GED) of the Planning Commission.

She is also a Member of the Committee on Economic, Social, Cultural and Political Rights of the National Human Rights of the Commission, Bangladesh.

In 2008, Rasheda became an Adviser (Cabinet Minister) to the Interim Non-party Caretaker Government of Bangladesh. Serving in that position involved high-level decision making, particularly in the Ministries of Primary and Mass Education, Cultural Affairs, Women and Children Affairs. Her involvement in the government's decision-making process, even for a short period, gained recognition for the education campaigners in the country. The pro-learner, pro-quality reforms that she introduced were later accepted and continued by the elected government.

She regularly writes in national newspapers and participates in debates of national and international significance relating to development issues particularly on the right to education, gender justice and inclusive development.

She has been a Director of DBH, since December 2017.





**He has been a  
Director of DBH, since  
December 2018.**

**Major General Syeed Ahmed,  
BP, awc, pse (Retd.)  
Independent Director**

Major General Syeed Ahmed BP (retd), is a freedom fighter of the Liberation War of 1971. He served thirty three years in Command, Administrative and Management positions and acquired experience at various echelons of Bangladesh Army and also in later years, in diplomatic postings, as Ambassador and High Commissioner to Kuwait and Kenya.

During his tenure in the military he served as the Principal Staff Officer at the Armed Forces Division under the current Prime Minister. Armed Forces Division operates directly under the Prime Minister as the highest coordinating Headquarters for the three Services (Army, Navy and Air Force) of the Bangladesh Armed Forces. At the Army Headquarters level as Director Military Operations he oversaw the world wide deployment of Bangladesh Armed Forces in UN Peace Keeping Operations.

During his tenure he commanded Divisions, Brigades and Battalions in the field, which included serving as the General Officer Commanding (GOC) of the 19th and the 9th Infantry Division respectively.

He attended Army War College (awc) at Carlyle, Pennsylvania, USA, and National Defense University at Beijing, China.

He is a BA (Honours) graduate in General History from University of Dhaka and completed his SSC and HSC from Faujdarhat Cadet College.

He had served as Advisor and CEO of BRACNet Limited, an Internet Service Provider Company, a joint venture between BRAC of Bangladesh, Defra Partners of USA and KDDI Corporation of Japan.

He has been a Director of DBH, since December 2018.



**He is the home grown  
Managing Director of DBH,  
serving in the Company for  
more than 23 years.**



**Nasimul Baten**  
Managing Director & CEO

Mr. Nasimul Baten joined as Managing Director and CEO of Delta Brac Housing Finance Corporation Ltd. (DBH) on January 1, 2021. He is the home grown Managing Director of the company where he served for 23 years before taking the lead role. He was previously working as Deputy Managing Director & Head of Business and also worked as Acting Managing Director of DBH from July 1, 2020 to December 31, 2020.

He has more than two decades of experience in housing finance and real estate industry. He worked extensively with Bangladesh Bank, World Bank, IFC, ADB, FMO and other reputed local and international organizations for promoting affordable housing practices for the sustainable growth of real estate sector in Bangladesh and for promoting global best practices in the housing finance sector.

He is leading the Executive Management team for DBH's next phase of growth as the company solidified its position as country's largest home loan provider and presently operating as one of

the leading financial institutions. DBH achieved AAA rating for all consecutive years since 2005 with the lowest level of NPLs among all financial institutions, where Nasim played significant leadership roles in various capacities like Head of Business, Head of Operations, Head of Home Loans, Head of Branch, etc.

An ex-student of Faujdarhat Cadet College, he completed his BBA and MBA from Institute of Business Administration (IBA) of University of Dhaka. He joined DBH in early 1998 and since then he managed almost all functional areas covering business, operations, treasury, sales, risk management, distribution and branch network during his long association with the company. He attended various local and overseas trainings in England, Ireland, Singapore, Thailand, India and Bangladesh. He is a member of Old Faujian Association (OFA), IBA Alumni Association (IBAAA) and Cadet College Club Limited (CCCL).

He is an avid sports lover and his other interest areas are current affairs and traveling.



### AUDIT COMMITTEE

- Major General Syeed Ahmed, BP, awc, psc (Retd.)  
Chairman
- Mr. Md. Mujibur Rahman
- Ms. Rasheda K. Choudhury
- Mr. Syed Moinuddin Ahmed
- Mr. M. Anisul Haque, FCMA



### EXECUTIVE COMMITTEE

- Ms. Mehreen Hassan, Bar-at-law  
Chairperson
- Dr. A M R Chowdhury
- Mr. Nasimul Baten

## Management & Other Committees



### MANAGEMENT COMMITTEE

- Mr. Nasimul Baten
- Mr. A.K.M. Tanvir Kamal
- Mr. Tanvir Ahmed
- Mr. Hassan I Yussouf
- Mr. Saiyaf Ejaz
- Mr. Md. Zakaria Eusuf
- Mr. Md. Fakrul Amin
- Mr. Sabed Bin Ahsan
- Ms. Nahid Ahmed
- Mr. Md. Golam Rosul
- Mr. Jashim Uddin, FCS
- Mr. Md. Abdul Wadud, FCA



### ALCO

- Mr. Nasimul Baten
- Mr. A.K.M. Tanvir Kamal
- Mr. Sabed Bin Ahsan
- Ms. Nahid Ahmed
- Mr. Md. Abdul Wadud, FCA



### ETHICS COMMITTEE

- Mr. Tanvir Ahmad
- Mr. Hassan I Yussouf
- Mr. Saiyaf Ejaz
- Mr. Md. Zakaria Eusuf
- Mr. Jashim Uddin, FCS
- Mr. Md. Abdul Wadud, FCA
- Mr. Shihabuddin Mahmud



### CENTRAL COMPLIANCE UNIT (CCU)

- Mr. A. K. M. Tanvir Kamal
- Mr. Jashim Uddin, FCS
- Mr. Md. Abdul Wadud, FCA
- Mr. Khandaker Satil Sayeed
- Mr. Md. Atiqur Rahman



### ICT STEERING COMMITTEE

- Mr. Nasimul Baten
- Mr. A.K.M. Tanvir Kamal
- Mr. Tanvir Ahmad
- Mr. Hassan I Yussouf
- Mr. Saiyaf Ejaz
- Mr. Md. Zakaria Eusuf
- Mr. Mohammad Fakrul Amin
- Mr. Sabed Bin Ahsan
- Mr. Md. Abdul Wadud, FCA
- Mr. Siddartho Kirtonia
- Mr. Md. Mamun-ur-Rashid
- Mr. Shihabuddin Mahmud



### ICT SECURITY COMMITTEE

- Mr. Hassan I Yussouf
- Mr. Saiyaf Ejaz
- Mr. Sabed Bin Ahsan
- Mr. Md. Abdul Wadud, FCA
- Mr. Mir Md. Mukhlesur Rahman
- Mr. Siddartho Kirtonia
- Mr. Md. Mamun-Ur-Rashid
- Mr. Shihabuddin Mahmud



# Management and Executives

## Nasimul Baten Managing Director & CEO

### A. K. M. Tanvir Kamal

Deputy Managing Director & Head of Credit

### Md. Hassan Iftekhar Yussouf

Deputy Managing Director & Head of Information Technology

### Md. Zakaria Eusuf

Executive Vice President & Head of Loan Operations

### Sabed Bin Ahsan

Senior Vice President & Head of Deposits, Business Planning & Alternate Channels

### Nahid Ahmed

Senior Vice President & Head of Treasury

### Md. Abdul Wadud

Senior Vice President & Head of Finance

### A. H. M. Mostofa Kamal

Vice President - Technical & Property Services

### Md. Ariful Bari Rumi

Vice President & Head of Branch - Head office Branch & Customer Experience

### Kazi Hasanul Islam

Vice President & Head of Branch - Dhanmondi

### Md. Mamunur Rashid Bhuiyan

Vice President - Recovery & Legal

### Bidhan Krishna Ghosh

Senior Assistant Vice President - Sales & Regional Branches

### Md. Mamun-Ur-Rashid

Senior Assistant Vice President - Information Technology

### Imtiaz Elahi Soheli

Assistant Vice President - Brand & Communications

### Khairul Alam

Assistant Vice President & Branch Manager - Uttara

### A.K.M. Zahidul Hassan Choudhury

Assistant Vice President & Branch Manager - Savar

### Abdullah Al Jahid

Assistant Vice President - Treasury

### Md. Moshior Rahman

Senior Branch Sales Manager

### Sabbir Mahamud

Senior Manager - Human Resources

### Sayeed Kabir Chowdhury

Senior Manager - Loans

### Md. Imran Hossain

Branch Manager - Motijheel

### Khandaker Quddusur Rahman

Senior Manager - Accounts

### Tanvir Ahmad

Deputy Managing Director & Head of Human Resources

### Saiyaf Ejaz

Executive Vice President & Head of Recovery & Admin

### Jashim Uddin

Senior Vice President - Company Secretary & Head of Corporate Affairs

### Md. Golam Rosul

Senior Vice President & Head of Loan Sales

### Md. Fakrul Amin

Senior Vice President & Head of Legal

### Moahedul Mowla

Vice President & Head of Branch - Nasirabad

### Khandaker Satil Sayeed

Vice President & Financial Controller

### Mir Md. Mukhlesur Rahman

Vice President - Credit

### Siddhartho Sangkor Kirtonia

Vice President - Information Technology

### Mohammad Manjurul Alam

Senior Assistant Vice President - Sales

### Md. Ferdous Hossain Polash

Senior Assistant Vice President - Regional Sales

### Muhammad Abdullah Al Razee

Senior Assistant Vice President & Branch Manager - Gazipur

### Md. Mustaquimur Rashid

Assistant Vice President - Human Resources

### Md. Rasel Sarker

Assistant Vice President - Information Technology

### Shihabuddin Mahmud

Assistant Vice President & Head of Internal Audit

### Md. Abdullah Al Mamun

Service Center Manager - Mirpur

### Mohammed Atiqur Rahman Akand

Senior Manager - Sales

### Mir Mohammad Ariful Islam

Senior Manager - Customer Services

### Mosaraf Hossain

Senior Manager - Credit

### Subas Chandra Saha

Senior Manager - Loans

### Md. Tanvir Rajik

Senior Manager - Sales

# Operational and Financial Highlights

(Million Taka)

| Operational Highlights  | 31-Dec-17 | 31-Dec-18 | 31-Dec-19 | 31-Dec-20 | 31-Dec-21 |
|-------------------------|-----------|-----------|-----------|-----------|-----------|
| Loan approvals          | 15,198    | 8,632     | 8,934     | 7,527     | 10,896    |
| Loan disbursement       | 14,711    | 10,273    | 10,112    | 7,028     | 10,803    |
| Cumulative disbursement | 93,001    | 103,274   | 113,386   | 120,414   | 131,217   |
| Cumulative sanction     | 97,148    | 105,780   | 114,714   | 122,241   | 133,137   |

(Amount in Million Taka except Ratios, EPS and BVPS)

| Financial Highlights              | 31-Dec-17 | 31-Dec-18 | 31-Dec-19 | 31-Dec-20 | 31-Dec-21 |
|-----------------------------------|-----------|-----------|-----------|-----------|-----------|
| Profit before tax                 | 1,492     | 1,607     | 1,555     | 1,498     | 1,721     |
| Profit after tax                  | 949       | 1,048     | 1,073     | 891       | 1,044     |
| Shareholders' fund                | 4,358     | 5,040     | 5,809     | 6,431     | 7,244     |
| Total deposit                     | 41,188    | 43,319    | 43,411    | 43,827    | 43,978    |
| Long term borrowing               | 2,610     | 2,219     | 1,954     | 1,709     | 2,223     |
| Loan portfolio                    | 42,243    | 43,848    | 44,522    | 42,750    | 43,831    |
| Total balance sheet size          | 54,581    | 57,499    | 59,280    | 58,607    | 60,279    |
| NPL ratio (%)                     | 0.27%     | 0.30%     | 0.45%     | 0.41%     | 0.63%     |
| Return on equity (average equity) | 23.88%    | 22.30%    | 19.79%    | 14.56%    | 15.27%    |
| Earnings per share                | 7.79      | 8.60      | 8.04      | 5.78      | 5.89      |
| Earnings per share (restated)     | 5.35      | 5.91      | 6.05      | 5.03      | 5.89      |
| Book value per share              | 35.76     | 41.36     | 43.36     | 41.72     | 40.87     |
| Dividend cover ratio              | 2.60      | 2.46      | 2.30      | 1.93      | 2.36      |

# Financial Highlights as Required By Bangladesh Bank

(Figures in million Taka except ratios and per share data)

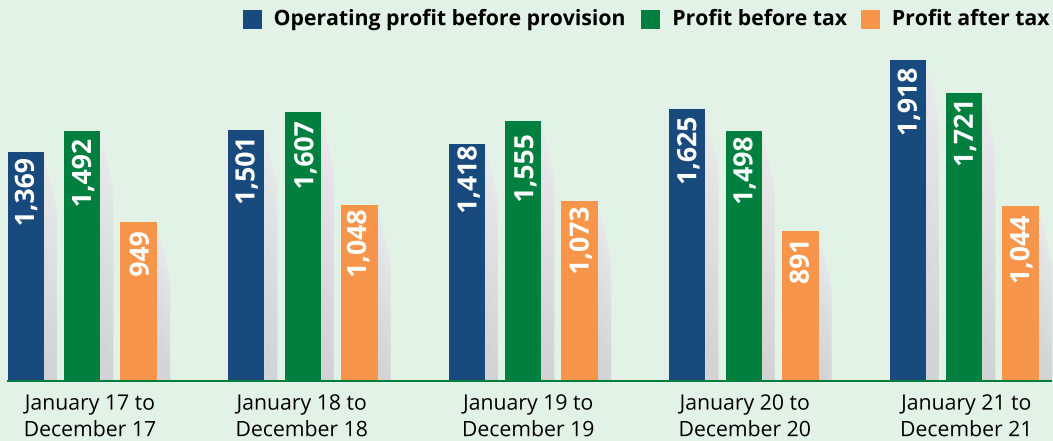
| Financial Highlights                                            | 31-Dec-21 | 31-Dec-20 |
|-----------------------------------------------------------------|-----------|-----------|
| Paid up Capital                                                 | 1,773     | 1,541     |
| Total Capital                                                   | 7,244     | 6,431     |
| Capital Surplus/(Deficit)                                       | 4,642     | 3,952     |
| Total Assets                                                    | 60,279    | 58,607    |
| Total Deposits                                                  | 43,978    | 43,827    |
| Total Loans & Advances                                          | 43,831    | 42,750    |
| Total Contingent Liabilities and Commitments                    | -         | 632       |
| Credit Deposit Ratio (times)                                    | 1.00      | 0.98      |
| Percentage of Classified Loans against total loans and advances | 0.63%     | 0.41%     |
| Profit after Tax & Provision                                    | 1,044     | 891       |
| Amount of Classified Loans during current year                  | 276.52    | 174.09    |
| Provision kept against Classified Loans                         | 276.52    | 174.09    |
| Provision Surplus/ Deficit                                      | 614.01    | 435       |
| Cost of Fund                                                    | 5.68%     | 8.13%     |
| Interest Earning Assets                                         | 58,542    | 57,038    |
| Non Interest Earning Assets                                     | 1,737     | 1,569     |
| Return on equity (ROE)                                          | 15.27%    | 14.56%    |
| Return on Asset (ROA)                                           | 1.76%     | 1.51%     |
| Income from Investment                                          | 125       | 24        |
| Earning per Share                                               | 5.89      | 5.78      |
| Earning per Share (Restated)                                    | 5.89      | 5.03      |
| Net Income per Share                                            | 10.82     | 10.54     |
| Price Earning Ratio                                             | 13.09     | 18.42     |



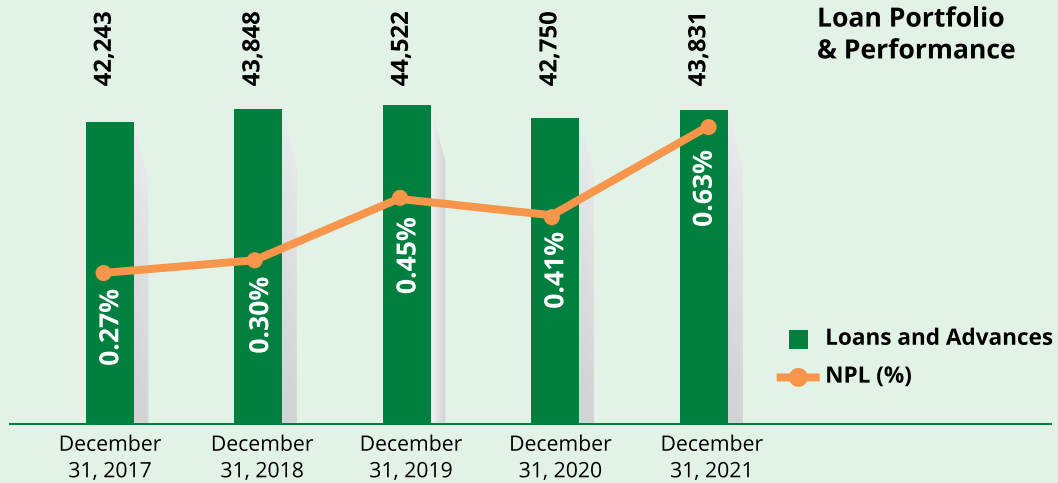
# Graphical Presentation of Financial Performances

## Profits

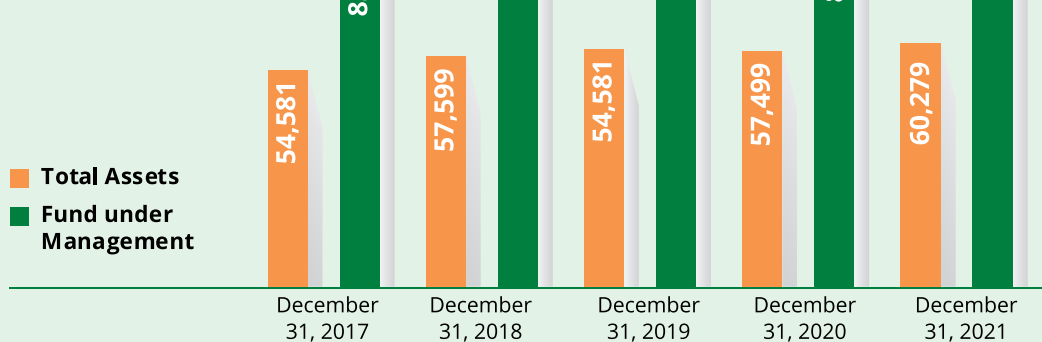
Million Taka



## Loan Portfolio & Performance



## Total Assets & Fund Under Management



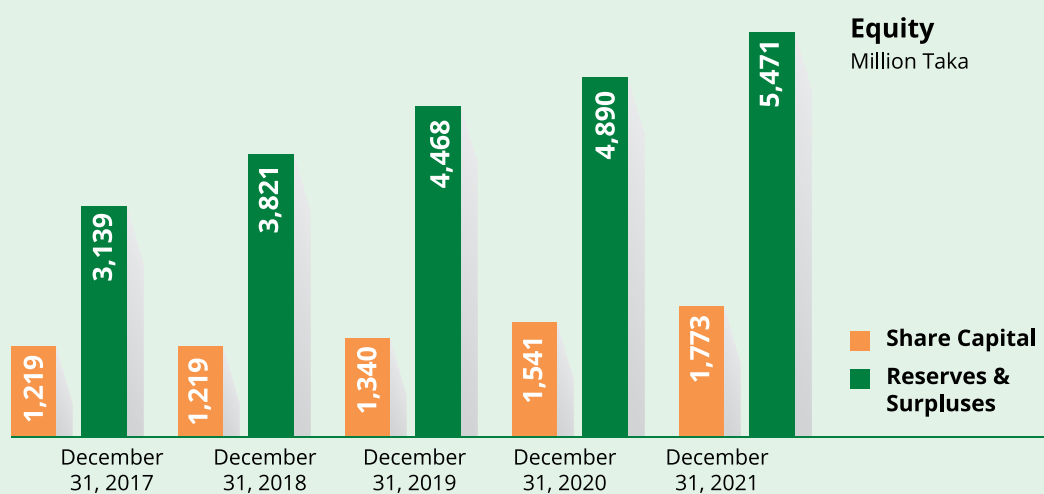
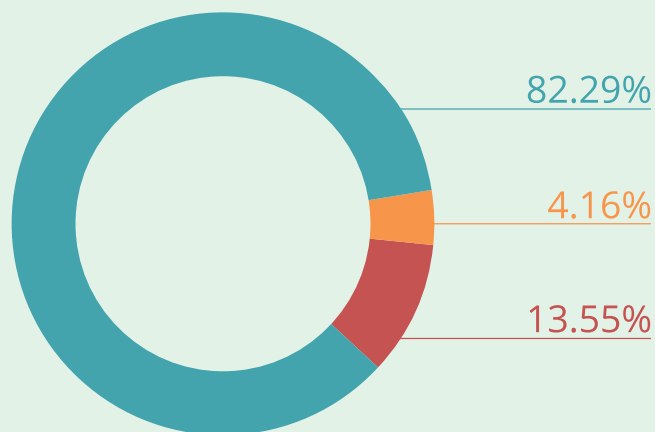
## Fund employed

Percentage

■ Deposits 82.29%

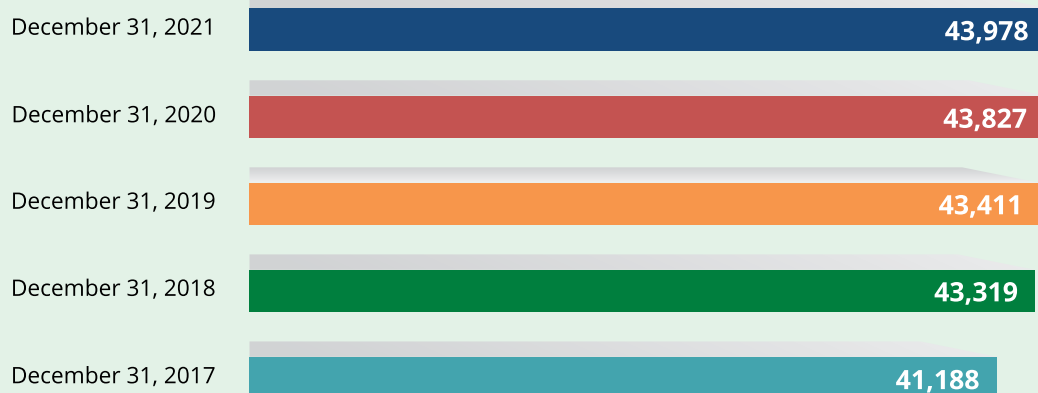
■ Shareholders' Equity 13.55%

■ Long-term loans 4.16%



## Deposits

Million Taka



## Historical Record of Dividend Payments

The Company started its journey in early 1997 and was able to pay the dividend to its shareholders since 2000. The historical record of payment of dividend is given hereunder as general disclosure to the stakeholders of the Company.

| Year                              | Paid-up Capital   | Dividend (%)                      |
|-----------------------------------|-------------------|-----------------------------------|
| 1999-2000                         | 20,00,00,000.00   | 7.50 (Cash)                       |
| 2000-2001                         | 20,00,00,000.00   | 12.00 (Cash)                      |
| 2001-2002                         | 20,00,00,000.00   | 15.00 (Cash)                      |
| 2002-2003                         | 20,00,00,000.00   | 15.00 (Cash)                      |
| 2003-2004                         | 20,00,00,000.00   | 18.00 (Cash)                      |
| 2004-2005                         | 20,00,00,000.00   | 22.00 (Cash)                      |
| 2005-2006                         | 22,00,00,000.00   | 25.00 (10% Stock & 15% Cash)      |
| 2006-2007                         | 22,00,00,000.00   | 30.00 (Cash)                      |
| 2007-2008                         | 27,00,00,000.00   | New Issue of Tk. 500,00,000 (IPO) |
| 2007-2008                         | 35,10,00,000.00   | 30.00 (Stock)                     |
| 2008-2009                         | 40,36,50,000.00   | 32.00 (15% Stock & 17% Cash)      |
| 2009-2010                         | 50,45,62,500.00   | 35.00 (25% Stock & 10% Cash)      |
| 2010-2011                         | 1,00,91,25,000.00 | 100.00 (Stock)                    |
| 2011-2012                         | 1,16,04,93,750.00 | 25.00 (15% Stock & 10% Cash)      |
| 2012-2013                         | 1,16,04,93,750.00 | 25.00 (Cash)                      |
| 2013-2014                         | 1,16,04,93,750.00 | 25.00 (Cash)                      |
| 2014-2015                         | 1,16,04,93,750.00 | 30.00 (Cash)                      |
| 2015-2016                         | 1,21,85,18,430.00 | 35.00 (5% Stock & 30% Cash)       |
| July 2016 - Dec 2016 (six months) | 1,21,85,18,430.00 | 15.00 (Cash)                      |
| 2017                              | 1,21,85,18,430.00 | 30.00 (Cash)                      |
| 2018                              | 1,34,03,70,270.00 | 35.00 (10% Stock & 25% Cash)      |
| 2019                              | 1,54,14,25,810.00 | 35.00 (15% Stock & 20% Cash)      |
| 2020                              | 177,26,39,680.00  | 30.00 (15% stock & 15% cash)      |



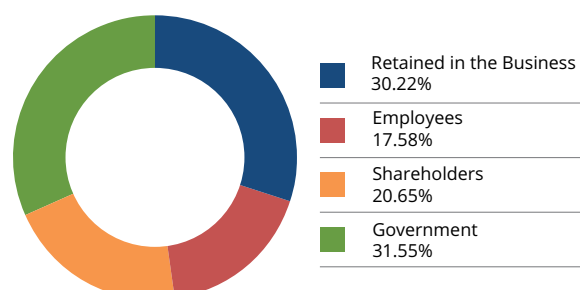
# Value Added Statement

Value added is the wealth DBH has created through extending mortgage loan and various services. The value added statement shows the total worth created and how the same was distributed to meet various obligations and reward those responsible for its creation. A portion also retained in the business for continued operation and expansion of DBH.

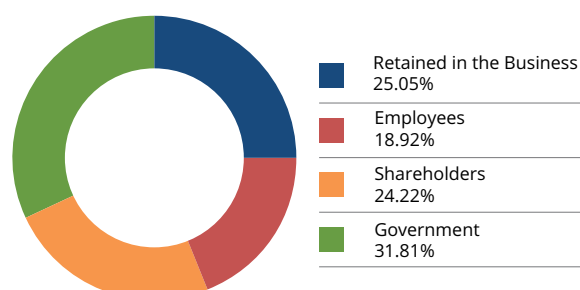
Figures in BDT

|                                                                           | December 31, 2021    |                | December 31, 2020    |                |
|---------------------------------------------------------------------------|----------------------|----------------|----------------------|----------------|
|                                                                           | Amount               | %              | Amount               | %              |
| <b>Value added</b>                                                        |                      |                |                      |                |
| Net interest income                                                       | 2,163,672,697        | 100.81%        | 1,948,604,817        | 102.07%        |
| Fees earned                                                               | 177,520,507          | 8.27%          | 155,864,097          | 8.17%          |
| Investment Income                                                         | 125,111,081          | 5.83%          | 24,150,831           | 1.27%          |
| Other income                                                              | 16,469,035           | 0.77%          | 19,674,791           | 1.03%          |
| Operating expense except salary & allowances, depreciation & amortization | (139,950,692)        | -6.52%         | (112,546,799)        | -5.90%         |
| Provision for loan, advances & investments                                | (196,599,918)        | -9.16%         | (126,708,026)        | -6.64%         |
| <b>Total value added by the company</b>                                   | <b>2,146,222,710</b> | <b>100.00%</b> | <b>1,909,039,711</b> | <b>100.00%</b> |
| <b><u>Distribution of value added</u></b>                                 |                      |                |                      |                |
| <b>Employees</b>                                                          |                      |                |                      |                |
| As Salary & Allowances                                                    | 377,346,554          | 17.58%         | 361,125,491          | 18.92%         |
| <b>Provider of Capital</b>                                                |                      |                |                      |                |
| Dividend to Ordinary shareholders                                         | 443,159,920          | 20.65%         | 462,427,743          | 24.22%         |
| <b>Government</b>                                                         |                      |                |                      |                |
| Income tax                                                                | 677,156,237          | 31.55%         | 607,234,770          | 31.81%         |
| <b>Retained for business growth</b>                                       |                      |                |                      |                |
| Earning retained in the business                                          | 600,729,053          | 27.99%         | 428,497,667          | 22.44%         |
| Depreciation and amortization                                             | 47,830,946           | 2.23%          | 49,754,040           | 2.61%          |
| <b>Total distribution</b>                                                 | <b>2,146,222,710</b> | <b>100%</b>    | <b>1,909,039,711</b> | <b>100%</b>    |

December 31, 2021



December 31, 2020



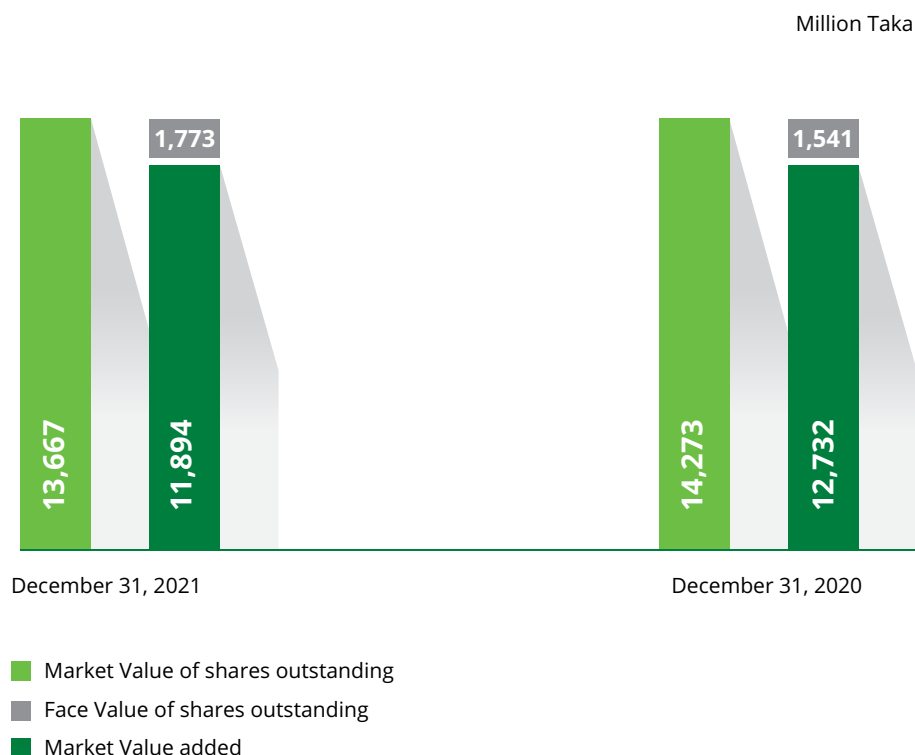
## Market Value Added (MVA) Statement

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.

Higher MVA is better for the company. A high MVA indicates that company has created substantial wealth for the shareholders. A negative MVA means that the value of management's actions and investments is less than the value contributed to the company by the capital market.

Market Value Added represents the confidence that the market places on the future stream of EVAs. The following statement shows how MVA has been arrived at for the year ended December 31, 2021 and for the period ended December 31, 2020.

| Particulars                        | Amount in BDT         |                       |
|------------------------------------|-----------------------|-----------------------|
|                                    | December 31, 2021     | December 31, 2020     |
| Market value of shares outstanding | 13,667,051,933        | 14,273,603,001        |
| Book value of share outstanding    | 1,772,639,680         | 1,541,425,810         |
| <b>Market value added</b>          | <b>11,894,412,253</b> | <b>12,732,177,191</b> |



# Economic Value Added (EVA) Statement

One of the most useful performance measurements to account for the ways in which business value can be added or lost is Economic Value Added or EVA. Another term for this metric is Economic Profit.

Economic Value-Added is the surplus generated by an entity after meeting an equitable charge towards providers of capital. It is the post-tax return on capital employed (adjusted for the tax shield on debt) less the cost of capital employed. Companies which earn higher returns than cost of capital create value, and companies which earn lower returns than cost of capital are deemed harmful for shareholder value.

EVA has been calculated by the following formula:

$$\text{EVA} = \text{Net operating Profit} - \text{Taxes} - \text{Charges for capital (Cost of Capital)}$$

| Particulars                                                   | Amount in BDT      |                    |
|---------------------------------------------------------------|--------------------|--------------------|
|                                                               | December 31, 2021  | December 31, 2020  |
| Net operating Profit                                          | 1,917,645,128      | 1,624,868,206      |
| Provision for taxes                                           | 677,156,237        | 607,234,770        |
| Net operating Profit after tax (NOPAT)                        | 1,240,488,891      | 1,017,633,436      |
| <b>Charges for capital</b>                                    |                    |                    |
| Capital employed                                              | 7,885,494,424      | 7,006,242,223      |
| Cost of equity (%)                                            | 7.75%              | 6.64%              |
| Charges for capital                                           | 611,125,818        | 465,214,484        |
| <b>Economic Value added</b>                                   | <b>629,363,073</b> | <b>552,418,952</b> |
| <b>Capital employed</b>                                       |                    |                    |
| Shareholder's equity                                          | 7,244,131,090      | 6,431,455,989      |
| Accumulated provision for doubtful accounts and future losses | 1,145,835,843      | 949,565,925        |
| Total Capital employed                                        | 8,389,966,933      | 7,381,021,914      |
| Average capital employed                                      | 7,885,494,424      | 7,006,242,223      |

\* Cost of equity reflects the shareholders' expected return. Latest interest rate on 5 years Government Treasury Bond plus standard risk premium of 2% has been assumed to be the cost of equity.





## Message From the Chairman

**Nasir A. Choudhury**  
Chairman

Dear Stakeholders,

2021 marks the completion of 25th year of our extraordinary journey as the leading specialist housing finance institution of Bangladesh. On behalf of the Board of Directors, I would like to take this opportunity to express my sincere appreciation to you all for the unrelenting support and faith that you have placed in us and in our accomplishments and endeavors.

During the course of a quarter of a century the financial sector of Bangladesh has transformed remarkably. And so has our institution. I'm extremely humbled to be part of this revered establishment and take immense pride at being given the opportunity to partner with our invaluable colleagues who made this success a reality.

Communities across the world and financial system have weathered enormous challenges over the course of the continuing global pandemic and Bangladesh is no exception. Let me once again on behalf of our Company salute our frontline workers who continue to risk their lives in this battle against this pandemic. With gradual recovery from the pandemic insight, let us find strength in the hope of a better future, be it in riding out the health crisis or recovering from the financial predicaments.

Amidst such harsh socioeconomic surroundings, our company manifested resilience despite the persistent challenges of the pandemic. However, our years of experience in the housing finance market coupled with our financial depth and steadfastness enabled us to retain the leading position in the housing finance industry. DBH has remained focused on the fundamentals of housing finance and its best practices with an emphasis on sustainable growth. Every loan disbursed during the pandemic reassured us that as an organization, we were resilient, adaptable but most importantly, humane. In the darkest of days, we saw that the more innovative and efficient we got in disbursing loans, including optimizing our digital platforms, the more hope and happiness we were able to bring to our customers.

In line with global as well as national recovery from COVID-19 pandemic, DBH has made a remarkable comeback in 2021. At the close of December 31, 2021 the loans and advances portfolio of DBH stands at Tk. 43.83 billion. During the year DBH has financed Tk. 10.33 billion worth home loans to around 3,000 households marking a growth of 58.18 percent when compared to that of previous year. However, unlike many other financiers, superior asset quality continues to be one of the strong holds of DBH. Even in this challenging macro environment, the non-performing loan (NPL) of DBH remains below one percent. Presently, DBH has funds under management in excess of Taka 87.81 billion.

At the close of December 31, 2021, the profit after

tax of the Company was 1043.88 million achieving a healthy growth of 17.16 percent compared to that of the preceding year. The Company posted an operating profit of Tk. 1917.64 million for the same period. The Board has recommended 15 percent cash and 10 percent stock dividend out of profit for the year ended December 31, 2021. Company has strong reserve of undistributed earnings worth Tk. 597.54 million.

I am pleased to inform you that DBH has retained its highest credit rating of 'AAA' (triple A) for the 16th consecutive year. As a matter of fact, among all local banks and financial institutions, DBH is the only one to have retained the highest credit rating in such a consecutive manner. This reflects the financial strength and steadfastness of the Company.

Moving forward for the Year 2022, our key aim should be nurturing growth of business operations through geographical expansion and digital innovation while ensuring heightened profitability. More than ever, asset quality of lending portfolio, connectivity with clients, innovation of service and financially viable funding will remain the cornerstone of success of DBH. From the macro perspective it may be added that overall investment scenario still seems unsure due to economic repercussions of Russia's invasion Ukraine with commodity prices rolling and pushing up inflation. Therefore, the coming year is set to test us with periods of challenges from which we will have to unveil avenues of opportunities. However, we believe in our proficiency and motivation to work harder which will propel us to cross over all the predicaments of future and enable us to continue to strengthen the society by continually expanding home ownership.

I again, thank all our Shareholders and my colleagues in the Board of Directors for their guidance and support. I also convey my sincere appreciation to the Management and staff of DBH. I am also thankful to the Bangladesh Bank, Bangladesh Securities & Exchange Commission (BSEC) and the Registrar of Joint Stock Companies and Firms and the DSE & CSE for their support. We look forward to another year with hope and confidence.



**Nasir A Choudhury**  
Chairman



## Message from the Managing Director & CEO

**Nasimul Baten**  
Managing Director & CEO

**Dear Shareholders,**

DBH reached its 25<sup>th</sup> year of operations in this year. Since inception, DBH worked relentlessly to increase the housing stock of the country by creating home ownerships. DBH is considered as one of the leading financial institution of the country with market leadership in housing finance. The company has lowest non-performing loan in the financial sector of Bangladesh and obtained highest credit rating AAA for sixteen consecutive years. I joined DBH 24 years ago and proud to be associated in its journey.

Though the year of 2021 started with a lot of optimism, but those changed with the second wave of Coronavirus pandemic that attacked from April 2021 onwards. Things turned grim due to the spread of the deadly virus again into every aspect of lives. The wave continued till August 2021 and affected both the second and third quarter of the year. As a result, though the financial performances of 2021 are better than 2020, it could have been even better if the second wave of Covid-19 was not there.

### **The Key focuses of 2021:**

#### **Recovery Management:**

Covid-19 had its impact on repayment capacity of clients as their job, business, rental all got affected by the pandemic. But economy of Bangladesh shown great resilience and it bounced back on the backdrop of remittances, stimulus packages and strong export performances. Bangladesh Bank allowed prolonged moratorium for the clients for their loan repayment, but at some point it has to be stopped and 2022 is going to be challenging for the financial sector as the true impact of covid on the non-performing loan can be judged once all these moratorium periods expire. At DBH, we were focused with our recovery approach and followed up clients who were falling behind their repayment schedule. We considered their loan payment track record in the pre-covid era and for the genuinely affected clients who were otherwise regular before covid, we facilitated loan re-structuring facilities so that they get the much required breathing space to come out of default situation. Non-Performing Loan of DBH increased from 0.41% of 0.63% in 2021, but it is still one of the best figures in the country.

#### **Business growth:**

Loan disbursement of DBH increased by 58% compared to same period last year. The growth would have been even better if the middle half

of the year was not affected by second wave of Covid. We focused on small loans to clients for self-dwelling purpose.

#### **Liquidity Management:**

In 2021, we maintained liquidity and ensure adequate spread between our lending rate and cost of fund. We managed that well throughout the year, so even in the declining interest rate scenario, our net interest income increased 11% from previous year, which contributed to the net profit. Throughout the year, a very conservative loan to fund ratio was maintained as we remained enough liquid to meet any contingencies and also remain prepared for credit growth.

#### **Investment:**

We maintained our cautious approach in capital market investment. Though we were allowed to invest 25% of our capital in share market, but we conservatively kept the limit within 15% of our capital. Because of prudent management of the investment, we gained from investment in capital market. We were not active in treasury bond market earlier, but we have increased our capacity and keeping an open eye to grab any market opportunity by investing in treasury bonds.

#### **Geographic expansions:**

We are continuing our approach of geographic expansions. We have introduced offices in Mirpur and Khulna in 2021 and we are planning to open few more offices in different parts of the country to increase our reach. We have already opened another branch in Rajshahi at the beginning of 2022 and will continue to open few more offices in this year and coming years.

#### **Technology and process improvement:**

We are focusing on technology and process



re-engineering to improve customer experiences and also to increase sourcing of loans and deposits. We have introduced online loan and deposit application, online customer service requests for different documents. Also we have done extensive process re-engineering to reduce turnout time for loan processing.


#### **Diversify our liability basket:**

In 2021, DBH floated zero coupon bond of Tk. 3000 million for 4 years to diversify its liability basket. Earlier, DBH loan book was almost fully funded by its deposit portfolio. But we are working to diversify our liability basket and try to bring in long term funds in addition to fixed deposits which are usually done for shorter period of 6-12 months.

#### **Going Forward:**

We'll continue to do the good works that has helped us to create the strong platform for the company in last 25 years. The success story

of DBH is mainly built on two factors, that is to keep our non-performing loans at a very low level and to keep our operational costs at a lower level. Those two gives us the competitive edge over our competitors. We'll not deviate drastically from this strategy for the sake of quick portfolio growth, of course we'll take steps for our portfolio growth, but that will be achieved without compromising with asset qualities and financial budget. The country with a population of 170 million has tremendous opportunity in housing sector and DBH wants to maintain its market leadership in housing finance not only in Dhaka and Chattogram, but it will expand its business throughout the country and achieve significant portfolio growth in coming years.



**Nasimul Baten**

Managing Director & CEO

# Awards & Accolades



**SAFA Award  
for the Best Presented  
Annual Report**  
- Certificate of Merit

**ICMAB Best Corporate  
Award- 2020**  
- Bronze Award

**21<sup>st</sup> ICAB National Award  
for the Best Presented  
Annual Report**  
- 3<sup>rd</sup> Position



**ICSB National Award 2020  
for Corporate  
Governance Excellence**  
- Gold Award



**Tax Card 2021  
for the 4<sup>th</sup> Highest  
Taxpayer  
in NBFI Category**

# Directors' Report

## Dear Shareholders,

The Directors of Delta Brac Housing Finance Corporation Limited have the pleasure of presenting the Directors' Report of your Company together with audited accounts for the year ended December 31, 2021.

## Macroeconomic Performance of Bangladesh Economy

Bangladesh's economy is turning around in the context of tackling the coronavirus of the world economy. Despite a relatively better performance in terms of economic growth, Bangladesh's economy has faced some challenges in the first few months of the ongoing fiscal year (FY2021-22). During the July-October period of FY22, revenue mobilization by the National Board of Revenue (NBR) grew by 16.6 percent when compared to the same period of FY21. The major impetus came from indirect tax collection through imports and exports. However, revenue growth is far below the target of the NBR which is set at 27 percent for FY2022. Fulfillment of this target will require the revenue mobilization effort to grow by 30.7 percent during the next eight months of FY2022.

According to the provisional estimates of BBS, the GDP growth in FY 2020-21 stood at 5.47 percent. Despite the stagnation in the economy caused by the coronavirus, food production and supply chains remained unaffected, leading to inflation at 5.56 percent in FY 2020-21, slightly higher than the target (5.4%). Both export and import in Bangladesh have shown a sign of recovery after a sharp decline in FY 2019-20. In FY 2020-21, Bangladeshi expatriates' remittance stood at US\$ 24,777.72 million which was significantly higher (36.10%) than the previous fiscal year. In FY 2020-21, the current account balance deficit stood at US\$ 3,808 million on the back of robust remittance inflows. Financial account and capital account showed a surplus during this time. Therefore, the overall balance recorded a surplus of US\$ 9,274 million in FY 2020-21 compared to US\$ 3,169 million surpluses in the previous

year. As a result, the foreign exchange reserves increased to a record US\$ 46.39 billion on 30 June 2021. During this period, a marginal (0.05%) depreciation in the exchange rate of Taka with the US dollar was being observed.

The number of the stimulus packages has further been increased to 23 in FY 2020-21 and the amount of fiscal and stimulus packages till April 2021 was Tk. 1,28,441 crore, which is 4.2 percent of GDP.

## Per capita GDP and GNI

According to the provisional estimate, the volume of GDP at current market prices reached Tk. 30,11,065 crore in FY 2020-21, which was Tk. 27,39,332 crore in FY 2019-20. In nominal terms GDP growth is 9.92 percent. As per the final estimate, per capita GDP in FY 2019-20 was US\$ 1,930 up by US\$ 102 from the previous fiscal year. Likewise, per capita, national income increased to US\$ 2,024 in FY 2019-20, up by US\$ 115 from FY 2018-19. The per capita GDP stands at US\$ 2,097 in FY 2020-21, up by US\$ 167 from the previous fiscal year, while the per capita national income stood at US\$ 2,227 up by US\$ 203 in the previous fiscal year.

## Savings and Investment

During FY 2020-21, domestic savings increased to 24.17 percent of GDP, which was 23.77 percent in the previous year. Likewise, national savings as a percent of GDP increased to 30.39 percent in FY 2020-21 percent from 28.67 percent of the previous fiscal year. The investment has increased to 7.95 percent in FY 2020-21 as compared to 3.98 percent in the previous fiscal year due to the COVID-19 pandemic.

## Inflation

The point-to-point inflation rate in December 2021 was 6.05 percent, up from 5.29 percent at the same time in 2020, according to data published by the Bangladesh Bureau of Statistics on Thursday. The average inflation rate in 2021

stood at 5.54 percent, down from 5.69 percent in the previous year. Although the average rate was lower than in 2020, doubts linger about whether

the government's target for fiscal 2021-22 can be achieved.

**Table: The key economic indicators of Bangladesh**

| Indicators                                     | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2020-21        | 2021-22    | 2022-23 | 2023-24 |
|------------------------------------------------|---------|---------|---------|---------|----------------|------------|---------|---------|
|                                                | Actual  |         |         | Budget  | Revised Budget | Projection |         |         |
| Real Sector                                    |         |         |         |         |                |            |         |         |
| Real GDP growth (%)                            | 7.9     | 8.2     | 5.2     | 8.2     | 6.1            | 7.2        | 7.6     | 8.0     |
| CPI Inflation (%)                              | 5.8     | 5.5     | 5.7     | 5.4     | 5.4            | 5.3        | 5.2     | 5.1     |
| Investment (% GDP)                             | 31.2    | 31.6    | 31.8    | 33.5    | 32.3           | 33.1       | 34.2    | 36.0    |
| Private                                        | 23.3    | 23.5    | 23.6    | 25.3    | 24.2           | 25.0       | 25.9    | 26.8    |
| Public                                         | 8.0     | 8.0     | 8.1     | 8.1     | 8.2            | 8.1        | 8.3     | 9.2     |
| Fiscal Sector (% of GDP)                       |         |         |         |         |                |            |         |         |
| Total Revenue                                  | 9.6     | 9.9     | 9.5     | 11.9    | 11.4           | 11.3       | 11.3    | 11.5    |
| Tax Revenue                                    | 8.6     | 8.9     | 7.9     | 10.9    | 10.2           | 10.0       | 10.1    | 10.3    |
| Of which NBR Tax Revenue                       | 8.3     | 8.6     | 7.7     | 10.4    | 9.7            | 9.5        | 9.6     | 9.7     |
| Non-Tax Revenue                                | 1.0     | 1.0     | 1.6     | 1.0     | 1.2            | 1.2        | 1.2     | 1.2     |
| Public Expenditure                             | 14.3    | 15.4    | 14.9    | 17.9    | 17.5           | 17.5       | 17.0    | 17.0    |
| Of which ADP                                   | 5.3     | 5.8     | 5.4     | 6.5     | 6.4            | 6.5        | 6.5     | 6.5     |
| Overall Balance                                | -4.7    | -5.5    | -5.4    | -6.0    | -6.1           | -6.2       | -5.75   | -5.5    |
| Financing                                      | 4.7     | 5.5     | 5.4     | 6.0     | 6.1            | 6.2        | 5.8     | 5.5     |
| Domestic Financing                             | 3.5     | 3.9     | 3.7     | 3.5     | 3.7            | 3.3        | 3.5     | 3.5     |
| External Financing(net)                        | 1.2     | 1.3     | 1.6     | 2.5     | 2.3            | 2.9        | 2.3     | 2.1     |
| Money and Credit (Year-on-year % change)       |         |         |         |         |                |            |         |         |
| Domestic Credit                                | 14.7    | 12.3    | 13.7    | 17.6    | 17.4           | 16.0       | 16.0    | 16.0    |
| Credit to the Private sector                   | 16.9    | 11.3    | 8.6     | 16.7    | 14.8           | 15.0       | 15.0    | 15.0    |
| Broad Money                                    | 9.2     | 9.9     | 12.7    | 12.5    | 15.0           | 15.1       | 15.2    | 15.3    |
| External Sector (% Change)                     |         |         |         |         |                |            |         |         |
| Export, f.o.b                                  | 4.7     | 9.1     | -17.1   | 15.0    | 12.0           | 15.0       | 13.0    | 12.0    |
| Import, f.o.b                                  | 25.2    | 1.8     | -8.6    | 10.0    | 11.0           | 14.0       | 13.0    | 11.0    |
| Remittance                                     | 15.1    | 10.2    | 11.2    | 15.0    | 35.0           | 20.0       | 15.0    | 10.0    |
| Current Account Balance(% GDP)                 | -3.49   | -1.69   | -1.47   | 0.09    | -0.05          | 0.01       | 0.05    | 0.07    |
| Gross Foreign Exchange Reserves (Billion US\$) | 32.86   | 32.72   | 36.04   | 40.20   | 44.00          | 51.02      | 53.66   | 55.40   |
| Forex. Reserve in the month of Import          | 6.2     | 6.0     | 7.2     | 8.7     | 7.8            | 7.8        | 7.2     | 6.6     |
| Memorandum Item                                |         |         |         |         |                |            |         |         |
| GDP at current market prices (Billion Tk.)     | 22505   | 25425   | 27964   | 31718   | 30873          | 34560      | 38777   | 43642   |

Source: Finance Division, Ministry of Finance.



## Performance of Financial Sector in 2021

In FY 21-22, Bangladesh Bank has continued to facilitate the ongoing expansionary and accommodative mode supporting economic recovery process while maintaining appropriate cautions for overall price and financial stability. Despite the recurrent shocks of COVID-19 and consequent containment measures in terms of mobility restrictions and nationwide lockdowns, Bangladesh economy has attained around 6.1 percent real GDP growth in FY21, significantly higher than preceding year's estimated growth of 5.2 percent, supported by reasonably healthy growth performances in agricultural and industrial sectors aided by the Government and Bangladesh Bank's growth supportive policy measures. The economy is expected to grow at a pace of 7.0 percent in FY 22 (Bangladesh Bank Quarterly July-September 2021, Volume XIX).

Bangladesh Bank's monetary policy has been broadly successful in taming inflationary pressure in FY21. In spite of the expansionary and accommodative monetary and fiscal policy stances along with supply chain disruptions due to COVID-19 related containment measures amid global price hike, the CPI-based average inflation declined to 5.56 percent (against the target of 5.40 percent) in FY 21 from 5.65 percent a year earlier. However, towards the end of CY 21, point-to-point inflation crept up and touched 6.05% in December 2021 owing mainly to oil price hike, transport and food inflation coupled with rising imports origination from demand for raw material and capital machinery.

The monetary policy stance and monetary program outlined for FY21 were mostly successful in terms of injecting sufficient liquidity in the system accompanied by a lower market interest rate regime, containing inflation while ensuring stability in both the local and foreign currency markets.

Bangladesh Bank's foreign exchange management and operation were also effective in maintaining the external competitiveness of Taka and ensuring stability in the interbank foreign exchange market. The overall BoP in FY21 witnessed a healthy surplus, supported by a significant inflow in financial accounts along with a relatively thinner current account deficit due mainly to very strong inward remittances growth and robust export earnings. Relying on this BoP surplus, BB's foreign exchange reserve has reached the peak of USD 46.40 billion at end of June 2021 and subsequently slightly decreased to USD 46.15 billion at end of December 2021.

Bangladeshi Taka (BDT) against USD remained mostly stable for most part of the year. However, in the review quarter, it has depreciated notably. The exchange rate of BDT per USD stood at 85.5 at the end-September 2021, which was 84.8 at the end of the same quarter of preceding year mainly due to rising import payments coupled with falling remittance.

The central bank has undertaken a number of initiatives to revive the financial sector amidst the impact of intermittent resurgence of COVID-19 pandemic. Simultaneously, Bangladesh Bank has also continued to align itself with the government's effort on restoration of the national economy and strengthening the resilience of the financial system to ensure its stability. Some of the key initiatives undertaken by the central bank are stated below:

### Stimulus Package:

Bangladesh Bank has continued to extend stimulus package for various sectors. To foster the recovery of the tourism sector affected by COVID-19, Honorable Prime Minister announced a stimulus package amounting Tk. 10.0 billion. Following government's announcement, Bangladesh Bank has issued several instructions for banks to provide loan from their own source at 8.0 percent interest rate of which, Government

would provide 4.0 percent as interest subsidy while the rest 4.0 percent would be borne by borrower. The interest subsidy facility will be provided for 01 (one) year.

#### **Prudential Regulations for Consumer Financing:**

Bangladesh Bank has raised the loan margin ratio to 70:30 for purchasing digital devices (laptop/ computer/ mobile/ tab) under consumer finance from the previous ratio of 30:70. This would be conducive for accelerating “Digital Bangladesh” agenda through encouraging reliable digital access at mass scale. Besides, this would also be beneficial for pandemic-disrupted education system through facilitating online classes for the teachers and the students.

#### **Rationalization of Deposit Rates of Scheduled Bank:**

To prevent the asset-liability mismatch due to the recent declining trend in banks’ deposit rate Bangladesh Bank has issued a circular to rationalize the deposit rate of scheduled banks. Banks are instructed to determine the rate of deposit (with a period of three months and above) not below the inflation rate to encourage savings and also to maintain the purchasing power of the depositors.

#### **Implementation of Basel III in Bangladesh:**

To implement BASEL III, Bangladesh Bank has instructed scheduled banks to increase the leverage ratio gradually to 4.0 percent by 2026 from current 3.0 percent level. This increased leverage ratio will enhance the quality capital and thus improve the stability of the overall financial sector since banks will have higher risk absorbing capacity against unexpected losses with this implementation.

#### **Relaxation of Loan Classification Criteria:**

Bangladesh Bank relaxed some of the criteria of classification policy through a circular published in December 2021. As per the new regulation, loans cannot be classified if minimum 25 percent

of the installments payable against the loan from January 2021 to December 2021 is paid by 31 December 2021. In this case the balance of the installments payable till December 2021 will be payable within 1 (one) year after the expiry of the existing term.

**Policy for Non-Banking Asset (NBA):** Bangladesh Bank has issued a circular regarding non-banking asset policy. The policy describes the assessment of the value of assets, inclusion of non-banking assets into bank account by loan adjustment, inclusion of non-banking assets against write-off loans, discharge of defaulters after adjustment of entire loan, the sale and use of non-banking assets, disclosure, accounting, reporting, etc. This policy would help bringing better discipline in management of banks’ non-banking assets.

#### **Prohibition on Arbitrary Termination of Bank Employees:**

Considering the significant role of bankers in implementing the stimulus packages during the COVID-19-driven environment, and to bolster the working spirit of the bankers in this transitional period, scheduled banks operating in Bangladesh have been directed not to sack officials-staffs without any specific and proven allegations. Moreover, the central bank has prohibited banks to dismiss or force to resign officials-staffs only because of failure to achieve targets or inefficiency during the pandemic. In the same directive Bangladesh Bank has also asked banks to reappoint officials-staffs, upon application, who were terminated or forced to resign from the office without any specific and proven charges from 01 April 2021 to 15 September 2021.

#### **Verification of Financial Statements submitted by borrowers:**

To enhance credit discipline and check nonperforming loans, scheduled banks have been instructed by Bangladesh Bank to verify financial statements of the borrowers using the Document Verification System (DVS) of the

Institute of Chartered Accountants of Bangladesh (ICAB).

#### **Constitution of Special Fund for Capital Market and Investment Policy:**

To increase the investable elements in capital market, earlier Bangladesh Bank instructed all the scheduled banks to form a special fund of BDT 2.00 billion each to invest in the capital market. Now the new circular allows the use of this fund for investment in 100% asset backed green sukuk bond issued by private sectors for renewable power projects. The type of investable Sukuk bonds and other conditions of usage of Sukuk funds have been specified in the circular. Addition of Sukuk bond as an investment option will bring diversity in investment and in turn, will reduce the overall investment risk.

#### **Announcement of Agricultural & Rural Credit Policy:**

Bangladesh Bank has announced the annual agricultural and rural credit policy and program for the financial year 2021-2022 by widening the target and scope of agricultural and rural credit considering pandemic situation and the rising demand. To boost up the agriculture sector amidst the ongoing economic slowdown caused by the COVID-19 pandemic, a scheme of BDT 30.00 billion has been set up by Bangladesh Bank from its own source. In order to encourage women entrepreneurs abreast of agriculture Bangladesh Bank has announced "Small Enterprise Refinance Scheme."

#### **Loan/Lease/Investment Rescheduling for Financial Institutions:**

Bangladesh Bank has issued a master circular with a view to tightening loan rescheduling rules for Non-Bank Financial Institutions (NBFIs) while aiming to ensure better transparency and effectiveness in rescheduling activities. NBFIs are allowed to reschedule a loan for a maximum of three times. If a borrower fails to repay loan even after rescheduling loans for three times, will be considered as habitual defaulter. Bangladesh

Bank has also tightened rules for booking interest income and provisioning of the rescheduled loan/lease/investment of NBFIs.

#### **Revision of the Statutory Liquidity Requirement (SLR) for Financial Institutions:**

In order to further strengthen the liquidity base of financial institutions, Bangladesh Bank has excluded the encumbered portion of the balance kept with other banks and financial institutions as SLR qualified asset to make the SLR data more reflective of its true liquidity.

#### **Ensuring Proper use of the Loan provided under Government announced Financial Stimulus Packages:**

Financial institutions operating in Bangladesh have been advised to regularly monitor the effective implementation of the financial stimulus packages announced by the government of Bangladesh and the Bangladesh Bank for ensuring proper uses of the packages. They have also been instructed to audit and ensure the productive uses of the fund disbursed under the stimulus packages through internal Audit Department.

In an earlier directive regarding the issue, Bangladesh Bank has stated that the fund of approved loan/lease/investment to a borrower must be released to the bank account of the authentic borrower and the proper filing of banks statement of so released fund must be ensured.

#### **Dividend Policy:**

Bangladesh Bank has restricted all the banks to disburse any cash dividend before September 30, 2020. Four dividend slabs were set for the banks based on their liquidity position. For the, NBFIs, with capital adequacy ratio (CAR) of less than 10% and more than 10% default loans will not be able to declare any dividend and the NBFIs, who have taken deferrals facility for their provisioning deficit will not be allowed to declare any dividend until the deferral is over. The central bank also enacted a dividend cap of 30 percent on non-

bank financial institutions (NBFIs) of which the NBFIs will have to pay half i.e., 15 percent in the stock dividend, and the rest will be paid in the form of cash.

#### **Refinance scheme for agriculture sector:**

To boost up the agriculture sector amidst the ongoing economic slowdown caused by the COVID-19 pandemic, a scheme of Tk. 30.00 billion has been set up by Bangladesh Bank from its own source. Farmers/Borrowers will get credit at a maximum 4.0 percent interest rate from the banks, whereas banks will get refinance at 1.0 percent interest rate from Bangladesh Bank under this scheme. Banks can sanction loans amounting up to Tk. 2.00 lac to each grass- root level farmer without any collateral. Maturity of the crop-loan to the farmers will be maximum 12 months and for other loans it will be 18 months (with 3 months' grace period).

#### **CMSME loans/ advances for women entrepreneurs:**

Bangladesh Bank has set the target for the banks and Non-Bank Financial Institutions (NBFIs) to provide at least 15 percent of CMSME loans/ advances to women entrepreneurs within 2024. In order to encourage women entrepreneurs for taking CMSME initiatives, refinance facility named "Small Enterprise Refinance Scheme" has been dedicated for women entrepreneurs. Banks and NBFIs can avail the refinance facility at 0.5 percent interest rate (which was earlier 3.0 percent) from Bangladesh Bank and customer can get the same at 5.0 percent interest rate (which was earlier 7.0 percent).

#### **Prohibition of receiving customers' money directly to the digital commerce enterprises' bank account:**

Some digital commerce organizations, by averting government's "Digital Commerce Operation Guidelines- 2021" and BB's directives, had been receiving advance of payments against goods and services at their own accounts. In such a situation, Bangladesh Bank has instructed

all scheduled banks not to receive advance payments against goods and services directly to company's account or the accounts of persons involved in the organization. Banks are also instructed to perform due diligence in operating the accounts of such organizations by carefully examining their transactions and risk profiles.

#### **Banking Sector:**

The overall banking sector performance exhibited a mixed trend, reflected in a marginal improvement in non-performing loans (NPLs), a moderation in capital to risk-weighted asset ratio (CRAR), an increase in the growth of bank's advances, a decline in provision maintained against bad loans, a rise in profitability, and maintenance of adequate liquidity.

The asset size of the banking sector increased by 1.3 percent in the review quarter compared to 4.6 percent in June 2021 quarter and 1.4 percent in March 2021 quarter. The aggregate assets reached Tk. 19,768.78 billion at end-September 2021. Higher asset growth in the review period largely attributed to increase the investment portfolio by State Owned Commercial Banks (SOCBs) in the form of bonds and securities. Thus, the assets-to-GDP ratio stood at 65.7 percent at end- September 2021.

#### **NPL by Type of Banks (In Billion)**

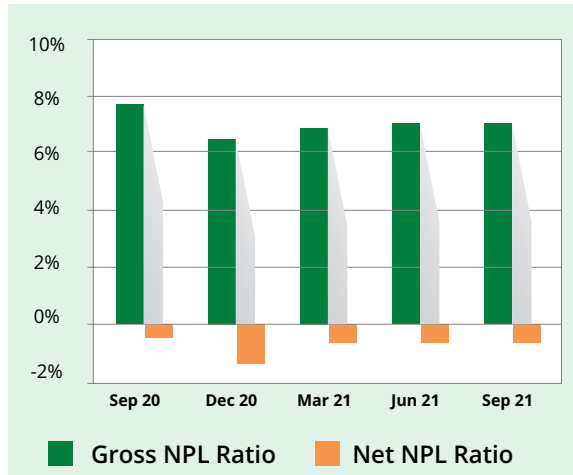
| Type of Banks                    | Dec. 20       | Sep. 21       |
|----------------------------------|---------------|---------------|
| State-Owned Commercial Banks     | 422.74        | 440.2         |
| Private Commercial Banks         | 399.16        | 507.4         |
| Foreign Commercial Banks         | 20.32         | 26.9          |
| Development Finance Institutions | 40.62         | 37.0          |
| <b>Total</b>                     | <b>882.84</b> | <b>1011.5</b> |

The ratio of gross NPLs to total loans edged up to 8.12 percent at the end of Q1FY22 from 8.06 percent at the end of Q2FY21 partly owing to the ending of moratorium facility even though the relaxation of term loan repayment has been extended. At the close of September 30, 2021,

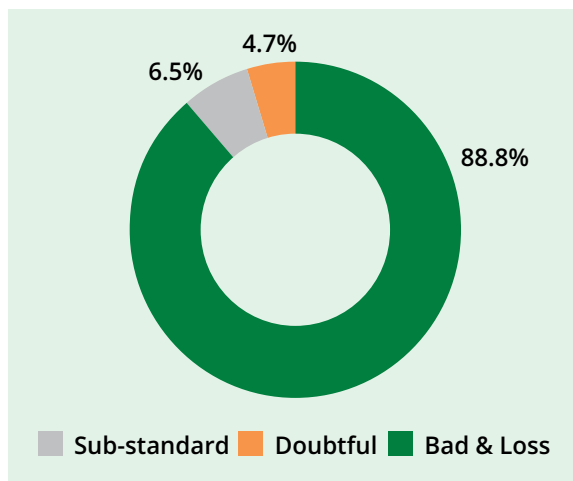


the ratio of bad and loss loans to total classified loans accounted for 88.82 percent while the share of sub-standard and doubtful loans constituted 6.51 percent and 4.67 percent respectively. NPL concentration in Top 5 banks stood at 44.44 percent at end-September 2021.

### NPL Ratio of the Banking Industry



### NPL Composition of Banking Industry at end- September 2021



Source: Quarterly Financial Stability Assessment Report  
Bangladesh Bank, July-September 2022

Although the capital to risk-weighted assets ratio (CRAR) moderated to 11.22 percent at the end of Q1FY22 from 11.64 percent at the end of Q2FY21, overall capitalization of the banking system remained above the Basel-III standard. The CRAR of SCBs, PCBs and FCBs moved to 6.25 percent,

13.09 percent and 27.10 percent respectively at the end of Q1FY22 from 4.34 percent, 13.96 percent and 28.24 percent respectively at the end of Q2FY21.

Profitability of the banking sector improved in Q1FY22 compared with Q1FY21, as reflected in an uptick in return on equity (ROE). This uptick in ROE stemmed partly due to a fall in interest expenditure and a rise in non-interest income, and profit earning from capital market. Net profit of the banking industry increased from BDT 65.82 billion in Q1FY21 to BDT 72.29 billion (of which BDT 5.13 billion from capital market in Q1FY22 against BDT 1.39 billion in Q1FY21) in Q1FY22. Return on equity (ROE) rose to 7.42 percent in Q1FY22 from 7.22 percent in Q1FY21, while return of asset (ROA) remained almost unchanged at 0.44 percent.

The growth of bank's advances exhibited an upward trend since Q4FY21 reaching at 10.7 percent (y-o-y) in Q1FY22 from that of 8.5 percent in Q4FY21, reflecting the gradual increase of demand for credit owing to the reopening of the economic activities. While the growth of bank's deposit further decelerated to 12.3 percent in Q1FY22 from that of 13.8 percent in Q4FY21, partly due to a sudden fall in remittance inflows accompanied by a sharp rise in family expenditure following a recovery after the pandemic. Consequently, the overall advance-deposit ratio (ADR) rose to 72.1 percent at the end of Q1FY22 from 71.6 percent at the end of Q4FY20 and remained broadly stable.

The surplus liquidity in the banking sector moderated to BDT 2.196 trillion at the end of Q1FY22 from that of BDT 2.315 trillion at the end of Q4FY21 owing to higher credit growth, decelerated deposit growth and the mopping up of some liquidity through foreign exchange market intervention. The share of excess reserve (excess of CRR) to total excess liquidity decreased from 26.9 percent at the end of Q4FY21 to 15.8 percent at the end of Q1FY22.

Given the liquidity glut in the banking system following the easy monetary regime in the pandemic period, the Bangladesh Bank resumed mopping up of some excess liquidity from the banking system in Q1FY22 to rationalize the liquidity condition. Consequently, the ratio of total liquid assets and liquid asset excess of SLR to total demand and time liabilities (TDTL) reduced to 29.12 percent and 14.35 percent at the end of Q1FY22 from 30.55 percent and 15.76 percent at the end of Q4FY21, respectively.

Interest rate in the call money market moved up to 2.66 percent in December 2021 from 2.12 percent in December 2020. However, the weighted-average interest rate on lending declined to 7.15 percent in November 2021 from 7.61 percent in December 2020, maintaining the rate far below the government-fixed ceiling of 9.0 percent. Likewise, the weighted-average interest rate on deposit also fell to 3.99 percent from 4.54 percent during the same period.

Yields on government securities of most maturities showed an upward movement in December 2021 compared to that of a year earlier, reflecting expected credit growth both in public and private sectors in the phase of economic recovery.

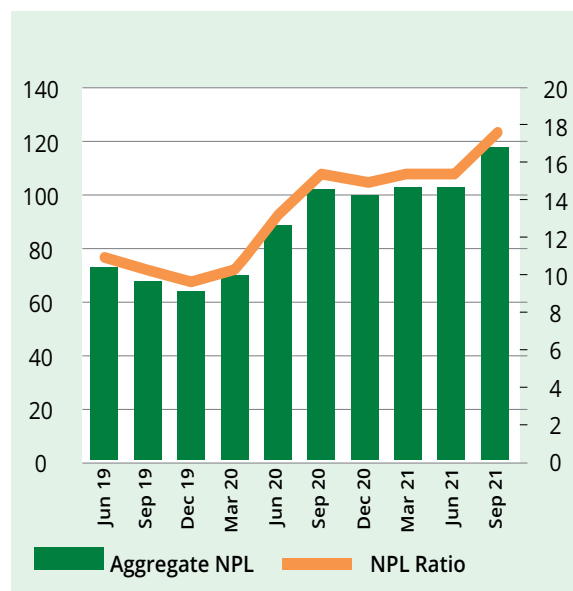
#### Interest Rate Movement (In Percent)

| Instruments               | Dec.21 | Dec.20 |
|---------------------------|--------|--------|
| T- Bills:                 |        |        |
| 91- day                   | 0.59   | 0.53   |
| 182- day                  | 1.23   | 1.12   |
| 364- day                  | 1.87   | 1.91   |
| Call Money Rate           | 2.66   | 2.12   |
| Lending Rate (All Banks)* | 7.15   | 7.61   |
| Deposit Rate (All Banks)* | 3.99   | 4.54   |

\*data is available up to November 2021

**NBFI sector:** The key financial soundness indicators manifest the mixed performance of non-bank Financial Institutions (FIs) during the period under review. Profitability indicators improved compared to previous quarter. In comparison with June 2021, the share of borrowing recorded a decrease whereas deposit and other liabilities slightly increased and capital remain unchanged. When compared with June 2021 positions, the share of cash and liquid assets declined, whereas the share of other asset and earning assets increased. Their asset quality slightly declined compared to last quarter.

#### FIs' Non-performing Loans Ratio



At end-September 2021, total assets of financial institutions amounted to Tk. 917.56 billion, exhibiting 0.24 percent decline compared to the end- June 2021 amount of Tk. 919.75 billion. On the end-September 2020, total assets stood at Tk. 879.92 billion. Hence, the size of the industry has experienced an overall growth of 4.28 percent on a September-to- September basis. During this period, assets of 27 FIs were increased while the assets of 7 FIs were declined.

## FIs' Classified Loans and Leases

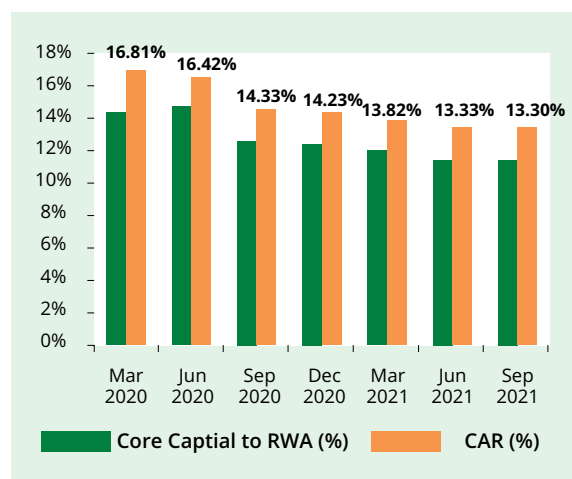
(Amount in billion BDT)

| Quarter | Aggregate NPL | Aggregate NPL to total loan (%) |
|---------|---------------|---------------------------------|
| Mar-19  | 72.21         | 10.33                           |
| Jun-19  | 73.24         | 10.97                           |
| Sep-19  | 68.38         | 10.35                           |
| Dec-19  | 63.99         | 9.53                            |
| Mar-20  | 70.34         | 10.51                           |
| Jun-20  | 89.06         | 13.29                           |
| Sep-20  | 102.45        | 15.47                           |
| Dec-20  | 100.59        | 15.03                           |
| Mar-21  | 103.54 P      | 15.46 P                         |
| Jun-21  | 103.28 P      | 15.39 P                         |
| Sep-21  | 117.57 P      | 17.62 P                         |

Source: Quarterly Financial Stability Assessment Report Bangladesh Bank, July-September 2022.

Aggregate classified loans and leases stood at Tk. 117.57 billion at end September 2021 from Tk. 103.28 billion at end June 2021. The ratio of classified loans and leases increased to 17.62 percent at end September 2021, which is 2.23 percentage points higher than the previous quarter and 2.15 percentage points higher from September 2020. The ratio of percentage changes of classified loans and leased significantly increased by 14.49 percent which was -0.45% only in last quarter.

## Capital Adequacy Ratios of FIs



| Particulars                 | End Dec-19 | End Mar-20 | End Jun-20 | End Sep-20 | End Dec-20 | End Mar-21 | End Jun-21 | End Sep-21 |
|-----------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Eligible Capital to RWA (%) | 17.2       | 16.8       | 16.4       | 14.33      | 14.23      | 13.82      | 13.33      | 13.30      |

Source: Quarterly Financial Stability Assessment Report Bangladesh Bank, July-September 2022

During the September 2021 quarter, the Capital Adequacy Ratio (CAR) and the core capital ratio of the Financial Institutions (FIs) stood at 13.30 percent and 11.37 percent respectively. Both the ratios remained almost identical compared to that of the previous quarter. The overall CAR and core capital ratio of the FIs, however, reveal a sound position as per regulatory standards, despite the subdued status of some FIs still continues.

The Return on Assets (ROA) and Return on Equity (ROE) up to the end September 2021 stood at -0.62 percent and -6.56 percent respectively compared to -0.91 percent and -9.59 percent respectively recorded in the last quarter and 0.29 percent and 2.77 percent in the same quarter of 2020.

The liabilities to assets ratio stood at 90.74 percent at the end-September 2021 which is 5 basis points higher than the previous quarter. The marked increase in borrowing and other liabilities mainly resulted in this rise of liabilities-to-assets ratio.

The liquidity position of FIs in line with regulatory requirements also portrays a reasonable situation. Both the Statutory Liquidity Ratio (SLR) and Cash Reserve Ratio (CRR) maintained by FIs remained well above the required level in the review quarter. As of end-September 2021, the aggregate amount of Cash Reserve Ratio (CRR) maintained by the FIs was Tk. 5.31 billion as compared to Tk. 5.48 billion at End-June 2021, recording a decrease of 3.11 percent. A surplus amount of Tk. 0.33 billion was observed against the CRR requirement. The amount of Statutory Liquidity Ratio (SLR) maintained was Tk. 106.56 billion at end-September 2021 against the requirement of Tk. 23.09 billion.

**Capital Market:** Both the bourses of the country experienced bullish trend during the year, portrayed by respective uptrends in indices, P/E ratio and market capitalization. Broad index of DSE and all share price index of CSE stood at 6756.66 points and 19666.07 points respectively at the end of December 2021.

The market capitalization of DSE stood at Tk. 5421.96 billion at the end of December 2021 which was 20.96 percent higher than that of December 2020. Total turnover value of traded shares stood at Tk. 193.65 billion which was 10.30 percent lower than that of the same month of the last year. The Price-Earning (P/E) ratio stood at 17.58 at the end of December 2021.

The market capitalization of CSE stood at Tk. 4585.54 billion at the end of December 2021 which was 22.12 percent higher than that of December 2020. During December 2021, total turnover value of traded shares stood at Tk. 11.07 billion which was 20.50 percent higher than that of the same month of the previous year. In Chittagong Stock Exchange, the yield increased to 3.71 at the end of December 2021 which was 3.11 at the end of December 2020.

The higher index might be attributed to the investors growing confidence towards the market. A deep and vibrant capital market is crucial for long-term financing which could uphold the

financial stability and expedite the economic growth. However, market-capitalization to GDP for both DSE and CSE was lagging behind than that of many of its peer countries. For DSE, the ratio of market capitalization to GDP (at current market price) stood at 15.56 percent at the end of December 2021

This situation could create stress on the banking sector of the country for long term finance which, in turn, could increase banks' risk of maturity mismatch. As the P/E ratios of both bourses are rising, that requires more prudent investment behavior.

### **Real Estate Sector of Bangladesh: Covid 19 And Its Aftermath**

The housing sector plays an important role in attaining economic stability. It is a big driver of economic growth as this sector has enormous multiplier effects on economic activities. In addition, the sector also contributed to the national economy through linkage industries, such as MS bar, cement, brick, sand, ceramic tile, paint, and other fixtures and fittings. As per data from REHAB this sector along with its linkage industries contributed about 12% to the national GDP. It is one of the largest employment generating sectors after agriculture and readymade garments. It also stimulates demand for ancillary industries, for example, steel, cement, tiles, sanitary ware, cable, electric ware, paint, glass, aluminum, brick, building materials, and consumer durables, etc.

### **Real Estate Market Scenario**

Between 2007 and 2012 our property market heated up abnormally. The reason was primarily the ever increasing demand of the landowners and the irresponsible competition that the developers created with each other in the auction like bidding for land. The result was an inflated bubble which was not reflective of the real value of the property in the context of the economy or the buying power of the market. Market correction was imminent. Between 2012 and



2018 the prices of apartments in Dhaka fell by up to 30%. The correction caused a huge loss to a lot of the reputed developers who completed the projects absorbing the massive losses. Many of the less established developers abandoned their projects and to this day there are structures in Dhaka lying dilapidated and incomplete. In 2018 the market started to stabilize. The prices stopped falling and the market reached equilibrium. This stability was good for the sector and the buyers gradually returned to the market.

In the last two years, the Covid-19 pandemic caused a global financial crisis, especially in developing countries like Bangladesh. While the RMG sector and several other industries kept the country's economy running, there was one industry that surprisingly kept up the pace - the real estate sector.

The woes of the pandemic aside the Bangladesh economy has been flourishing and this has created a thriving middle class. Unlike a decade ago when high end apartments in the posh areas of Dhaka was the most lucrative segment of the market now it is the mid-range category which is the most vibrant. The buyers from this segment are mostly involved in local businesses which are much more insulated from the turbulence in the global economy and will not be so adversely affected by the present crisis. These buyers will be looking to purchase their dream home sooner rather than later.

There are two major types of buyers. One is that are looking to buy a home and the other which is the investor. Real estate and the capital market are the two main investment options for investors everywhere. Our capital market has been unpredictable and unrewarding for the retail investor. There is very little investor confidence in the capital market. Over the past so many decades it has been proven time and again that investment in property in the metropolis has been the most lucrative option for investors in Bangladesh. This investor class

will also be boosting up the demand for real estate and will be keen to avail the good deals that the developers will be offering for their unsold inventory in their completed projects that has been mentioned above.

Although the industry came to a standstill when the pandemic arrived, it boomed by the end of 2020, with more and more people rushing to buy land and apartments. The increasing demand has caused real estate companies to think of new and better ways to attract potential homeowners. Experts say that one of the main reasons for someone to buy an apartment instead of renting is the decrease in home loan interests. The government recently reduced home loan interests to 5.0 percent for the government employees. It is thought that they are spearheading the rising demand for apartments. In addition, reduction of the registration fees, land transfer tax, stamp duty and mutation costs, digitization of land-related paperwork, and the opportunity to whiten black money by investing in real estate are other major reasons for the quick rebound of the housing sector. That is not all. The pattern of customer demand has also changed significantly. Due to the scarcity of land within Dhaka, more people are interested in buying apartments on the city outskirts, namely Diabari, Purbachal, Uttarkhan etc. Flat sales in Aftabnagar and the outer Bashundhara Residential Area have also increased. These locations have many urban amenities and open spaces.

Although things were not right in the real estate market, demand was there. People were still moving homes and buying properties, even during a pandemic. And businesses that were more digitally oriented were better placed to serve these needs. A good example is Bproperty. Bproperty's strong footprint in the digital realm allowed them to encourage and provide for those still interested in real estate. Despite the challenges brought about by the pandemic, Bproperty saw a drastic upward trend in demand soon after the lockdown was lifted.

With most people staying at home, they shifted more towards the digital domain. And Bproperty benefited greatly from this. Its website allowed customers to view properties from their homes. Diligent customer service also ensured that Bproperty and its services were always accessible, with the company receiving thousands of calls from customers, even amidst the pandemic.

The government was also looking at steps to help economic recovery. As a part of the efforts, the national budget allowed 're-investing' undisclosed funds into real estate and financial markets. Taking advantage of the measure, many new investors entered the market, which led to unexpected growth in a pandemic year. Some Tk. 60.0 billion was invested by the end of December 2020, and most of the investments went into the property sector. The government also earned nearly Tk. 8.80 billion as taxes.

Dhaka is growing at an exponential rate. Bangladesh, with an estimated population of 166 million as reported in the 2020 Housing Report, is one of the most densely populated countries in South Asia. Population growth is skewed towards urban areas and urban population has doubled in less than two decades from 31 million in 2000 to 68.8 million in 2020. Currently, urban population comprises almost 39.4% of the total population. Half of the Bangladesh population are estimated to live in urban areas by 2030. Most will end up living in slums or in densely populated houses that pose a serious risk to urban planning, inefficient resource management and public health with bad hygiene.

According to an assessment by IFC of the housing sector in Bangladesh, approximately 11.9 million urban households reside in informal housing. Existing demand for urban affordable housing is 6 million units, which is estimated to increase to 10.5 million units by 2030. In contrast, the supply was only 17,000 in 2019, thus indicating a supply gap of 93%.

There are multiple challenges constraining the development of the urban affordable housing sector in Bangladesh. The delivery of housing units by private sector developers is limited by i) rapidly increasing land prices in urban areas; ii) poor regulatory delivery for necessary clearances, registration, and approvals; iii) land ownership issues; and iv) lack of demand for smaller units, including in peripheral areas. Mortgage finance penetration in Bangladesh's housing market is low at 3% (versus 10% in India and 50 to 70% in developed countries). The estimated existing financing requirement for 3.5 million affordable housing units is \$58.8 billion or Tk. 4.9 Trillion.

### Opportunities of Real Estate Sector

If we look at this from a historical perspective, this sector has been in the business arena from right after our independence. There are still lots of opportunities waiting for Bangladesh. PWC's recent study shows that by 2030, Bangladesh will be the 28<sup>th</sup> largest economy.

Considering its huge market, the Bangladeshi real estate sector has huge potentialities such as:

- Moving into new areas like Purbachal, Bosila, Keranigonj, and the outer side of Dhaka city which are spacious and yet to be developed with urban infrastructures. This can be done if the government promotes good schools, colleges, hospitable special commuting facilities, public transportations like intra-city train service.
- The government has undertaken huge roads and high ways development projects all over Bangladesh. Since transportation is the prime need of development for any area, so gradually the government is trying to mitigate this requirement, real estate companies should focus on bringing new projects in different cities of Bangladesh.
- The present urbanization rate is 5-6% annually. Close to 40% of the total population

will be living in urban areas by the next couple of years. Only 40% of the people of Dhaka city have standard or below standard housing facilities. Thus, from the comparative analysis, experts assume that the growth of housing demand will stay for a long time.

- The focus should be given to lower-middle-class people affordable housing solutions. A large number of people are entering this class thus demand for their affordable home is increasing and a great business opportunity is waiting for private real estate companies.
- Currently, 68% of the residents in Dhaka live in rented properties. Of them, 82% percent say the rent exceeds their affordability (Source: ICE Business Times). Real estate companies have a potential market for this segment if the companies can provide apartments at a reasonable price.
- Banks and NBFIs are now providing home loans at very cheap interest rates. Thus more people will be interested in purchasing flats. This has already created a huge demand for apartments purchase.
- A slash in the registration fee of a property's price will be a positive notion for individuals to buy apartments.

### Challenges of Real Estate Sector

According to government estimates, at least 1,418 people are adding to the population of Dhaka every day. Currently, the population density of Dhaka stands at approximately 80,000 people per square kilometer.

The real estate sector is facing several challenges for many years. The main challenges are described below:

- There is a lack of commitment between some

of the real estate companies and individual buyers. A legal framework is also missing for the real estate sector to uphold buyers' rights.

- The marketing strategy of some real estate and land development companies often creates a problem. Some of the new, as well as old companies, have conducted some unprofessional incidents in recent times by giving fake advertisements of land sales and apartment projects.
- According to real estate experts, the giants of the industry will require less time to start their operations back up again after Covid 19 effect. However, those tier-2 or tier-3 developers need to assess their current situation and communicate with their buyers about the path ahead on whether there might be a delay in handover, a change in plan, or even if everything is on schedule for reassurance.
- Lack of structured urbanization plan and incentives from concerned authorities. A new urbanization plan is required which will include appropriate utility facilities, road development, education, and medical treatment facilities. Missing these development activities is creating barriers for real estate companies to enter into new and emerging areas.
- Lack of coordinated effort of all the development authorities which includes 12 city corporations and the 330 municipalities.
- The low compensation package for real estate employees. As a result, real estate companies can't attract good HR onboard except for some top-tier real estate companies.
- High fees for property transfer and registration: The registration fee in

Bangladesh has been reduced from 14% to 10% on the total price of the flat, but this rate is still higher compared to many countries in Asia.

- Maintaining a lower interest rate for the home loan for individual consumers will be a great challenge in near future. As lower interest rate has encouraged people to take loans for asset purchase, opposite of this may also happen if interest rate increased.

The sector has extensive potential to attract investment to its various segments. However, progress is possible only with the joint efforts of both the industry and the government. The government must provide favorable policies to developers to build low-cost and affordable housing for the masses. Realistic and long-term policy guidance for the real estate sector must be taken by the government to encourage investment and development in Bangladesh's real estate. The notion of 'affordable housing' must be popularized to set a minimum standard of accommodation for all citizens. Without proper accommodation, we cannot develop a capable workforce for contributing to the national economy. Judging the multi-sectoral nature of housing, it is clear that one or two isolated initiatives will not be enough to solve the overall housing problem. Government and private developer companies have to work together for the bright future of the real estate sector of Bangladesh.

### Product wise Performance

#### ■ Performance of Home Loan Operations 2021

The year 2021 began with bit of optimism after an underwhelming 2020, which was severely affected by the pandemic and subsequent aftermath. In the first quarter of 2021, market demand and Home loan disbursement were on the rise and DBH had disbursed about Tk. 326 Cr

in the period resulting 77% growth compared to same period of 2020.

However, the second wave of Covid hit the country from April, 2021 onwards and fresh lockdowns and restrictions were imposed to protect human lives from the deadly impact of Coronavirus. During that period, the Covid-19 situation took a serious turn both inside the country and in the neighboring countries.



Figure 1: Quarterly Home loan disbursement in 2020 & 2021 (amount in Cr)

As infection rate rapidly increased, Government and subsequently Bangladesh Bank issued directives for government and private sector organizations including banks and FIs to be operated with limited capacity in person for reduced working hours to reduce spread of virus infections. The situation continued like that till August, 2021. Such measurements made impact on home loan disbursement and most banks and FIs including DBH had lower than projected home loan disbursement figures from April 2021 onwards almost till July 2021. During the 2<sup>nd</sup> and 3<sup>rd</sup> quarter, disbursement figures were lower than projected figures but actual figures were still significantly higher than figures of year 2020 for the same period. At the end of third quarter 2021, DBH achieved 94% disbursement growth compared to same period of 2020.



From September 2021 onwards home loan business started to rebound as infection rate of Covid-19 came down significantly and everything was gradually coming back to normalcy. DBH ended the year 2021 with net disbursement figure of Tk. 1033 crore having 58% growth compared to the disbursement figure of 2020.

Rate of interest of home loans remained low and unchanged throughout the year and most bank and FI were lending between 7.50% to 8.50%, lower than Central bank imposed lending rate cap of 9%, which was applicable for banks. But as the specialized housing finance company with exclusive focus in home loans, DBH had to offer attractive rates to its clients to remain competitive in the market and retain portfolio. The weighted average Rate of Interest of DBH's home loan portfolio was almost 10% in December 2020 which came down to 9% in December 2021. The new disbursements were taking place between 7.50% to 9.00%. Cost of fund was gradually coming down till August 2021 and then started to increase slightly from September, 2021 onwards. net interest income margin remained relatively stable throughout the year and was reducing a bit in the last quarter of the year.

Despite the hefty growth in disbursement, net portfolio growth for the year was 2.5% only which was short of the projected and targeted portfolio growth. Loan portfolio stood at appx Tk. 4,383 crore at end of December 2021. Major reason for the low portfolio growth was high level of prepayment throughout the year. Most prepayments were made by clients voluntarily to reduce loan liability resulting from the feeling of uncertainty in the pandemic situation. Also the reduced rates offered in savings and deposit products prompted them to encash the savings and pay off the loans. In addition to self-prepayments made by clients, few private banks were very aggressive in balance transfer products offering significantly lower rates than the market and higher loan amount. This phenomenon by

a particular bank was experienced by all other players of the industry, though the viability of such short-sighted approach is always questionable. Also because of lending rate caps applicable for all products offered by the banks, many banks chose to focus more on secured lending, so the competition in housing finance was fierce throughout the year and banks with less focus in housing finance earlier also captured some share of the market because of their revised focus derived from the lending rate cap.

However, despite challenges, DBH had always been able to keep the operational cost down and mobilize fund at relatively lower cost due to the excellent market reputation and this enabled DBH to remain competitive in the market even with front liner banks in operation. There were no payment deferral facilities in 2021 and naturally, the effect of Covid-19 began reflecting in the non-performing loan figures. Numerous jobs were lost, salaries were reduced, business were shut down or lost significant revenue as a direct effect of the pandemic and it obviously affected repayment capacity of many DBH clients, as did for all other banks and FIs of the country. As of end of Dec 2021, non-performing loan (NPL) for DBH stood at 0.63% which is still by far the lowest in the industry.

In 2021, DBH actively made efforts to penetrate the market geographically to cater to more prospective home loan clients. As a result, DBH introduced their first establishment at Mirpur and launched their first service center in June 2021. After thorough market analysis, at the end of 2021, DBH also opened their 12th branch at Khulna, a divisional city in the southern region of the country. DBH also got permission to open branch in Rajshahi, another divisional town in the northern region of the country. This branch will be open in early 2022. This will be a continuous process and DBH will explore scope for further geographical expansion to cater to larger client base in upcoming years.

In addition to geographical expansion, DBH also have launched two other retail loan products namely Personal loan and Car loan in addition to Home loan product. As usual, DBH will ensure strict credit parameters similar to existing practices so that NPL remains at desired level.

### ■ **Performance of Deposit Portfolio**

Over the years DBH has established itself as one of the leading depository institutions in the industry. The company has earned the trust of the clients by providing transparent & quality service. DBH has kept its focus on deposit collection as its main source of funding mechanism. As a result, DBH has managed to fund over 80% of its home loan operations through deposit. At present the Company offers a diverse deposit product line including Annual Income Deposit, Day-wise Deposit, Monthly Income Deposit, Quarterly Income Deposit, Flexible Fixed Deposit, Easy Deposit, Cumulative Deposit, Double Money Deposit, Deposit Pension Scheme (DPS). In compliance to the regulations of Bangladesh Bank the minimum tenure of the deposits is three months. These products are targeted towards various customer segments comprising of retail and corporate clientele.

At the close of December 31, 2021 the deposit portfolio of DBH stands at Tk. 43,978.36 million with an interest payable worth another Tk. 818.47 million. The deposit portfolio of DBH closed almost at the same level when compared that of the preceding year maintained a growth of 0.36% in FY 2021, gross amount of interest payable on the DBH deposit products have been decreased when compared to that of preceding twelve months.

DBH also provides loan against deposits (LAD) to cater to its customers' urgent financial need. As of December 31, 2021, the LAD portfolio of DBH stood at Tk. 128.53 million.

### **Recovery**

Defaulted loans at non-bank financial institutions (NBFIs) has reached to Tk. 11,757 crore after September of 2021 in a gap of three months, which was Tk. 1429 crore higher than the April-June quarter. Non-performing loans (NPLs) in the 34 NBFIs in Bangladesh stood at Tk. 10,328 crores after June quarter, which was 15.39% of the total credit. The amount increased to Tk. 11,757 crores, up by 17.62% compared to the previous quarter. Scammers siphoned off a large volume of funds from some of the NBFIs in the form of loans using fake documents, creating piles of defaulted loans in the sector. Besides many credit recipients who got benefits from the NBFIs during the Covid pandemic are now willingly turning into defaulters.

In terms of NPL, DBH is in far better position than the industry scenario. The Classified loans of DBH reached to Tk. 276.52 million with NPL ratio of 0.63% at the end of 2021. While aggregate NPL ratio for both Banks and FIs have gone up, DBH has been successful to restrain the increase to a minimum level. Needless to say, this is by far the best figure in Bank & FI industry. Special recovery team of the company played contributory role to get that figure with their all-out effort for recovery of loans. Intense follow-up and proper monitoring through frequent customer visits are the keys to efficient and effective recovery system.

### **Funding Operations**

Being one of the largest non-bank depository institutions of the industry, the funding composition of the Company has remained significantly reliant on the deposit portfolio. These products are tailored to meet the diversified needs of our retail and corporate client base. The deposit portfolio of the Company has stood at Tk. 43,978.36 million which holds 76.62 percent of our funding basket.

The funding of our company also comprises of both long term and short term bank loans to manage our cost of fund efficiently. The Bank loan portfolio of DBH consists of funds received under Housing Loan Refinance Scheme of Bangladesh Bank worth Tk. 1,470.26 million and received commercial loans from local market worth Tk. 3,952.38 million.

DBH has also issued a 4-year Zero Coupon bond with an issue size of Tk. 3.00 billion of which Tk. 753.03 million has subscribed till the closing of 2021. Apart from that the shareholders' contribution to the funding mix is Tk. 7,244.13 million.

The Company is continuously striving to source diversified avenues of funding to minimize its cost as well as asset- liability maturity & interest rate mismatch in the balance sheet. The funding status of DBH as of December 31, 2021 is presented below:

| Source                                   | Amount in Million Taka |
|------------------------------------------|------------------------|
| Deposits                                 | 43,978.36              |
| Borrowing from Banks, FIs & Other Agents | 6,175.67               |
| Equity                                   | 7,244.13               |

### Treasury Operations

Money market continued to be liquid round the year except for relative tightening towards end of the year mainly due to liquidity mop up by central bank coupled with exchange rate devaluation, rising inflation owing to declining flow remittance and rising import payments. Excess liquid assets in the banking industry increased over the period of FY21 and onwards due to lower private-sector credit demand owing to COVID-19 pandemic, huge inflow of remittances, easing monetary policy instruments and injection of funds under a massive stimulus package initiative. However as mentioned earlier, total excess liquid assets

slightly decreased in December, 2021 compared to that of November, 2021.

In DBH, Treasury acts as a catalyst between the core functions of housing finance & deposit mobilization. Amidst all these challenges, the ALM concentration of the company was to source low cost deposit from the market to fund the loan portfolio and maximize spread through exploring new opportunities. It is the policy of the Company to maintain adequate liquidity at all times. Liquidity risks are managed on a short, medium and long term basis. There are approved limits for credit / deposit ratio, maximum balances with other banks and borrowing from call money market to ensure that loans and investments are funded by stable sources, maturity mismatches are within limits and that cash inflow from maturities of assets, customer deposits in a given period exceeds cash outflow by a comfortable margin even under a stressed liquidity scenario.

Treasury of DBH actively managed the liquidity gaps by managing the flow of assets and liabilities under strict regulatory requirements. The treasury department reorganized the funding mix and steadily shifted its objective towards maintaining stable liquidity coupled with fostering arbitrage income during 2021. During the year, with a view to cost minimization as the key objective, the treasury wing focused on sourcing stable funds and term deposits from the public to replace the interbank funds and also accessed fund from the overnight market to reduce overall cost of fund and enhance treasury income. The treasury department contributed a significant portion of the interest income through investment activities during this period. Throughout the year the treasury department maintained a well-balanced liquidity position of the company by adhering to the rules and regulations of the Central Bank.

### Investment in Securities

The market went through a bullish ride that continued till Q3'21, however, it took a break

during Q4'21. DSEX gained 25.1% YoY in 2021. Continuation of the low-interest rate due to excess liquidity in the banking channel, earnings growth stemming from the economic recovery, and praiseworthy regulatory steps by the new BSEC board increased investors' confidence in the capital market. Turnover increased significantly during this period.

Average Daily Turnover (ADTV) increased by 127.3% in 2021, led by Pharma, Bank, General Insurance and Textiles. Paper & Printing sector outperformed the market (121.0% return) during 2021, while Jute sector underperformed (-28.2% return). Among the large-cap sectors, Food & Allied and Bank sectors outperformed the market, Pharma made decent stride, while Engineering, Fuel & Power, and Telecom performed on the lower end.

The IPOs performed exceptionally well in 2021. A total of 13 IPO scrips cumulatively gained 43.6% from their initial debut trading date. Moreover, the market cap (MCAP) of 4 scrips that have upgraded from the OTC market gained 6.55x during 2021.

Despite the bullish trend, MNCs slightly underperformed relative to the market in 2021 (20.9% return). The top 10 large-cap scrips underperformed during the period (15.6% return), however, free-float-based top 10 large-cap scrips performed in line with the market (26.1% return).

Positive momentum in the capital market during the year helped us to realize some extra gains from our portfolios. The annual return from the portfolios was around 19%. Total gain from the portfolios reached Tk. 12.5 cr. as against Tk. 2.4 cr. in the previous year.

### Human Resources

DBH is an organization which believes its human resources to be one of its best investments. It is the performance and productivity of its manpower

which establishes its position. Human resources being one of the highest contributing factors in the success of the company, DBH focuses on hiring the right person for the right position and also concentrate on the proper development and motivation of the personnel. The company also considers strategy for retention of its top performers seriously.

DBH's commitment towards maintaining a fair and healthy working atmosphere binds it upon keeping an unbiased/impartial approach in all its scope that is, free from all kinds of discrimination based on gender, age, race, national origin, religion, marital status, or any other basis not prohibited by law. This maximizes efficiencies at tasks and helps employees reach their full potentials.

A separate report on human resources has been presented on page no. 127 of this report.

### Information Technology

During the financial year 2021, DBH successfully implemented *ISO 27001:2013* standard frameworks and best practices for risk-based, systematic and cost-effective information security management and got certified. This certification increased the reliability and security of the systems and information. It improved the confidence of customers and business partners and also developed the management processes and integration with corporate risk strategies.

In the year under review, the *Interactive Voice Response (IVR)* and *Visual Interactive Voice Response (VIVR)* to ease customer interaction and services were implemented. The EDS Money System for Call Money was also implemented and the first time we directly connected with Bangladesh Bank through BACH II connectivity. Furthermore, the *e-KYC Application* which is collaborated with the NID server to know and verify customer information electronically was successfully introduced which has significantly reduced the



credit risk by facilitating NID and face verification of the applicants and customer risk profiling based on the application form. Currently, we are in the process of implementing an Online Loan Application System which will enhance customers' facility to apply for a loan using the online platform and will reduce the geographical boundaries for the clients.

### **Internal Control system**

DBH has adequate system of internal controls for business processes, with regard to operations, financial reporting, fraud control, compliance with applicable laws and regulations, etc. These internal controls and systems are devised as a part of the principles of good governance and are accordingly implemented within the framework of proper check and balances. Your Company ensures that a reasonably effective internal control framework operates throughout the organisation, which provides assurance with regard to safeguarding the assets, reliability of financial and operational information, compliance with applicable statutes, execution of the transactions as per the authorisation and compliance with the internal policies of the Company.

The internal audit adopts a risk based audit approach and conducts regular audits of all the branches/offices of the Company and evaluates on a continuous basis, the adequacy and effectiveness of the internal control mechanism, adherence to the policies and procedures of the Company as well as the regulatory and legal requirements. The internal audit department places its findings before the Audit Committee of the Board of Directors at regular intervals. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvement for strengthening the control systems according to the changing business needs from time to time.

### **Codes and Standards**

The Company has adopted various codes, standards and policies set out by Bangladesh Bank and Bangladesh Securities and Exchange Commission including inter alia Know Your Customer (KYC) Guidelines, Anti Money Laundering Guideline, Asset Liability Management Guideline, Code of Conducts for Employees as well as the Directors, HR Policies, IT Policies and Treasury Manual etc.

The Company has the mechanisms in place to review and monitor adherence to these codes and standards and ensure reporting and compliances as required.

### **Credit Rating**

Delta Brac Housing Finance Corporation Limited with its strong fundamentals has earned the highest credit rating award for the 16 (sixteen) consecutive years. Emerging Credit Rating Limited (ECRL) reaffirms AAA in the long term and ST-1 in the short term rating of Delta Brac Housing Finance Corporation Limited in its latest entity rating done based on the Company's accounting year ended on 2020.

### **Key operating and financial data of at least last preceding 5 (five) years**

Key operating and financial data of last preceding 5 (five) years has been presented under the heading of Operational and Financial Highlights on the page no. 24 of this annual report. Financial Highlights as required by Bangladesh Bank has also been given on page no. 25 of this report.

### **Contribution to National Economy**

At DBH we believe that we have some responsibilities to the development of country where we operate our business and to the society where we belong. As a financial institute, DBH contributes to the economic prosperity

by providing financial products and services to housing sector. Our total credit exposure as on December 31, 2021 amounts to Tk. 43,831 Million. We have extended loan to around 18,142 customers to meet their housing need, which is one of the basic needs of people.

DBH contribute to the national exchequer in the form of income tax, VAT & Excise duty. Company's contribution to the national exchequer is given below:

*Taka in Million*

| Particulars                                     | December 31, 2020 | December 31, 2021 |
|-------------------------------------------------|-------------------|-------------------|
| Income Tax paid on company's income             | 491.04            | 646.44            |
| Tax collected at source on behalf of Government | 466.25            | 328.54            |
| Value Added Tax (VAT)                           | 36.43             | 47.31             |
| Excise Duty                                     | 59.76             | 64.40             |
| <b>Total</b>                                    | <b>1,053.48</b>   | <b>1,086.69</b>   |

Creating employment has a vital impact on the economy and number of employees of DBH as on December 31, 2021 was 316. Efficient workforce is very important for the organization as well as for the country. Keeping same in view, DBH has spent Tk. 0.19 million for training of its employees. During the period from January 1, 2021 to December 31, 2021, DBH has paid Tk. 377.35 million as salaries and allowances to its employees.

### Contribution to the society during the year

DBH's responsibilities to the society are manifested in its activities, as a responsible corporate citizen, through its continuous effort to promote ownership of housing, wealth creation and also towards the improvement of the underprivileged of the society.

Corporate Social Responsibility 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 engage the institution into 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 training as well as greening initiatives etc.

The details of the CSR initiatives have been presented under the head of Corporate Social Responsibility on the page no. 115 of this report.

### Highlights on Financial Performance

*(Figures in Million Taka)*

| Particulars              | December 31, 2020 | December 31, 2021 |
|--------------------------|-------------------|-------------------|
| Operating Revenue        | 6,108             | 5,373             |
| Interest Expense         | 3,960             | 2,890             |
| Operating Expense        | 523               | 565               |
| Profit Before Provisions | 1,625             | 1,918             |
| Profit Before Tax        | 1,498             | 1,721             |
| Net Profit After Tax     | 891               | 1,044             |

### Corporate and Financial Reporting Framework

The Members of the Board, in accordance with the Bangladesh Securities & Exchange Commission's Notification no. BSEC/ CMRRCD/ 2006-158/ 207/ Admin/ 80 dated June 3, 2018; confirmed compliance with the financial reporting framework for the following:

- The financial statements prepared by the Management of DBH, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the issuer company have been maintained.

- 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.
- International Accounting Standards (IAS)/ 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.
- The system of internal control is sound in design and has been effectively implemented and monitored. (Statement given on page no. 109).
- The 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.
- There are no significant doubts upon the issuer company's ability to continue as a going concern.

### Going Concern

The financial statements of the Company have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Board of Directors of DBH has made annual assessment about whether there exists any material uncertainty which may cast significant doubt upon the Company's ability to continue as a going concern, including review of budget and future outcome of inherent uncertainties in existence.

Based on the different indications, Directors feel it appropriate to adopt going concern assumptions and no material uncertainty exists in preparing the financial statements.

A separate report on the matter is given on page no. 124.

### Explanations on Significant Deviations from the last year's results

NOCFPS of the company in 2021 was Tk. (0.04) as against Tk. 15.67 of 2020. A significant difference in cash generation from Loans and advances to customers year-on-year (y-o-y) was the main reason for such change.

In line with the national as well as the global economic recovery, the lending activity of the company made a significant comeback in the year 2021. As a result, the excess surplus cash flow position of the year 2020 was optimized in the year 2021. In the year 2021 company made a significant growth of disbursements of loans & advances to customers and utilized cash flow from Loans and Advances to customers of Tk. 1,771 million of the year 2020 and closed at (-) Tk. 1082 million by the end of the year 2021.

Other than the NOCFPS, no significant deviations have occurred in the current year's operations from that of last year's operations.

### Board Meetings and Attendance by the Directors

Attendance by the Directors in the Board has been summarized and given in Annexure-i and the fees paid to them for attending the Board Meeting during the period has been given in Annexure-ii of this report.

### Shareholding Pattern

Shareholding patterns of the Company as at the end of the 2021 has been shown in Annexure-iii of this report.

### Proposed Dividend

The Board of Directors at the time of considering the financial statements for the year ending 31 December 2021 have recommended @ 25%

dividend [@ 15% cash i.e. Tk. 1.50 per share and @ 10% stock i.e. 1(one) share against every 10 (ten) shares held] from the distributable profits of the Company, which will be placed before the shareholders in the forthcoming AGM for approval.

The Members of the Board agreed in principle and declared that pursuant to the Corporate Governance Code-2018, the Board shall not declare bonus share or stock dividend as interim dividend.

### Directors' Appointment & Re-appointment

The profile of Directors of the Company has been presented on page nos. 10 to 19 of the Annual Report.

As per the Companies Act and Articles of Association of DBH, one-third of the Directors are required to retire from the Board every year in the Annual General Meeting, comprising those who have been the longest in office since their last election. Accordingly, the following Directors will retire in the 26<sup>th</sup> Annual General Meeting, and being eligible for re-election, they are seeking re-election to the Board.

- Dr. AMR Chowdhury (representing BRAC)
- Ms. Mehreen Hassan (representing DLICL)
- Mr. Syed Moinuddin Ahmed (Representing GDIC)

According to clause 1.2 (c) of the Corporate Governance Code of BSEC-2018 re-appointment of the following Independent Director shall be approved by the Shareholders in the forthcoming AGM.

- Maj. Gen. Syeed Ahmed BP, AWC, PSE (Retd.)

Disclosure of information in case of the appointment /re-appointment of the Directors:

- a) Brief resume of the Directors have been included on page nos. 10 to 19 of this Annual Report;
- b) Nature of the expertise of the Directors have been disclosed in the brief profiles;
- c) Name of the Directors and entities in which they have an interest as Directors have also been disclosed in the brief profiles as well as in the notes (no. 42.1) of the Financial Statements.

### Appointment of Auditors

M/S. ACNABIN, Chartered Accountants, an eligible chartered accountant firm for auditing the financial institutions as well as the listed companies (listed with BB, BSEC & FRC) have been serving the Company for the last two years as statutory auditors and will retire in the forthcoming AGM. According to Bangladesh Bank and BSEC rules, they are eligible for re-appointment for the Accounting Year 2022. In this regard, subsequent to their request for re-appointment for the year 2022, the Board recommended to re-appoint them with a fee of Tk. 5,00,000.00 plus VAT, subject to prior approval from Bangladesh Bank.

Hence, the agenda for the re-appointment of Statutory Auditors (ACNABIN) will be placed before the shareholders for their approval.

### Corporate Governance

As a listed housing finance company (DBH) with 25 years of compliant history, DBH has a strong institutional framework to meet the regulatory requirement of Corporate Affairs. DBH's experienced Board maintains an overview on the Company through the Supervisory Committees. In addition to bringing valuable perspective to the Board, DBH's independent directors contribute meaningfully through their roles within the committees.

DBH understands sound corporate governance and its importance in retaining and enhancing investors trust. The Company's commitment to values and performance is driven by transparency and integrity, which goes a long way in achieving the top position. It adheres to the core values of credibility and accountability to serve its stakeholders with passion and commitment. Its values and transparent processes act as a catalyst in growth.

Pursuant to the BSEC's Corporate Governance Codes, the following statements are appended as part of this Annual Report:

- (i) Audit Committee Report to the Shareholders;
- (ii) Statement on Financial Statements by Chief Executive Officer (CEO) and Head of Finance;
- (iii) Report on the Corporate Governance;
- (iv) Certificate regarding compliance of conditions of Corporate Governance; and
- (v) Statement on minority shareholders rights protection.

A statement of compliance on the Good Governance Guidelines issued by Bangladesh

Bank has also been enclosed as a part of this annual report.

### Acknowledgement

The Board of Directors of the Company would like to extend their sincere thanks and gratitude to its stakeholders for assistance and guidance from time to time. The Directors of the Company acknowledge their gratitude to its customers, financiers, Bangladesh Bank, Bangladesh Securities & Exchange Commission (BSEC), Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) and other regulatory authorities for their guidance and support to the Company and the co-operation extended by the Auditors, and the devoted efforts put in by the Company's employees at all levels to uphold the Company's performance.

For and on behalf of the Board of Directors.



**Nasir A. Choudhury**  
Chairman



## Directors' Meeting & Attendance

- During the financial year under reporting total ten Board Meetings were held and the attendance of the Directors are noted below:

### Annexure-i

| Name of Directors                     | Nominated by                       | Total Meetings | Meetings Attended | Changes during 2021      |         |
|---------------------------------------|------------------------------------|----------------|-------------------|--------------------------|---------|
|                                       |                                    |                |                   | Date of Board Acceptance |         |
|                                       |                                    |                |                   | Joining                  | Leaving |
| Mr. Nasir A. Choudhury<br>Chairman    | Green Delta Insurance Company Ltd. | 10             | 10                | -                        | -       |
| Dr. A M R Chowdhury<br>Vice Chairman  | BRAC                               | 10             | 9                 | -                        | -       |
| Ms. Mehreen Hassan, Bar- at- Law      | Delta Life Insurance Company Ltd.  | 10             | 10                | -                        | -       |
| Mr. Md. Mujibur Rahman                | Delta Life Insurance Company Ltd.  | 10             | 10                | -                        | -       |
| Mr. Syed Moinuddin Ahmed              | Green Delta Insurance Company Ltd. | 10             | 10                | -                        | -       |
| Mr. M. Anisul Haque, FCMA             | Delta Life Insurance Company Ltd.  | 10             | 10                | -                        | -       |
| Mr. Mohammad Anisur Rahman            | BRAC                               | 10             | 9                 | -                        | -       |
| Ms. Rasheda K. Choudhury              | Independent Director               | 10             | 9                 | -                        | -       |
| Major General Syeed Ahmed, BP (Retd.) | Independent Director               | 10             | 10                | -                        | -       |

## Directors' Remuneration

- The statement of remuneration paid to the Directors during the financial year under reporting are noted below:

### Annexure-ii

| Name of Directors                     | Board      |                 | Executive Committee |                 | Audit Committee |                 | Total Fees Paid (Tk.) |
|---------------------------------------|------------|-----------------|---------------------|-----------------|-----------------|-----------------|-----------------------|
|                                       | Attendance | Fees (Tk.)      | Attendance          | Fees (Tk.)      | Attendance      | Fees (Tk.)      |                       |
| Mr. Nasir A. Choudhury<br>Chairman    | 10         | 80,000          | 0                   | 0               | 0               | 0               | 80,000                |
| Dr. A M R Chowdhury<br>Vice Chairman  | 9          | 72,000          | 7                   | 56,000          | 0               | 0               | 1,28,000              |
| Ms. Mehreen Hassan, Bar- at- Law      | 10         | 80,000          | 7                   | 56,000          | 0               | 0               | 1,36,000              |
| Mr. Md. Mujibur Rahman                | 10         | 80,000          | 0                   | 0               | 4               | 32,000          | 1,12,000              |
| Mr. Syed Moinuddin Ahmed              | 10         | 80,000          | 0                   | 0               | 4               | 32,000          | 1,12,000              |
| Mr. M. Anisul Haque, FCMA             | 10         | 80,000          | 0                   | 0               | 4               | 32,000          | 1,12,000              |
| Mr. Mohammad Anisur Rahman            | 9          | 72,000          | 0                   | 0               | 0               | 0               | 72,000                |
| Ms. Rasheda K. Choudhury              | 9          | 72,000          | 0                   |                 | 4               | 32,000          | 1,04,000              |
| Major General Syeed Ahmed, BP (Retd.) | 10         | 80,000          | 0                   | 0               | 4               | 32,000          | 1,12,000              |
| <b>Total</b>                          | -          | <b>6,96,000</b> | -                   | <b>1,12,000</b> | -               | <b>1,60,000</b> | <b>9,68,000</b>       |

# Pattern of Shareholdings

As on 31<sup>st</sup> December 2021

Annexure-iii

Shareholding position of Sponsors:

| Name                                  | No. of Shares held | Percent (%)  |
|---------------------------------------|--------------------|--------------|
| BRAC                                  | 32,596,016         | 18.39        |
| Delta Life Insurance Company Limited  | 31,247,046         | 17.63        |
| Green Delta Insurance Company Limited | 27,130,814         | 15.31        |
| Mr. Kazi Fazlur Rahman                | 0                  | 0.00         |
| Mr. Faruq A. Choudhury                | 33                 | 0.00         |
| Dr. Salehuddin Ahmed                  | 33                 | 0.00         |
| Mr. Q. M. Shariful Ala, FCA           | 0                  | 0.00         |
| <b>Total</b>                          | <b>90,973,942</b>  | <b>51.32</b> |

(ii) Shareholding status of Directors/CEO/CS/CFO/HIAC & their spouses & minor children:

| Name of the Directors                 | Nominated by                       | No. of Share(s) held                  | Percent (%) |
|---------------------------------------|------------------------------------|---------------------------------------|-------------|
| Mr. Nasir A. Choudhury, Chairman      | Green Delta Insurance Company Ltd. | -                                     | -           |
| Dr. A M R Chowdhury, Vice Chairman    | BRAC                               | -                                     | -           |
| Ms. Mehreen Hassan, Bar- at- Law      | Delta Life Insurance Company Ltd.  | -                                     | -           |
| Mr. Md. Mujibur Rahman                | Delta Life Insurance Company Ltd.  | -                                     | -           |
| Mr. Syed Moinuddin Ahmed              | Green Delta Insurance Company Ltd. | -                                     | -           |
| Mr. M. Anisul Haque, FCMA             | Delta Life Insurance Company Ltd.  | -                                     | -           |
| Mr. Mohammad Anisur Rahman            | BRAC                               | -                                     | -           |
| Ms. Rasheda K. Choudhury              | Independent Director               | 46,547<br>(Shares held by her spouse) | 0.00        |
| Major General Syeed Ahmed BP, (Retd.) | Independent Director               | -                                     | -           |

| Name of the Executives   | Status                                        | No. of Share(s) held | Percent (%) |
|--------------------------|-----------------------------------------------|----------------------|-------------|
| Mr. Nasimul Baten        | Managing Director & CEO                       | -                    | -           |
| Mr. Jashim Uddin, FCS    | Company Secretary & Head of Corporate Affairs | -                    | -           |
| Mr. Md. Abdul Wadud, FCA | Head of Finance                               | -                    | -           |
| Mr. Shihabuddin Mahmud   | Head of Internal Audit                        | -                    | -           |

(iii) Top five salaried persons other than the Directors, CEO, CS, CFO & HIAC

| Name of the Executives          | Status                            | No. of Share(s) held | Percent (%) |
|---------------------------------|-----------------------------------|----------------------|-------------|
| Mr. A. K. M. Tanvir Kamal       | Head of Credit                    | -                    | -           |
| Mr. Tanvir Ahmad                | Head of Human Resources           | -                    | -           |
| Mr. Md. Hassan Iftekhar Yussouf | Head of IT                        | -                    | -           |
| Mr. Saiyaf Ejaz                 | Head of Recovery & Administration | -                    | -           |
| Mr. Md. Zakaria Eusuf           | Head of Loan Operations           | -                    | -           |

(iv) Shareholders holding 10 % or more voting interest in the Company:

| Name of the Shareholders              | No. of Share(s) held | Percent (%) |
|---------------------------------------|----------------------|-------------|
| BRAC                                  | 32,596,016           | 18.39       |
| Delta Life Insurance Company Limited  | 31,247,046           | 17.63       |
| Green Delta Insurance Company Limited | 27,130,814           | 15.31       |

# Management Discussion and Analysis

## World Economy

The global economy continues to recover, along with trade, employment, and incomes. But the revival was unbalanced, with countries, businesses, and people facing very different economic realities. Recent improvements also conceal structural changes, which mean that some sectors, jobs, technologies, and behaviors will not return to their pre-pandemic trends. The situation was extraordinary yet OECD's economic outlook was cautiously optimistic. It focuses on the policies needed to balance such uncertain circumstances

with the unusual appearance of rising inflation pressures at an early stage of the recovery. Health, supply constraints, inflation, and potential policy missteps are all key concerns.

OECD projected that the global recovery will continue, with the world coping better with the pandemic and monetary and fiscal policies remaining generally supportive throughout 2022. After a rebound of 5.6% in 2021, global growth would move along at a brisk pace of 4.5% in 2022, moderating to 3.2% in 2023.

**Table: The global recovery is continuing but remains imbalanced**

|                                             | Average<br>2013-2019 | 2020  | 2021 | 2022 | 2023 | 2021<br>Q4 | 2022<br>Q4 | 2023<br>Q4 |
|---------------------------------------------|----------------------|-------|------|------|------|------------|------------|------------|
| <b>Percent</b>                              |                      |       |      |      |      |            |            |            |
| <b>Real GDP growth <sup>1</sup></b>         |                      |       |      |      |      |            |            |            |
| World <sup>2</sup>                          | 3.3                  | -3.4  | 5.6  | 4.5  | 3.2  | 3.8        | 3.9        | 3.2        |
| G20 <sup>2</sup>                            | 3.5                  | -3.1  | 5.9  | 4.7  | 3.3  | 4.1        | 3.8        | 3.3        |
| OECD <sup>2</sup>                           | 2.2                  | -4.7  | 5.3  | 3.9  | 2.5  | 4.4        | 3.3        | 2.2        |
| United States                               | 2.4                  | -3.4  | 5.6  | 3.7  | 2.4  | 5.1        | 3.0        | 2.3        |
| Euro area                                   | 1.9                  | -6.5  | 5.2  | 4.3  | 2.5  | 4.9        | 3.3        | 2.1        |
| Japan                                       | 0.8                  | -4.6  | 1.8  | 3.4  | 1.1  | 0          | 3.1        | 0.9        |
| Non-OECD <sup>2</sup>                       | 4.3                  | -2.2  | 5.8  | 4.9  | 3.8  | 3.2        | 4.3        | 4.0        |
| China                                       | 6.8                  | 2.3   | 8.1  | 5.1  | 5.1  | 3.9        | 5.5        | 5.0        |
| India <sup>3</sup>                          | 6.8                  | -7.3  | 9.4  | 8.1  | 5.5  |            |            |            |
| Brazil                                      | -0.3                 | -4.4  | 5.0  | 1.4  | 2.1  |            |            |            |
| <b>Unemployment rate <sup>4</sup></b>       | 6.5                  | 7.1   | 6.2  | 5.5  | 5.2  | 5.7        | 5.4        | 5.1        |
| <b>Inflation <sup>1,5</sup></b>             | 1.7                  | 1.5   | 3.5  | 4.2  | 3.0  | 4.9        | 3.4        | 3.1        |
| <b>Fiscal Balance <sup>6</sup></b>          | -3.2                 | -10.4 | -8.4 | -5.2 | -3.7 |            |            |            |
| <b>World real trade growth <sup>1</sup></b> | 3.4                  | -8.4  | 9.3  | 4.9  | 4.5  | 6.1        | 5.2        | 4.2        |

1. Percentage changes; last three columns show the increase over a year earlier.

2. Moving nominal GDP weights, using purchasing power parities.

3. Fiscal year.

4. Per cent of labour force

5. Private consumption deflator.

6. Per cent of GDP.

Source: OECD Economic Outlook 110 database.

## The global recovery is strong but imbalanced

The recovery was real, but the task for policymakers was a tough one. They must balance prudence, patience, and persistence while developing new and improved plans to transform economies in ways that will build much better resilience to the risk of

rising imbalances.

Output in most OECD countries has now surpassed its late-2019 level and is converging on its pre-pandemic path but lower-income economies, particularly those where vaccination rates are low, are at risk of being left behind.

**The unevenness of the recovery is widespread**

The recovery was also uneven within advanced economies. Employment was relatively weak in the United States but was higher than its pre-pandemic level in the Euro Area. At the same time, United States GDP has recovered faster than Europe's. Different protection models mean different challenges looking ahead.

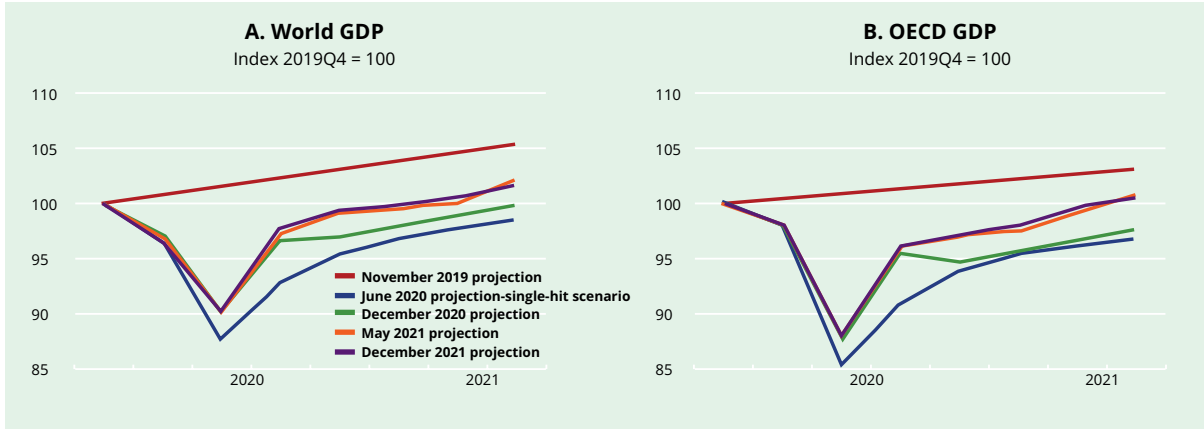
The labour market is imbalanced. Many people are struggling to find jobs yet businesses in a number of sectors have difficulty recruiting workers. The skills demanded in the wake of the crisis are not

necessarily the same as before.

A shortage of workers in some sectors also reflects a decline in labour force participation rates in most OECD countries. Participation is expected to normalise as the effects of the pandemic wane increasing labour supply helping to keep wage growth moderate.

Imbalances also remain across industries, with sectors dependent on interpersonal contact such as travel, tourism and leisure continuing to suffer, while demand for consumer goods has been strong, especially in the United States.

**Chart: The global recovery has outstripped expectations but is not complete**



**Strong goods demand faces supply bottlenecks**

The rebound was losing some momentum as the surge in demand for goods has met bottlenecks in production chains. Inflation pressures have emerged in all economies, as:

- disruptions in energy, food, and commodity markets have pushed up prices
- high energy prices and fuel shortages are

limiting the manufacturing of key materials and intermediate goods

- bottlenecks in production chains are spreading to more generalized shortages of goods.

The renewed inflationary pressures risk lasting longer than expected a few months ago. Rising food and energy prices are hitting low-income households in particular.

**Financial markets**

Financial conditions have generally remained very favourable in both advanced and emerging-market economies. Reflecting ample policy support and robust investor risk appetite, bond issuance by sovereigns, non-financial corporations and financial firms has been very strong in 2021, and spending on mergers and acquisitions has soared. Spreads for lower-grade corporate bonds are still low, corporate debt levels have continued to rise, and asset valuations appear very stretched in some markets, especially housing. These developments raise vulnerabilities to abrupt risk repricing in financial markets. The uncertain outcomes from

the financial distress being experienced by China's largest property developer could also trigger swings in risk appetite and slow global growth.

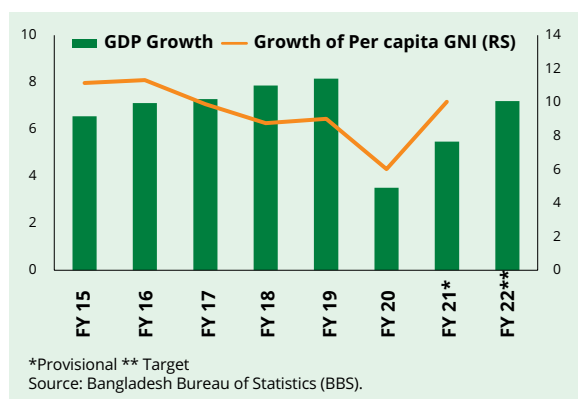
In contrast to the global financial crisis (GFC), current vulnerabilities seem to be more concentrated in the corporate sector. With the exception of China, household debt has been relatively stable over the last decade and household balance sheets are currently stronger than they were in 2007. More broadly, the GFC experience has played a role in limiting the amount of risk-taking in the household sector. Global corporate debt, on the other hand, has grown rapidly since the GFC, even as global corporate credit quality was declining.



## Bangladesh Economy

Available indicators until September 2021 suggest that the Economic activities continued to recover in Q1FY22 largely driven by activities in the agriculture and industry sectors in response to supportive monetary and fiscal policies, improved business confidence, declining COVID-19 infection rate, and increasing coverage of vaccination across the country. However, activities in the service sector appeared to have moderated somewhat in this quarter as indicated by slower growth in credit to the service sector. Indicators related to aggregate demand depicted a mixed trend of economic activities in Q1FY22. In the external sector, a surge in import demand (47.59 percent year-on-year growth) and robust growth in export (11.57 percent) indicated a strong recovery in Q1FY22, while remittance inflows fell by 19.80 percent during the same period. On the domestic front, credit to the private sector improved slightly at 8.77 percent in Q1FY22. Bangladesh's economy recovered notably and registered 5.47 percent economic growth in FY21 after GDP growth slowed down to 3.51 percent in FY20 because of the fallout of the COVID19 pandemic.

**Chart: Growth of Real GDP and Per Capita GNI**  
(In percent)



## Agriculture Sector

The agriculture sector maintained a solid performance both in FY20 and FY21 amid the COVID-induced economic slowdown. Overall, credit to the agriculture sector grew by 11.69 percent (year on year) in Q1FY22. Following the resilient trend of this sector, the target of total rice production was set at 39.48 million metric tons (MMT) for FY22, indicating higher than the actual production of FY21. Among

non-rice crops, the annual growth targets for the production of maize, jute, vegetables, and onion were set at 3.7 percent, 11.5 percent, 1.5 percent, and 4.2 percent for FY22, respectively. Given these targets, data reported by the Department of Agricultural Extension (DAE) showed that aman rice, the second-largest crop of the country, was cultivated in higher than targeted acreage aided by favourable rice price and various supportive measures, including the supply of sufficient low-cost credit in a timely manner and benign weather condition.

## Industry Sector

The industry sector rebounded in FY21 by registering 6.12 percent growth after a growth slump to 3.25 percent in FY20. Following the recovery trend, the industry sector registered a noticeable growth in Q1FY22, reflected in the growth in industrial production and other indicators related to the industry sector. The latest data on industrial production available until August 2021 posted 7.33 percent growth (year on year) in the first two months of FY22, driven mostly by large and medium scale industrial production.

## Service Sector

The growth momentum in service sector-related activities moderated in Q1FY22 after maintaining buoyancy in the preceding three quarters as reflected by different proxy indicators. Among those proxy indicators, total cargo handling through Chattogram seaport, credit to trade and commerce, and consumer finance declined somewhat and grew by 22.16 percent, 7.0 percent, and 22.79 percent in Q1FY22 (y-o-y). However, the rebound of growth in the industry sector will have lagged knock-on-effects on the service-related sectors. Besides, policy supports coupled with positive developments in related sectors, such as healthy growth (48.60 percent) in the fresh opening of import LCs, will also have positive impacts on the service sector.

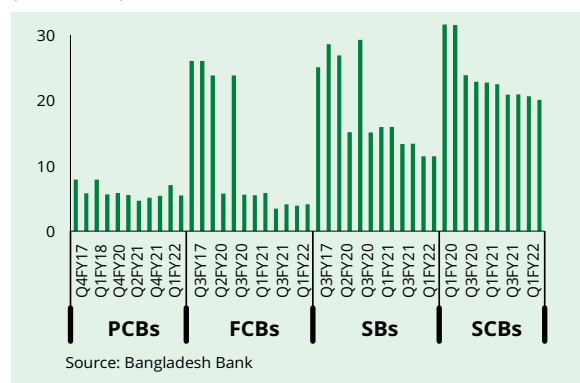
## Banking Sector

The performances of the overall banking sector exhibited a mixed trend at the end of Q1FY22 as reflected in a marginal improvement in non-performing loans (NPLs), a moderation in capital to risk-weighted asset ratio (CRAR), an increase in the

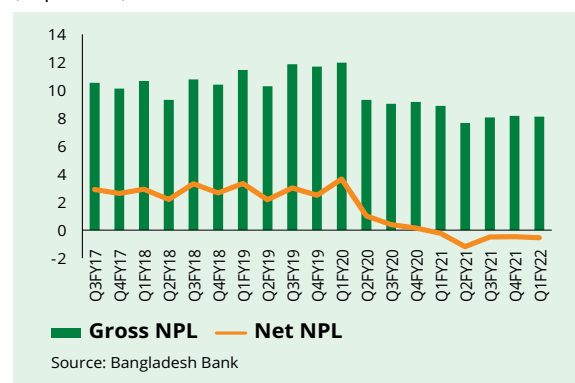
growth of bank's advances, a decline in provisions maintained against bad loans, an improvement in profitability, and maintenance of adequate liquidity. The ratio of gross NPLs edged down in Q1FY22 from Q4FY21 after rising consecutively for the past two quarters, mostly facilitated by the state-owned commercial banks (SCBs). The ratio of gross NPLs to total loans edged down to 8.12 percent at the end of Q1FY22 from 8.18 percent at the end of Q4FY21 and 8.88 percent at the end of Q1FY21, partly owing to the relaxation of loan repayment policy due to COVID-19 hit business activities and strengthening loan recovery activities and loan disbursement

screening by the banks. The gross NPLs ratio for SCBs dropped to 20.07 percent at the end of Q1FY22 from 20.62 percent at the end of Q4FY21 and 22.46 percent at the end of Q1FY21. While the ratio of gross NPLs for private commercial banks (PCBs) and foreign commercial banks (FCBs) inched up to 5.47 percent and 4.12 percent respectively at the end of Q1FY22 from 5.44 percent and 3.91 percent respectively at the end of Q4FY21 (Chart 2 & Chart 3). But the system-wide net NPLs ratio of the banking industry saw an improvement from -0.47 percent at the end of Q4FY21 to -0.55 percent at the end of Q1FY22.

**Chart: Ratio of Gross NPLs to Total Loans**  
(In Percent)



**Chart: Ratio of Gross NPLs and Net NPL to Total Loans**  
(In percent)



According to the Bangladesh Bank's quarterly publication for the Q1 of 2022, it finds that in tandem with policy relaxations which started in the wake of the COVID-19 pandemic, the weighted average lending rates, particularly for PCBs and FCBs declined gradually during the pandemic period. It was assumed that since the current weighted average market lending rate which was 7.2 percent in September 2021 was much lower than the cap, i.e. the cap has not created any distortion in the lending rate. They also observed a gradual reduction of the spread between lending and deposit rates after the imposition of the lending rate cap by type of bank, which indicates discipline in operational costs and risk premiums in the banking sector.

Though the interest rates on deposits have been

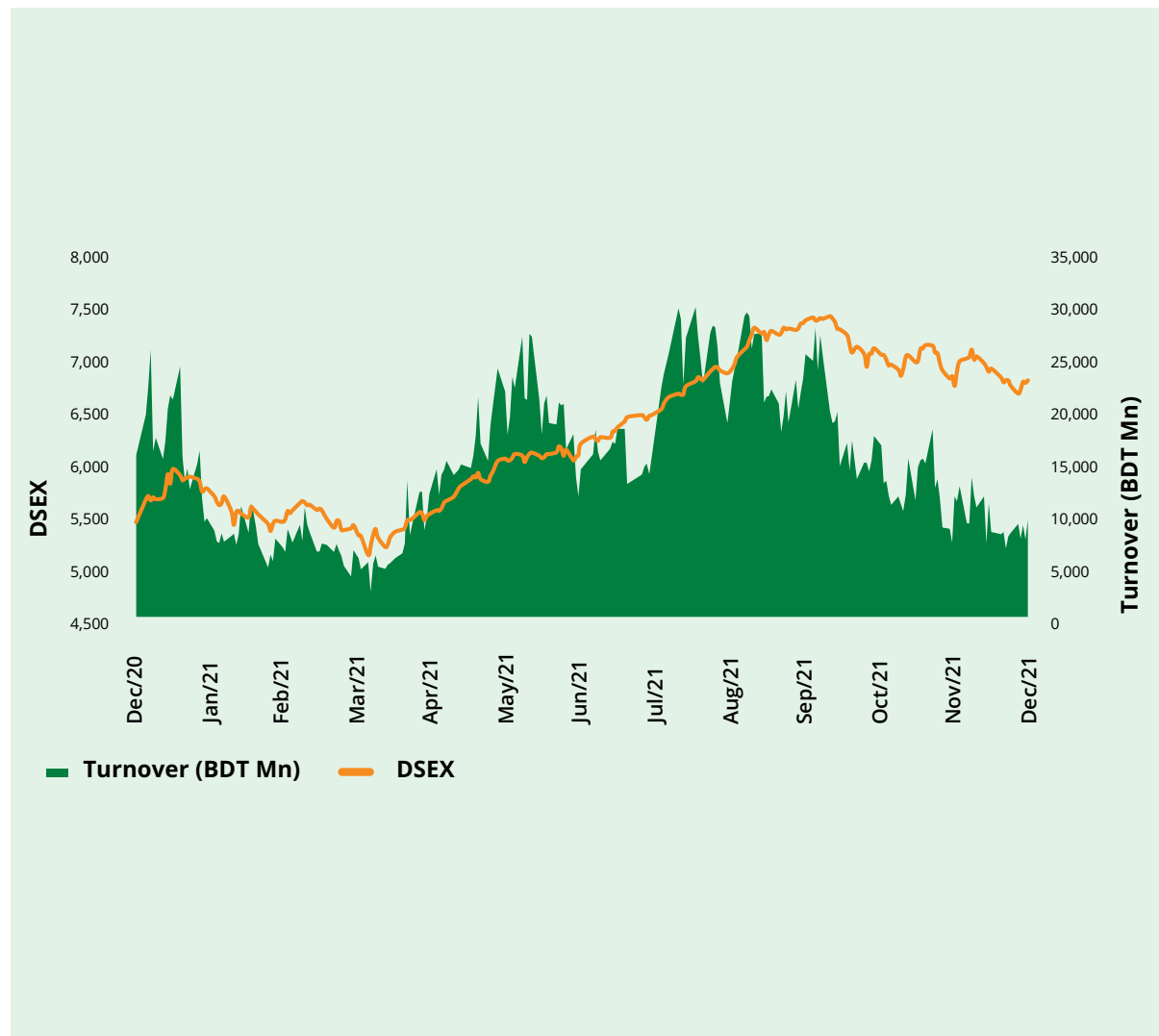
decreasing over time, the total volume of deposits maintained more than 13 percent growth during the pandemic period against the sluggishness in business activities as reflected in lower credit growth. This resulted in huge excess liquidity amounting to BDT 2.24 trillion in July 2021. In the case of fixed deposits, while the deposit rates were decreasing slowly during the COVID-19 period, banks still pay more than the prevailing inflation rates. The BB, in its latest instruction on deposit rate rationalization for the savings products with 3 (three) months or more, would like to ensure that depositors get returns sufficiently above the prevailing inflation rates. BB's current policies are to boost investment activities while supporting the creation and retention of jobs as they are critical to recovering the economy from the COVID-19 fallout.

## Capital Market

A bullish trend was observed in the Capital Market of the country till Q3 of 2021, however, it took a breather during Q4 of 2021. DSE Broad Index (DSEX) gained 25.1% and stood at 6756 points on the last day of December. The market capitalization of DSE stood at BDT 5422 billion at the end of December 2021. Market turnover also increased significantly during this period.

Continuation of the low-interest rate due to excess liquidity in the banking channel, earnings growth stemming from the economic recovery, and praiseworthy regulatory steps by the Bangladesh Securities and Exchange Commission (BSEC) and

the Government boosted the investor's confidence in the capital market. These initiatives include: (a) banks can invest in private green Sukuk bond from the capital market special fund which amount is BDT 200 crore, (b) to attract the foreign investors, BSEC has organized several roadshows in different developed countries such as the USA, UK, Switzerland, and UAE, and (c) downward revision of the profit rate on different national savings certificates. In addition, Bangladesh Bank also undertook several policy measures under the stimulus packages to deal with the COVID-19 pandemic which helped amplify liquidity in the market, support investor confidence and stabilize the capital market.



## Overview of the Financial Services Industry

The Bangladesh's financial services sector, comprising of a range of institutions from Commercial and Specialized Banks (private and public), Non-Banking Financial Institutions (NBFIs), Insurance Companies, Co-operative Societies etc., are diverse and expanding rapidly. Over the years, the Government of Bangladesh has initiated several reforms to liberalise this industry and expand its reach to the un-Banked people in the rural and remote areas. Adding a further dimension, the Government and Bangladesh Bank have also allowed new entities such as Mobile Financial Services Provider to enter the financial sector. Banks are also allowed to move to the unbanked population segment through "Agent Banking", which is now become popular and more & more banks have started their Agent Banking wing to collect the deposit as well as to provide the lending services.

The financial industry comprised of 61 banks and 34 NBFIs and out of which some of the NBFIs are struggling since last couple of years to survive amid rising default loans and inability to repay depositors money. As per BB data, the amount of defaulted loans in the non-bank financial institutions (NBFIs) reached to Tk. 11,757 crore at the end of September 2021.

## Loans at Affordable Cost and Term

Availability of suitable funding options to potential home owners is a crucial requirement if the purchase of flats/homes is to accelerate. A large section of population in urban areas are first time borrowers. The traditional funding for the purchase of a flat usually came from the lifetime savings of a family, which is changing as younger generation looks for home ownership. Banks and FIs are providing longer term loans, flexible repayment factoring to match the customers need. As these needs keep going up, home loan providers will have to find matching resources of stable and long term funds as well as a market for securitization of loan book.

Pursuant to the Corporate Governance Code, 2018 the management of DBH has prepared the

following analysis in relation to the company's position and operations along with brief discussion of changes in the financial statements among others, focusing on:

### (a) Accounting policies and estimation for preparation of financial statements

The financial statements have been prepared on a going concern basis and accrual method under historical cost convention and therefore did not take into consideration of the effect of inflation. The preparation and presentation of the financial statements and the disclosure of information have been made in accordance with the DFIM circular no. 11 dated 23rd December 2009 in conformity with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), the Companies Act 1994, the Financial Institutions Act 1993, Securities and Exchange Rules 1987, the Listing Regulations of Dhaka and Chittagong Stock Exchanges and other applicable laws & regulations in Bangladesh and practices generally followed by Housing Finance Institutions.

As Bangladesh Bank is the primary regulator of Financial Institutions, Bangladesh Bank's guidelines, circulars, notifications and any other requirements are given preference to IAS and IFRS, where any contradictions arises. 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.

### (b) Changes in accounting policies and estimation

DBH selects and applies its accounting policies consistently for similar transactions, other events and conditions, unless an IFRS requires or permits categorization of items for which different policies may be appropriate. During the year 2021 the company has not adopted any change in accounting policies and estimates.

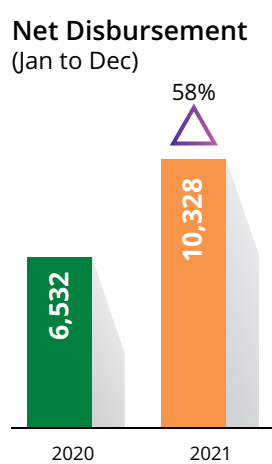
### (c) Comparative analysis of financial performance and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof

The financial year 2021 has been challenging one with an operating environment, due to the Covid 19 related uncertainties & lockdowns. Nonetheless, we have managed to end the year with satisfactory results.

Considering our management excellence in understanding the home loan business and specialization in human capital, we are pleased with the progress of the company. The following DuPont analysis contains in-depth financial performances, dissecting our current year's results.

### Loan Disbursement and Portfolio:

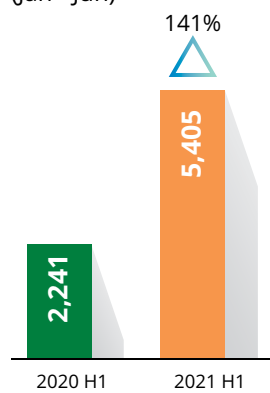
Net loan disbursement for the year 2021 stood at Tk. 10,328 M which is 58% higher than same period last year. The year started strongly and disbursement growth was hefty in first quarter. Second wave of Covid disrupted disbursement in 3rd quarter of 2021.



Though the effect of Covid19 was still in the economy, but disbursement increased significantly from same period of preceding year. Disbursement in first half of the year increased by 141% and because of the effect of second wave, disbursement growth was 15% in second half of the year.

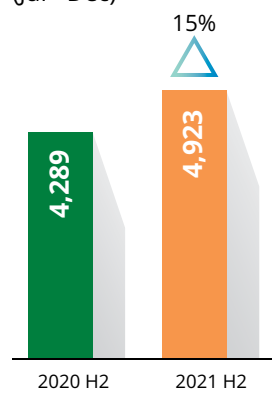
### Disbursement

(Jan - Jun)



### Disbursement

(Jul - Dec)



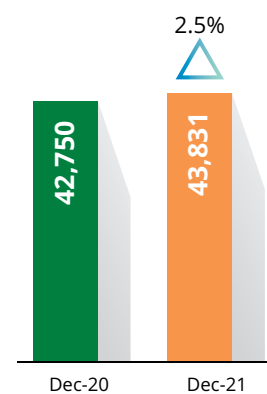
The loan Portfolio increased by 2.5% from previous year and stood at Tk. 43,831 M at the end of 2021. Higher level of prepayment than budget affected desired level of portfolio growth.

Weighted average Rate of Interest at the beginning of 2021 was 10.24% which came down to 9.06% on December 31, 2021.

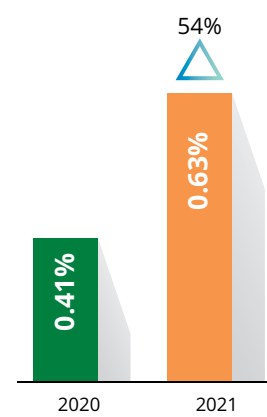
### Non-Performing Loan (NPL):

DBH's Non Performing Loan (NPL) increased to 0.63% at the end of 2021 from 0.41% of 2020. DBH always kept its NPL around 0.50% of the loan portfolio without any significant write off. Cumulative written off Loan amount is Tk. 9.3 M only since inception. The increase of NPL this year is due to effect of Covid in the economy, but still it is one of the lowest in the industry. The lower level of NPL and lower level of written off amount indicate the high quality of DBH loan portfolio.

### Portfolio



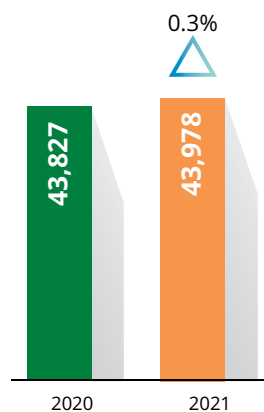
### NPL



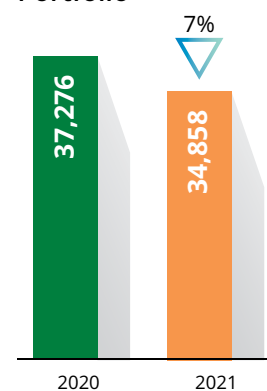
### Deposit Mobilization and Portfolio:

Almost the entire loan book of DBH is financed by Deposits. DBH maintains enough liquidity to repay any deposits at maturity or even if the client decides to prematurely encash before maturity. Deposit

### Deposit Portfolio



### Core Deposit Portfolio





Mobilisation targets are set in relation to fund requirement objective at the targeted price. DBH mobilized Tk. 9,140 M new deposits during 2021 and deposit renewal ratio during the period was 85%. The deposit portfolio at the end of 2021 stood at Tk. 43,978 M.

Weighted average rate of interest of deposit portfolio was 6.40% at the beginning of 2021, which came down to 5.60% on December 31, 2021.

#### Net Interest income:

Interest Income of the company stood at Tk. 5,053 M, which was Tk. 5,908 M in 2020, which represents a negative growth of 15%. This was caused because of the lower level of loan interest rate prevailing throughout the year. But interest expense of DBH reduced to Tk. 2,890 M from Tk. 3,960 M of previous year, marking a reduction of 27%. As net result, Net Interest Income increased to Tk. 2,163 M from Tk. 1,948 M of 2020, representing a growth of 11%.

Though the interest income reduced, but DBH was able to reduce cost of fund adequately to maintain desired level of spread, which reflected in the positive growth of Net Interest Income.

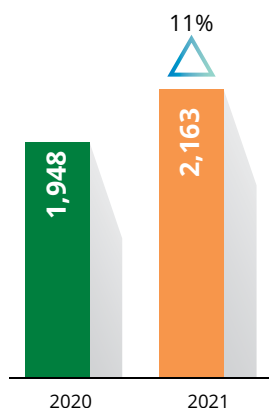
#### Investment Income:

Total investment of DBH was Tk. 678 M and out of it Tk. 599 M was in the marketable securities. From that investment, net investment income of 125 M was earned in the form of capital gain and dividend income. Investment income increased by 421% in the year.

#### Operating Profit:

Operating Income of the company increased from 2,148 M to Tk. 2,483 M, which is a

#### Net Interest Income



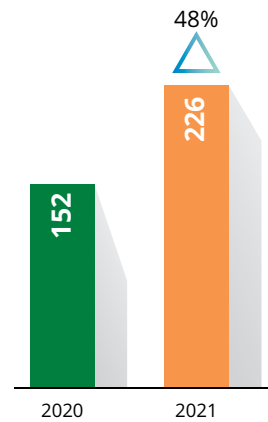
positive variance of 16%. Net Interest Income constituted 87% of the Operating Income and played the major role in the increase of Operating Income. Operating expense increased to Tk. 565 M from Tk. 523 M of 2020, a growth of 8%. As a result, operating profit increased to Tk. 1,918 M from Tk. 1,625 M of previous year, representing a positive growth of 18%.

#### Provisions for Loans and Advances:

NPL figures increased from 0.41% to 0.63% in the year. Still this is one of the lowest in the industry. DBH always followed a very stringent policy for loan provisions in line with international best practices. If any loan becomes overdue for more than 180 days, DBH makes provision for 100% of the loan amount.

This specific provision had impact on pre tax profit and net profit after tax, but this has been done as per international best practices and to safeguard the interest of the company from any future adversary related to repayment of loans by the borrowers.

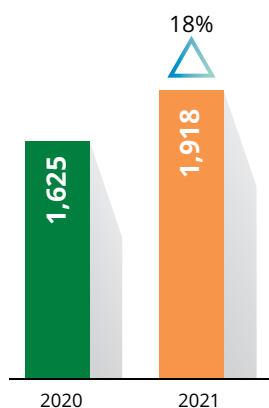
#### Provisions for Loans



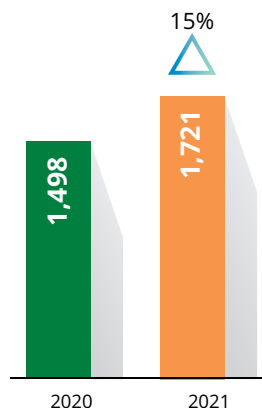
#### Net Profit before Tax and Net Profit after Tax:

Net profit after tax stood at 1,044 M compared to 891 M of last year, which is 17% higher compared to last year. Higher level of net interest income and investment income contributed to the net profit growth.

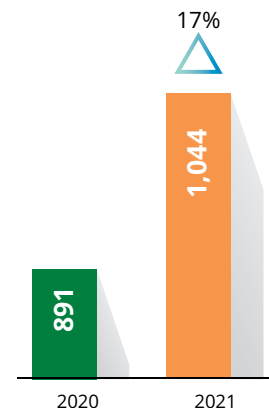
#### Operating Profit



#### Profit Before Tax



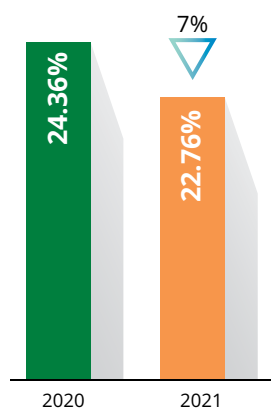
#### Profit After Tax



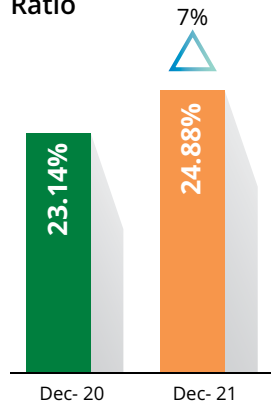
### Cost to Income Ratio:

DBH has been able to keep cost to income ratio within 25% level which is one of the lowest in the industry. This gives DBH the edge to compete with the banks who has such lower cost of fund. Salary cost consists 67% of total cost followed by depreciation and rent. Operating expense increased by 8%, but operating income increased by 14%, as a result cost to income ratio reduced to 22.76% in 2021 compared to 24.36% of 2020.

### Cost to Income Ratio



### Capital Adequacy Ratio



### Capital Adequacy Ratio:

DBH has been consistently maintaining the

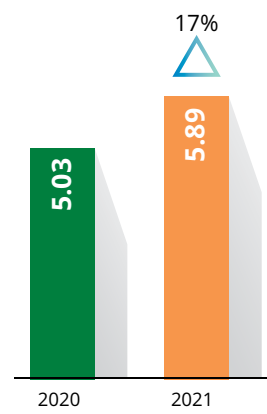
DBH has been consistently maintaining the

healthy CAR since long, much above Bangladesh bank's minimum CAR required. Capital Adequacy Ratio (CAR) stood at 24.88% in 2021. The minimum requirement of CAR is 10% as per Bangladesh Bank guideline. The Capital Adequacy ratio is very solid for DBH which enable the company for future growth and expansion.

### EPS

The earning per share stood at Tk. 5.89 in 2021 compared to Tk. 5.03 in 2020. The net profit growth contributed to higher EPS.

### EPS



### Dividend Payout ratio:

The company consistently paying high level of dividends to its shareholders. In 2021 also, DBH proposed 15% cash dividend and 10% stock dividend, that is total 25% dividend. In last 5 years, DBH paid dividend in the range of 25%-35% every year in line with its income and EPS.

### DuPont Analysis

Net profit after tax of DBH augmented by 17% to reach Tk. 1044 mn in 2021 due to an increase in margin and favorable business conditions. Additional provisions have been maintained as a prudent measure to cope with any adverse situation that may arise from Covid-19 impact on loan repayment behavior of clients. Profit margin amplified to 20.66% in 2021 from 15.08% in 2020.

The declining interest rate on loans reflected a de-growth in the asset turnover. Consequently, Asset turnover shrank to 8.50% in 2021 compared to 10.02% in 2020. Equity multiplier reduced to 8.69 mn in 2021 from 9.63 mn in 2020. Return on Equity which is the product of profit margin, asset turnover and financial leverage amplified to 15.27% in 2021 from 14.56% in 2020.

Taka in million

| Particulars                 | 2017   | 2018   | 2019   | 2020   | 2021   |
|-----------------------------|--------|--------|--------|--------|--------|
| A. Interest Income          | 4,573  | 5,855  | 6,353  | 5,909  | 5,054  |
| B. Profit After Tax         | 949    | 1048   | 1073   | 891    | 1044   |
| C. Average Asset            | 50,526 | 56,040 | 58,389 | 58,943 | 59,443 |
| D. Average Equity           | 3,975  | 4,699  | 5,424  | 6,120  | 6,838  |
| E. Profit Margin (B/A)      | 20.75% | 17.90% | 16.89% | 15.08% | 20.66% |
| F. Asset Turnover (A/C)     | 9.05%  | 10.45% | 10.88% | 10.02% | 8.50%  |
| G. Financial Leverage (C/D) | 12.71  | 11.93  | 10.76  | 9.63   | 8.69   |
| H. Return on Equity (E*F*G) | 23.88% | 22.30% | 19.79% | 14.56% | 15.27% |

## Cash Flow Analysis

Taka in million

| Particulars                                           | 2017      | 2018      | 2019      | 2020      | 2021     |
|-------------------------------------------------------|-----------|-----------|-----------|-----------|----------|
| Net cash flow from operating activities               | 2,018.39  | 1,328.14  | 1,930.06  | 2,777.12  | (7.94)   |
| Net cash flow from investing activities               | (170.03)  | 22.85     | 42.85     | (16.47)   | 9.98     |
| Net cash Flow/ used in financing activities           | (182.78)  | (365.56)  | (304.63)  | (1598.46) | 487.78   |
| Net increase/ (decrease) in cash and cash equivalents | 1,665.58  | 985.43    | 1,668.28  | 1,162.19  | 489.83   |
| Cash and cash equivalent at the beginning of the year | 9,150.34  | 10,815.92 | 11,801.35 | 13,469.63 | 14631.82 |
| Cash and cash equivalent at the end of the year       | 10,815.92 | 11,801.35 | 13,469.63 | 14,631.82 | 15121.64 |

### Cash Flow from Operating Activities

Net cash generated from operating activities diminished to Tk. (7.94) mn in 2021 compared to Tk. 2777.12 mn in 2020.

to Tk. 487.78 mn in 2021 against Tk. (1598.46) in previous year.

### Overall Scenario

The cash and cash equivalent balance of the company increased to Tk. 15121.64 mn in 2021 compared to Tk. 14,631.82 mn in 2020.

### Cash Flow from Financing Activities

Net cash Flow/(used) in financing activities rose

## Key Operating & Financial Highlights

Taka in million

| Sl # | Financial performance | 2017   | 2018   | 2019   | 2020   | 2021   | Growth - YoY | 5 years CAGR (%) |
|------|-----------------------|--------|--------|--------|--------|--------|--------------|------------------|
| 1    | Loans & Advances      | 42,243 | 43,848 | 44,522 | 42,750 | 43,831 | 2.53%        | 0.74%            |
| 2    | Total Assets          | 54,581 | 57,499 | 59,280 | 58,607 | 60,279 | 2.85%        | 2.01%            |
| 3    | Deposit               | 41,188 | 43,319 | 43,411 | 43,827 | 43,978 | 0.35%        | 1.32%            |
| 4    | Total Liabilities     | 50,223 | 52,459 | 53,471 | 52,175 | 53,034 | 1.65%        | 1.10%            |

| Sl # | Operational Performance | 2017  | 2018  | 2019  | 2020  | 2021  | Growth - YoY | 5 years CAGR (%) |
|------|-------------------------|-------|-------|-------|-------|-------|--------------|------------------|
| 1    | Net Interest Income     | 1,606 | 1,793 | 1,708 | 1,949 | 2,164 | 11.01%       | 6.14%            |
| 2    | Operational income      | 1,818 | 1,996 | 1,941 | 2,148 | 2,483 | 15.59%       | 6.43%            |
| 3    | Operational expenses    | 449   | 495   | 524   | 523   | 565   | 8.06%        | 4.71%            |
| 4    | Operating Profit        | 1,369 | 1,501 | 1,418 | 1,625 | 1,918 | 18.01%       | 6.97%            |
| 5    | Profit before tax       | 1,492 | 1,607 | 1,555 | 1,498 | 1,721 | 14.89%       | 2.90%            |
| 6    | Net profit after tax    | 949   | 1,048 | 1,073 | 891   | 1,044 | 17.16%       | 1.92%            |

| Sl # | Financial Ratios          | 2017  | 2018  | 2019  | 2020  | 2021  | Growth - YoY |
|------|---------------------------|-------|-------|-------|-------|-------|--------------|
| 1    | Debt equity ratio (Times) | 11.53 | 10.41 | 9.21  | 8.11  | 7.32  | -9.76%       |
| 2    | Cost to income ratio(%)   | 24.70 | 24.80 | 27.00 | 24.35 | 22.76 | -6.51%       |
| 3    | Non performing loan (%)   | 0.27  | 0.3   | 0.45  | 0.41  | 0.63  | 53.66%       |
| 4    | Dividend payout ratio (%) | 38.52 | 40.69 | 43.72 | 51.90 | 42.45 | -18.21%      |

## Horizontal Analysis

Balance Sheet on year end for last five years

Taka in million

|                                                       | 2017             | %          | 2018             | %          | 2019             | %          | 2020             | %          | 2021             | %          |
|-------------------------------------------------------|------------------|------------|------------------|------------|------------------|------------|------------------|------------|------------------|------------|
| Cash                                                  | 634.06           | 18%        | 798.51           | 26%        | 873.00           | 9%         | 575.24           | -34%       | 558.07           | -3%        |
| Balance with other banks and financial institutions   | 10,697.16        | 82%        | 11,779.17        | 10%        | 13,028.73        | 11%        | 14,338.78        | 10%        | 14,725.96        | 3%         |
| Investments                                           | 643.03           | 50%        | 607.82           | -5%        | 462.11           | -24%       | 489.02           | 6%         | 678.22           | 39%        |
| Loans and advances                                    | 42,243.35        | 26%        | 43,847.70        | 4%         | 44,521.89        | 2%         | 42,750.38        | -4%        | 43,830.51        | 3%         |
| Fixed assets                                          | 178.47           | 20%        | 169.52           | -5%        | 279.70           | 65%        | 289.88           | 4%         | 262.58           | -9%        |
| Other assets                                          | 184.78           | 43%        | 296.26           | 60%        | 114.50           | -61%       | 163.71           | 43%        | 223.28           | 36%        |
| <b>Total Assets</b>                                   | <b>54,580.85</b> | <b>34%</b> | <b>57,498.98</b> | <b>5%</b>  | <b>59,279.93</b> | <b>3%</b>  | <b>58,607.02</b> | <b>-1%</b> | <b>60,278.61</b> | <b>3%</b>  |
| Borrowing from other banks and financial institutions | 6,515.42         | 7%         | 6,085.48         | -7%        | 7,051.34         | 16%        | 5,571.06         | -21%       | 6,175.67         | 11%        |
| Deposits and other accounts                           | 41,187.89        | 43%        | 43,318.72        | 5%         | 43,411.28        | 0%         | 43,826.87        | 1%         | 43,978.36        | 0%         |
| Other liabilities                                     | 2,519.91         | 12%        | 3,054.80         | 21%        | 3,008.70         | -2%        | 2,777.62         | -8%        | 2,880.45         | 4%         |
| <b>Total Liabilities</b>                              | <b>50,223.22</b> | <b>35%</b> | <b>52,459.00</b> | <b>4%</b>  | <b>53,471.32</b> | <b>2%</b>  | <b>52,175.56</b> | <b>-2%</b> | <b>53,034.48</b> | <b>2%</b>  |
| Paid-up capital                                       | 1,218.52         | 5%         | 1,218.52         | 0%         | 1,340.37         | 10%        | 1,541.43         | 15%        | 1,772.64         | 15%        |
| Share premium                                         | 55.00            | 0%         | 55.00            | 0%         | 55.00            | 0%         | 55.00            | 0%         | 55.00            | 0%         |
| Reserve and surplus                                   | 3,084.12         | 29%        | 3,766.46         | 22%        | 4,413.23         | 17%        | 4,835.03         | 10%        | 5,416.49         | 12%        |
| <b>Shareholders equity</b>                            | <b>4,357.64</b>  | <b>21%</b> | <b>5,039.98</b>  | <b>16%</b> | <b>5,808.60</b>  | <b>15%</b> | <b>6,431.46</b>  | <b>11%</b> | <b>7,244.13</b>  | <b>13%</b> |
| <b>Total Liabilities and Shareholders' equity</b>     | <b>54,580.85</b> | <b>34%</b> | <b>57,498.98</b> | <b>5%</b>  | <b>59,279.93</b> | <b>3%</b>  | <b>58,607.02</b> | <b>-1%</b> | <b>60,278.61</b> | <b>3%</b>  |

## Horizontal Analysis

Profit and Loss Account for last five years

Taka in million

|                                               | 2017            | %          | 2018            | %          | 2019            | %          | 2020            | %           | 2021            | %          |
|-----------------------------------------------|-----------------|------------|-----------------|------------|-----------------|------------|-----------------|-------------|-----------------|------------|
| Interest Income                               | 4,573.38        | 6%         | 5,855.19        | 28%        | 6,352.77        | 8%         | 5,908.79        | -7%         | 5,053.57        | -14%       |
| Interest paid on deposits and borrowings etc. | 2,967.58        | 13%        | 4,062.41        | 37%        | 4,644.85        | 14%        | 3,960.18        | -15%        | 2,889.90        | -27%       |
| <b>Net Interest Income</b>                    | <b>1,605.80</b> | <b>-5%</b> | <b>1,792.78</b> | <b>12%</b> | <b>1,707.92</b> | <b>-5%</b> | <b>1,948.60</b> | <b>14%</b>  | <b>2,163.67</b> | <b>11%</b> |
| Income from investment                        | 43.48           | 322%       | 45.91           | 6%         | 26.84           | -42%       | 24.15           | -10%        | 125.11          | 418%       |
| Commission, exchange and brokerage            | 149.92          | 13%        | 146.12          | -3%        | 199.77          | 37%        | 155.86          | -22%        | 177.52          | 14%        |
| Other operating income                        | 18.68           | -8%        | 11.24           | -40%       | 6.80            | -40%       | 19.67           | 190%        | 16.47           | -16%       |
| <b>Total operating income</b>                 | <b>1,817.88</b> | <b>-2%</b> | <b>1,996.04</b> | <b>10%</b> | <b>1,941.33</b> | <b>-3%</b> | <b>2,148.29</b> | <b>11%</b>  | <b>2,482.77</b> | <b>16%</b> |
| Operating expenses                            | 449.18          | 13%        | 495.37          | 10%        | 523.66          | 6%         | 523.43          | 0%          | 565.13          | 8%         |
| <b>Operating profit</b>                       | <b>1,368.70</b> | <b>-6%</b> | <b>1,500.66</b> | <b>10%</b> | <b>1,417.66</b> | <b>-6%</b> | <b>1,624.87</b> | <b>15%</b>  | <b>1,917.65</b> | <b>18%</b> |
| Provision for Loans and investments           | (123.77)        | -313%      | (105.87)        | -14%       | (137.21)        | 30%        | 126.71          | -192%       | 196.60          | 55%        |
| <b>Profit before tax</b>                      | <b>1,492.48</b> | <b>7%</b>  | <b>1,606.54</b> | <b>8%</b>  | <b>1,554.87</b> | <b>-3%</b> | <b>1,498.16</b> | <b>-4%</b>  | <b>1,721.05</b> | <b>15%</b> |
| Provision for tax                             | 543.48          | -11%       | 558.64          | 3%         | 481.62          | -14%       | 607.23          | 26%         | 677.16          | 12%        |
| <b>Profit after tax</b>                       | <b>949.00</b>   | <b>21%</b> | <b>1,047.90</b> | <b>10%</b> | <b>1,073.25</b> | <b>2%</b>  | <b>890.93</b>   | <b>-17%</b> | <b>1,043.89</b> | <b>17%</b> |

## Vertical Analysis

Balance Sheet as at year end for last five years

Taka in million

|                                                       | 2017             | %             | 2018             | %             | 2019             | %             | 2020             | %             | 2021             | %             |
|-------------------------------------------------------|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| Cash                                                  | 634.06           | 1.2%          | 798.51           | 1.4%          | 873.00           | 1.5%          | 575.24           | 1.0%          | 558.07           | 0.9%          |
| Balance with other banks and financial institutions   | 10,697.16        | 19.6%         | 11,779.17        | 20.5%         | 13,028.73        | 22.0%         | 14,338.78        | 24.5%         | 14,725.96        | 24.4%         |
| Investments                                           | 643.03           | 1.2%          | 607.82           | 1.1%          | 462.11           | 0.8%          | 489.02           | 0.8%          | 678.22           | 1.1%          |
| Loans and advances                                    | 42,243.35        | 77.4%         | 43,847.70        | 76.3%         | 44,521.89        | 75.1%         | 42,750.38        | 72.9%         | 43,830.51        | 72.7%         |
| Fixed assets                                          | 178.47           | 0.3%          | 169.52           | 0.3%          | 279.70           | 0.5%          | 289.88           | 0.5%          | 262.58           | 0.4%          |
| Other assets                                          | 184.78           | 0.3%          | 296.26           | 0.5%          | 114.50           | 0.2%          | 163.71           | 0.3%          | 223.28           | 0.4%          |
| <b>Total Assets</b>                                   | <b>54,580.85</b> | <b>100.0%</b> | <b>57,498.98</b> | <b>100.0%</b> | <b>59,279.93</b> | <b>100.0%</b> | <b>58,607.02</b> | <b>100.0%</b> | <b>60,278.61</b> | <b>100.0%</b> |
| Borrowing from other banks and financial institutions | 6,515.42         | 11.9%         | 6,085.48         | 10.6%         | 7,051.34         | 11.9%         | 5,571.06         | 9.5%          | 6,175.67         | 10.2%         |
| Deposits and other accounts                           | 41,187.89        | 75.5%         | 43,318.72        | 75.3%         | 43,411.28        | 73.2%         | 43,826.87        | 74.8%         | 43,978.36        | 73.0%         |
| Other liabilities                                     | 2,519.91         | 4.6%          | 3,054.80         | 5.3%          | 3,008.70         | 5.1%          | 2,777.62         | 4.7%          | 2,880.45         | 4.8%          |
| <b>Total Liabilities</b>                              | <b>50,223.22</b> | <b>92.0%</b>  | <b>52,459.00</b> | <b>91.2%</b>  | <b>53,471.32</b> | <b>90.2%</b>  | <b>52,175.56</b> | <b>89.0%</b>  | <b>53,034.48</b> | <b>88.0%</b>  |
| Paid-up capital                                       | 1,218.52         | 2.2%          | 1,218.52         | 2.1%          | 1,340.37         | 2.3%          | 1,541.43         | 2.6%          | 1,772.64         | 2.9%          |
| Share premium                                         | 55.00            | 0.1%          | 55.00            | 0.1%          | 55.00            | 0.1%          | 55.00            | 0.1%          | 55.00            | 0.1%          |
| Reserve and surplus                                   | 3,084.12         | 5.7%          | 3,766.46         | 6.6%          | 4,413.23         | 7.4%          | 4,835.03         | 8.2%          | 5,416.49         | 9.0%          |
| <b>Total Shareholders equity</b>                      | <b>4,357.64</b>  | <b>8.0%</b>   | <b>5,039.98</b>  | <b>8.8%</b>   | <b>5,808.60</b>  | <b>9.8%</b>   | <b>6,431.46</b>  | <b>11.0%</b>  | <b>7,244.13</b>  | <b>12.0%</b>  |
| <b>Total Liabilities and Shareholders' equity</b>     | <b>54,580.85</b> | <b>100.0%</b> | <b>57,498.98</b> | <b>100.0%</b> | <b>59,279.93</b> | <b>100.0%</b> | <b>58,607.02</b> | <b>100.0%</b> | <b>60,278.61</b> | <b>100.0%</b> |

## Vertical Analysis

Profit and Loss Account for last five years

Taka in million

|                                               | 2017            | %             | 2018            | %             | 2019            | %             | 2020            | %             | 2021            | %             |
|-----------------------------------------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|
| Interest Income                               | 4,573.38        | 251.6%        | 5,855.19        | 293.3%        | 6,352.77        | 327.2%        | 5,908.79        | 275.0%        | 5,053.57        | 203.5%        |
| Interest paid on deposits and borrowings etc. | 2,967.58        | 163.2%        | 4,062.41        | 203.5%        | 4,644.85        | 239.3%        | 3,960.18        | 184.3%        | 2,889.90        | 116.4%        |
| <b>Net Interest Income</b>                    | <b>1,605.80</b> | <b>88.3%</b>  | <b>1,792.78</b> | <b>89.8%</b>  | <b>1,707.92</b> | <b>88.0%</b>  | <b>1,948.60</b> | <b>90.7%</b>  | <b>2,163.67</b> | <b>87.1%</b>  |
| Income from investment                        | 43.48           | 2.4%          | 45.91           | 2.3%          | 26.84           | 1.4%          | 24.15           | 1.1%          | 125.11          | 5.0%          |
| Commission, exchange and brokerage            | 149.92          | 8.2%          | 146.12          | 7.3%          | 199.77          | 10.3%         | 155.86          | 7.3%          | 177.52          | 7.2%          |
| Other operating income                        | 18.68           | 1.0%          | 11.24           | 0.6%          | 6.80            | 0.4%          | 19.67           | 0.9%          | 16.47           | 0.7%          |
| <b>Total operating income</b>                 | <b>1,817.88</b> | <b>100.0%</b> | <b>1,996.04</b> | <b>100.0%</b> | <b>1,941.33</b> | <b>100.0%</b> | <b>2,148.29</b> | <b>100.0%</b> | <b>2,482.77</b> | <b>100.0%</b> |
| Operating expenses                            | 449.18          | 24.7%         | 495.37          | 24.8%         | 523.66          | 27.0%         | 523.43          | 24.4%         | 565.13          | 22.8%         |
| <b>Operating profit</b>                       | <b>1,368.70</b> | <b>75.3%</b>  | <b>1,500.66</b> | <b>75.2%</b>  | <b>1,417.66</b> | <b>73.0%</b>  | <b>1,624.87</b> | <b>75.6%</b>  | <b>1,917.65</b> | <b>77.2%</b>  |
| Provision for Loans and investments           | (123.77)        | -6.8%         | (105.87)        | -5.3%         | (137.21)        | -7.1%         | 126.71          | 5.9%          | 196.60          | 7.9%          |
| <b>Profit before tax</b>                      | <b>1,492.48</b> | <b>82.1%</b>  | <b>1,606.54</b> | <b>80.5%</b>  | <b>1,554.87</b> | <b>80.1%</b>  | <b>1,498.16</b> | <b>69.7%</b>  | <b>1,721.05</b> | <b>69.3%</b>  |
| Provision for tax                             | 543.48          | 29.9%         | 558.64          | 28.0%         | 481.62          | 24.8%         | 607.23          | 28.3%         | 677.16          | 27.3%         |
| <b>Profit after tax</b>                       | <b>949.00</b>   | <b>52.2%</b>  | <b>1,047.90</b> | <b>52.5%</b>  | <b>1,073.25</b> | <b>55.3%</b>  | <b>890.93</b>   | <b>41.5%</b>  | <b>1,043.89</b> | <b>42.0%</b>  |



#### (d) Comparative Financial Performances with the Peer Industry

The financial institution industry is marked by high levels of competition with 34 NBFIs operating in the space. Though few NBFIs were struggling throughout the year, but there are good and established players in the industry which have earned good reputation and customers' trusts. Though DBH belongs to the NBFi sector, but DBH is the only financial institution in the country with exclusive focus on housing finance. Housing Finance Companies (HFC) are common abroad, but in Bangladesh all the private sector NBFIs are dealing with multiple products like SME loan, Lease finance, home loan, car loan, suppliers' credit, etc. So a neck to neck comparison with other NBFIs may not be practical as we are operating with one single product in asset side in selected geographical locations. Still in this section we'll mention comparative financial performances with two other established NBFIs: IDLC and IPDC.

As on 31<sup>st</sup> December 2021  
(in million Taka except ratios and EPS)

| Particulars          | IPDC   | IDLC   | DBH    |
|----------------------|--------|--------|--------|
| Loans & Advances     | 65,320 | 91,756 | 43,831 |
| Deposits             | 60,400 | 73,171 | 43,978 |
| Home Loan Portfolio  | 9,107  | 27,984 | 43,625 |
| NPL                  | 3.15%  | 3.05%  | 0.63%  |
| ROE                  | 14.19% | 13.21% | 15.27% |
| ROA                  | 1.09%  | 1.57%  | 1.76%  |
| CAR                  | 15.65% | 18.27% | 24.88% |
| EPS                  | 2.37   | 5.34   | 5.89   |
| Cost to Income Ratio | 36.04% | 39.16% | 22.76% |

#### (e) Risk and concerns as well as the mitigation plan related to the financial statements

The Company always concentrates on delivering high value to its stakeholders through 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 at notes 2.31 of the Financial Statements on page no. 157 of this annual report.

#### (f) Future plan for Company's operation, performance and financial position with justification thereof

Company is planning to continue its operation with a steady outlook. Considering the market condition, DBH planned its budget for the year 2022, where the budgeted disbursement growth is 28% higher than 2021 and forecasted loan portfolio growth is 8%. While preparing the budget, the management considered the assumptions related to interest rate movement during 2022 and also estimated total new provision of Tk. 22.63 crore for the year ending 2021.

The Company expects to maintain healthy dividends to its shareholders in line with previous years.

#### Going Forward

Considering the overall situation, we intend to achieve cautious and healthy growth in earnings in the following year as the Covid situation is expected to improve in upcoming days. However, we intend to pick up pace in the medium term future by leveraging the opportunities of the country's growing economy. Given the well-tested management excellence, goodwill of the company, relationship with the developers and stakeholders, we are well positioned to reap the benefits from such prospects.



**Nasimul Baten**  
Managing Director & CEO

# Report on Corporate Governance

Across the world the COVID-19 pandemic created profound challenges for Boards. Organisations were tested on their risk management practices and whether their Boards were ably equipped to identify and adequately respond to risks. During the period the Boards have had to address several factors during this period of unprecedented uncertainty.

## Philosophy on Corporate Governance

The Company has consistently focused on governance practices that meet the highest ethical standards, prudence and long-term growth. Since inception the Company has emphasised on a robust risk management framework that is intricately linked to resilience and crisis preparedness. The board takes cognisance of the Company's risk appetite and ensures its integration with the overall strategy. The board acts as the stewardship body of the Corporation and has brought in its diverse experience to guide the Corporation during the height of the COVID-19 pandemic. The directors' deep industry knowledge aided the company in addressing various issues such as economic uncertainty, regulatory changes, digitalisation, market volatility and cyber security threats.

The Company was adjudged as one of the top tax payer in the Financial Institution Category and awarded 'Tax Card-2021' by the NBR. It was one and only among the private sectors FIs. The Company was also conferred with the 'ICSB Gold Award for Excellence in Corporate Governance' for the year 2020 by the Institute of Chartered Secretaries of Bangladesh. During the year, the Company was also awarded the 'ICAB National Award-Silver' for the best presented Annual Report – 2020. The Company also won the ICMA Best Corporate Award- Bronze and SAFA BPA Award- Merit Certificate, Integrated Reporting Award and SAARC Anniversary Award for Corporate Governance Disclosure 2020.

The Company has complied with the applicable provisions of the Companies Act, 1994, Code of Corporate Governance- 2018, and Listing Regulations- 2015, as applicable. DBH believes that it not only has legal, contractual and social

responsibilities, but also has obligations towards its stakeholders such as shareholders, bankers, regulators, government agencies, employees, investors, creditors and customers, among others. DBH strives that all its stakeholders have an access to clear, adequate and factual information relating to the Company.

To provide the factual information to the stakeholders, the Company has been maintaining of its official website linked with the website of the Exchanges ([www.deltabrac.com](http://www.deltabrac.com)) since long and the information requires to upload (pursuant to the regulatory requirement) uploads regularly.

## 1. BOARD INDEPENDENCE & GOVERNANCE

DBH's Board of Directors are committed towards upholding the highest standards of governance. The Board ensures the integrity of financial reporting system, financial & internal control, risk management and compliance with the applicable laws as well as oversees the functioning of the Company and that of its management and ensures that every decision taken is in the best interest of the stakeholders of the Company. The Board while performing its fiduciary duties recognizes its responsibilities towards the shareholders and other stakeholders, to uphold the highest standards in all matters ensures proper delegation of appropriate authority to the senior officials of the Company for effective management of operations.

The Board of DBH considers that its constitution should comprise Directors with an appropriate mix of skill, experience and personal attributes that allow the Directors individually and the Board collectively to discharge their responsibilities and duties efficiently and effectively and understand the business of the Company as well as assess the performance of the management.

The composition of the Board embraces diversity. The Directors possess a wide range of local and international experience, expertise and specialized skills to assist in decision- making and leading the Company for the benefit of its shareholders.

### (a) Chairman

The Chairman of the Board is elected by the directors. He is a Non-Executive Director, the Board considers that the Chairman works independently.

The Chairman serves as the primary link between the Board and Management, and works with the CEO and Company Secretary to set the agenda of the Board Meeting. He provides leadership to the Board and ensures that the Board works effectively and discharges its responsibilities efficiently.

### Responsibilities of the Chairman

The Chairman of the Board shall be responsible for the management, development and effective performance of the Board of Directors. The Chairman is responsible for leadership of the Board. In particular, he will:

- Ensure effective operations of the Board and its committees in conformance with the highest standards of corporate governance;
- Ensure effective communication with shareholders, governments and other relevant constituencies and ensure that the views of these groups are understood by the Board;
- Set the agenda, style and tone of Board discussions to promote constructive debate and effective decision making;
- Ensure that all Board Committees are properly established, composed and operated;
- Support the CEO & Managing Director in strategy formulation and more broadly, provide support and give advice;
- Ensure an effective relationship among Directors, acting as the principal conduit for communication and issues relating to business strategy, planned acquisitions and corporate governance;
- Establish a harmonious and open relationship with the CEO & Managing Director;
- Ensure that Board Committees are properly structured and all corporate governance matters are fully addressed; and
- Encourage active engagement by all members of the Board.

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

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

The Managing Director & CEO is the key person and is responsible for running the business of the Company. He is also responsible for formulating as well as implementing Board strategy and policy. The Managing Director is responsible for establishing and executing the Company's operating plan that is necessary to achieve the Company's objectives. He has the overall control on the Company's day-to-day affairs and is accountable to the Board for the financial and operational performance of the Company.

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

As per the Corporate Governance Code-2018 of Bangladesh Securities and Exchange Commission (BSEC), at least one-fifth of the total directors of the Board shall be Independent Directors.

Thus, in compliance with the Code, two (2) Directors out of the total nine (9) Directors are independent, having no share or interest in DBH. Independence of the respective Independent Directors is confirmed during selection and appointment and they remain committed to continue with such independence throughout their tenure.

### Role of Independent Directors

The Independent Directors play a key role in the decision-making process of the Board as they involve in the overall strategy of the Company and oversee the performance of management. The Independent Directors are committed to acting in what they believe is in the best interest of the Company and its stakeholders.

The Independent Directors bring a wide range of experience, knowledge and judgment as they draw on their varied proficiency in economics, finance, management, law and public policy. This wide knowledge of both, their field of expertise and

boardroom practices helps foster varied, unbiased, independent and experienced perspectives. The Company benefits immensely from their inputs in achieving its strategic direction.

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

In relation to the selection and appointment of 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. The Board has an optimum combination of Non-Executive and Independent Directors. The Board comprises of total nine (9) Directors, out of which seven (7) 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, 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 of 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.

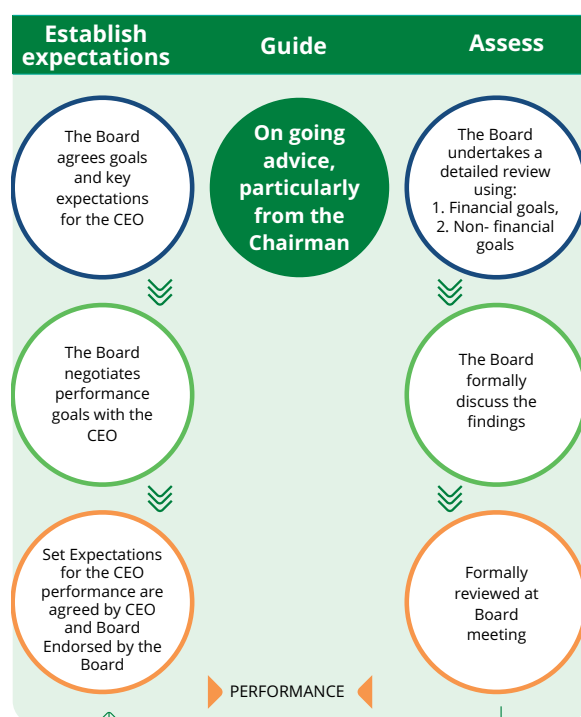
The Board of Directors are also responsible for the implementation of the best and the most suitable corporate governance practices. A separate statement of the Directors' responsibility for



financial reporting and corporate governance has been presented on page no. 119 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 composition of the Board and its committees.

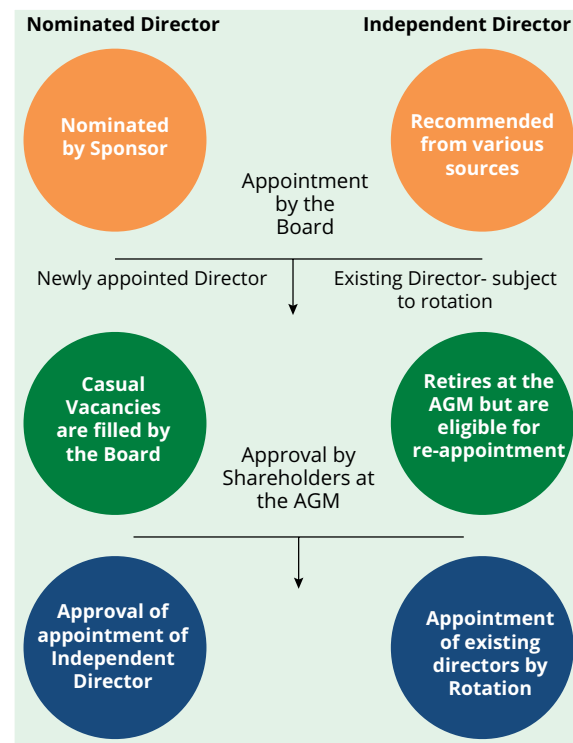
The Board of Directors of the Company is in compliance with Bangladesh Bank's Circular No. 9 dated September 11, 2002 and the condition nos. 1.1 & 1.2 of Bangladesh Securities and Exchange Commission's Corporate Governance Code-2018. The Board has an optimum combination of Non-Executive and Independent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

comprises of total nine (9) Directors, out of which seven (7) are Non – Executive Directors and two (2) are Independent Directors. The Managing Director is an Executive and ex-officio Director of the Board.

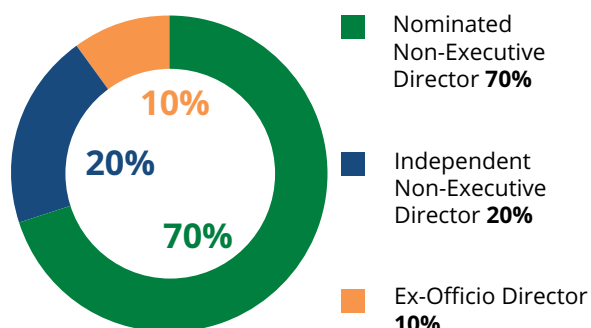
As per DBH's Articles of Association, one-third of the Directors are required to retire from the Board every year, comprising those who have been in office the longest since their last election. A retiring Director shall be eligible for re-election.

#### 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 approved their nomination.
- **Non-executive Independent Directors-** The Board received recommendation from various sources for highly capable and seasoned professionals and finally approved in the Board meeting for appointment. From February this year such appointment will be done subject to prior approval from the Bangladesh Securities and Exchange Commission through their online portal.



## Board composition



## 2. BOARD SYSTEMS AND PROCEDURES

### (a) Board Meetings

The meetings of the Board of Directors are normally held at the Company's head office at Gulshan, Dhaka. But, during the year, in view of the COVID-19 pandemic, all the meetings were held virtually, through audio-visual means in accordance with the relaxations granted by the Bangladesh Securities and Exchange Commission. Meetings are generally scheduled well in advance and the notice of each board meeting is given in writing to each director. The board meets at least once a quarter to review the quarterly performance and financial results of the company. In case of a special and urgent business need, board approval is taken by passing resolutions by circulation as permitted by law, which is noted and confirmed at the subsequent board meeting. The board papers, agenda and explanatory notes are circulated to the directors well in advance and are also made available on a digital platform. The Chairman moderates the overall discussion to arrive at a conclusive and consensus opinion and also summarises the discussions to ensure that decisions taken are appropriately recorded. Senior management is invited to attend the board meetings so as to provide additional inputs on the matters being discussed by the board. During the year under review, the board met 10 (ten) times.

### (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 the 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 70th 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 establish 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 that 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 are available in the Company's website, link of which are:

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

and

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

### (c) Attendance in the Board of Directors and Committee Meetings

During the financial year under reporting total ten (10) Board Meetings, four (4) Audit Committee Meetings & seven (7) Executive Committee Meetings were held and the attendance of the Directors are noted below:

| Name of Directors                     | Attendance at 25 <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<br>Chairman    | ✓                                  | 10             | 10                | 0                   | 0                 | 0               | 0                 |
| Dr. A M R Chowdhury<br>Vice Chairman  | ✓                                  | 10             | 9                 | 7                   | 7                 | 0               | 0                 |
| Ms. Mehreen Hassan, Bar- at- Law      | ✓                                  | 10             | 10                | 7                   | 7                 | 0               | 0                 |
| Mr. Md. Mujibur Rahman                | ✓                                  | 10             | 10                | 0                   | 0                 | 4               | 4                 |
| Mr. Syed Moinuddin Ahmed              | ✓                                  | 10             | 10                | 0                   | 0                 | 4               | 4                 |
| Mr. M. Anisul Haque, FCMA             | ✓                                  | 10             | 10                | 0                   | 0                 | 4               | 4                 |
| Mr. Mohammad Anisur Rahman            | ✓                                  | 10             | 9                 | 0                   | 0                 | 0               | 0                 |
| Ms. Rasheda K. Choudhury              | ✓                                  | 10             | 9                 | 0                   | 0                 | 4               | 4                 |
| Major General Syeed Ahmed, BP (Retd.) | ✓                                  | 10             | 10                | 0                   | 0                 | 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 the committees are independent.

### (f) Board Contains a Member with Expert Knowledge and 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.

One of the Director is Fellow Member of the Institute of Cost Management Accountants of Bangladesh (ICMAB). Among others, one Director is PhD, one Director is Barrister- at - law. They normally provide guidance in matters applicable to accounting and audit- related issues to ensure compliance and reliable financial reporting.

Respective qualifications of the Directors are appended in Directors' profile on page nos. 10-19 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, 1993;                                                               |
| 3   | Securities & Exchange Ordinance-1969 and Securities & Exchange Rules- 2020;                         |
| 4   | Corporate Governance Code- 2018 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 have constituted two committees namely – Audit Committee and Executive Committee which enables 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 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 November 30, 2021 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. All the Members of the Audit Committee have the required qualifications and expertise to be a member of the Committee and possess requisite knowledge of accounting and financial management.

A separate report on the activities of the Audit Committee has been presented on the page no. 111 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, 7 (seven) meetings of the Executive Committee were held.

The Executive Committee was last reconstituted on July 1, 2020 and the members are: Ms. Mehreen Hassan as its Chairperson, Dr. A M R Chowdhury and Mr. Nasimul Baten, Managing Director & CEO.

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

Company Secretary is responsible for advising the Board through the Chairman on all governance matters. He is also responsible for ensuring proper information flow with the Board and its Committees and between the management and the non-executive directors. He is also acting as bridge between the regulators/stakeholders and the company.

Mr. Jashim Uddin, FCS holds the position of Senior Vice President-Company Secretary and Head of Corporate Affairs of DBH. He joined the Company in December 2007. As a Professional Chartered Secretary he possessed wide knowledge

in the area of corporate affairs and holds the Fellow Membership of the Institute of Chartered Secretaries of Bangladesh (ICSB). Prior to joining at DBH, he served two different public listed Banks in various capacities and experienced with managing IPO & Rights of those Banks.

### 3. BOARD SYSTEMS AND AUDIT COMMITTEE

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

The Audit Committee of the Board was last re-constituted on November 30, 2021. All the Members of the Audit Committee have the required qualifications and expertise for appointment in the Committee and possess requisite knowledge of accounting and financial management, one of them is the Fellow Member of ICMAB.

#### (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 on-going audit. The internal auditors of internal control and compliance department (ICC) undertook a comprehensive audit of all functional areas and operations, their findings 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 linkage between goals and operations.

The Board has 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 control environment, the board holds its meeting regularly with comprehensive agenda dealing with all major aspects of business. The ICC Department looks after compliance with the organizational policies by 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, besides 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. 109 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 November 30, 2021 and the present members of the Committee are:

| Name                                                                | Status in the Committee |
|---------------------------------------------------------------------|-------------------------|
| Maj. Gen. Syeed Ahmed, BP, awc, psc (Retd.)<br>Independent Director | Chairman                |
| Mr. Md. Mujibur Rahman                                              | Member                  |
| Ms. Rasheda K. Choudhury<br>Independent Director                    | Member                  |
| Mr. Syed Moinuddin Ahmed                                            | Member                  |
| Mr. M. Anisul Haque, FCMA                                           | 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 ended on 31 December 2021.

**(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 (25<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 2021.

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

Transactions with related parties have been made on arm's length basis and are in the ordinary course of business. Detailed transactions with related parties have been described at notes- 40 of the Financial Statements on the page no. 175 of this annual report.

**(c) Disclosure regarding Compliance of 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 there from 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 2021 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) provides 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 and Chittagong Stock Exchange.

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

M/s. ARTISAN, Chartered Accountants have certified that the Company has complied with the conditions of Corporate Governance as stipulated under BSEC's Corporate Governance Code- 2018. 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, besides 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 on the websites of the Dhaka and Chittagong Stock Exchanges for the prospective foreign/ local investors.

We also display some information (like 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 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 on-going 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 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 oversee 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 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 appropriate system on internal controls has been presented on page no. 126 of this report.

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

DBH has adequate system of internal controls for business processes, with regard to operations, financial reporting, fraud control, compliance with applicable laws and regulations, etc. These internal controls and systems are devised as a part of the principles of good governance and are accordingly implemented within the framework of proper check and balances.

Your Company ensures that a reasonably effective internal control framework operates throughout the organisation, which provides assurance with regard to safeguarding the assets, reliability of financial and operational information, compliance with applicable statutes, execution of the transactions as per the authorisation and compliance with the internal policies of the Company.

The internal audit adopts a risk based audit approach and conducts regular audits of all the branches/offices of the Company and evaluates on a continuous basis, the adequacy and effectiveness of the internal control mechanism, adherence to the policies and procedures of the Company as well as the regulatory and legal requirements. The internal audit department places its findings before the Audit Committee of the Board of Directors at regular intervals. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvement for strengthening the control systems according to the changing business needs from time to time.

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

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

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

Pattern of shareholdings as on 31<sup>st</sup> December 2021 are given below:

On the basis of Shareholders types:

| Group Name                               | No. of Share holders | No. of Shares      | Percent (%)   |
|------------------------------------------|----------------------|--------------------|---------------|
| Sponsors/ Directors                      | 5                    | 90,973,942         | 51.32         |
| General Public                           | 8,405                | 19,874,009         | 11.21         |
| Financial Institutions & other Companies | 242                  | 32,158,162         | 18.14         |
| Foreign Investors                        | 15                   | 34,257,855         | 19.33         |
| <b>Total:</b>                            | <b>8,667</b>         | <b>177,263,968</b> | <b>100.00</b> |

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

Shareholding position of each Sponsor of the Company has been presented in Annexure-iii on page no. 63 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 has been shown in Annexure-iii on page no. 63 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 in Annexure-iii on page no. 63 of this annual report.

**(d) Redressal of Investors Complaints**

Corporate Affairs Department of DBH is engaged to redress the complaints of the Shareholders and Investors' related to 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 form.

**(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. 24 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 since 2000, thereafter the Company has been paying dividends regularly. The historical record of payment of dividend and the summary of unclaimed dividend have been given on page nos. 28 and 92 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 2021 stood at Tk. 5.89 in place of Tk. 5.03 in the previous year.

The last preceding 5 (five) years EPS has been shown under the heading of Operational and Financial Highlights on page no. 24 of this annual report.

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

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

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

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 toward the Company has been shown under the heading of Market value added (MVA) statement which has been included on page no. 30 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, Website, Print Media etc.

## 7. STAKEHOLDERS VALUE ENHANCEMENT

Identification of stakeholders is the key to understanding the expectations from the Company and as such helps pave the pathway towards 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 the environmentally interested groups complete stakeholder circle of DBH.

A separate report named Stakeholders Analysis has been presented on page no. 129 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 that 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 pay 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 timely manner. In return, DBH was awarded the Tax Card by NBR in last year. Company's contribution to the national exchequer has been given on page no. 57 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. 170 of this annual report.

### (e) Policy of Supply Chain Management

DBH rigorously follow up its internal procurement

policy and upgrade the policy regularly to ensure strong control and fair treatment of suppliers.

## 8. CORPORATE SOCIAL RESPONSIBILITY

### (a) Policy of CSR

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 engage the institution into 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 training as well as greening initiatives etc.

The report of Corporate Social Responsibility has been given on page no. 115 of this annual report.

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

As an environment-responsive Institution, we initiated go green campaign in our Company. DBH ensures 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 in ensuring 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 developer that particular developer/ client do not encourages child labour.

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

DBH encourages the concept of building homes for the lower income groups. Several times, DBH employees took part in the home building activities launched by Habitat for Humanity Bangladesh (HFHB) for 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 the society through various CSR activities. We shall choose initiatives which falls under the values and premises on which the Company operates on.

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

- Promoting education of the Country;
- Preventive and curative healthcare support in the Country;
- We may also allocate CSR for such other areas as emergency disaster relief, as per the decision of the Management.

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

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

DBH won 3 Gold awards in a row in the 6th, 7<sup>th</sup>, & 8th ICSB National Award 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-2020 (declared on 2021). It has also been awarded the ICAB National Award for best presented annual reports 2020.

### **(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. 7 of this annual report.

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

The strategic objectives of the Company have been given on page no. 7 of this annual report.

### **(d) Core Values and Ethical Principles**

The core values and code of conduct/ ethical principles of the Company has been given on page no. 6 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 are in conformity with the requirements of the Bangladesh Bank as well as the Bangladesh Securities and Exchange Commission and are 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 page nos. 10 to 19 of this Annual Report and as well as their representation on Board of other companies & organization has also been given in the notes no. 42.1 of the Financial Statements.

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

DBH holds General Meeting of members once a year and the meeting is being 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 in 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 last three Annual General Meetings are disclosed hereunder:**

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

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

Venue: The AGM was held on virtually by using digital platform

Participants: 141 Shareholders which represent 89,173,027 shares being 57.85% 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, 2020 and the Auditors' Report thereon;
- (ii) Dividend @ 30% (@ 15% cash & 15% stock);
- (iii) Appointment/re-appointment of Directors;
- (iv) 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 on the BSEC's Corporate Governance Code - 2018.

#### **24<sup>th</sup> Annual General Meeting:**

Date & Time: June 17, 2020 at 11:30 AM

Venue: The AGM was held on virtually by using digital platform

Participants: 59 Shareholders which represent 103,371,320 shares being 77.12% 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, 2019 and the Auditors' Report thereon;
- (ii) Dividend @ 35% (@ 20% cash & 15% stock);
- (iii) Appointment/re-appointment of Directors;
- (iv) Re-Appointment of Aziz Halim Khair Choudhury, Chartered Accountants as statutory auditors and re-appointment of M/s. ARTISAN, Chartered Accountants as a professional to provide the certificate on compliance on the BSEC's Corporate Governance Code - 2018.

#### **23<sup>rd</sup> Annual General Meeting:**

Date & Time: March 31, 2019 at 10:30 AM

Venue: "Delta Life Conference Hall" of Delta Life Tower (13<sup>th</sup> floor), Plot- 37, Road-90, Gulshan-2, Dhaka-1212.

Participants: 79 Shareholders which represent 119,181,879 shares being 97.81% 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, 2018 and the Auditors' Report thereon;
- (ii) Dividend @ 35% (@ 25% cash & 10% stock);
- (iii) Appointment/re-appointment of Directors;
- (iv) Re-Appointment of Aziz Halim Khair Choudhury, Chartered Accountants as statutory auditors and re-appointment of M/s. ARTISAN,

Chartered Accountants as a professional to provide the certificate on compliance on the BSEC's Corporate Governance Code - 2018.

#### **11. DELEGATION OF AUTHORITY**

There is clearly spelled out delegation of authority in sanctioning loan as well as the operational and capital expenditure with specific task authority relationship. 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-2018 issued by Bangladesh Securities and Exchange Commission. M/s. ARTISAN, 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. 94 of this report.

#### **13. RISK MANAGEMENT**

The Company always concentrates on delivering high value to its stakeholders through appropriate trade-off 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 at notes 2.31 of the Financial Statements on page no. 157 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. 124 of this report.

Having reviewed the BSEC's Corporate Governance Code- 2018, 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 dividend by Bangladesh Securities and Exchange Commission (BSEC) No. BSEC/CMRRCD/2021-386/03/ dated January 14, 2021, the Board of Directors have 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 the 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 dividend to its shareholders for a financial year. The details dividend distribution policy of the Company is available in the Company's website and can be viewed with this link: <https://www.deltabrac.com/downloads/Dividend-Distribution-Policy.pdf>

## 16. SUMMARY OF UNPAID OR UNCLAIMED DIVIDEND

We always try our level best to complete the dividend distribution process within the time schedule. At first, we distribute all the dividends through BEFTN and within 3 to 4 working days, we receive the returned BEFTN report from the respective Bank. Then, we sort out the data and issue dividend warrants and request the shareholders through DSE & CSE to collect the physical dividend warrants within a specified time. Thereafter, for those who fail to collect their dividend physically, we send the warrants to their respective addresses through courier. But finally, some of the warrants return as the shareholders do not correctly mention their addresses in the BO set up. As a result, every year a portion of dividends remain undistributed.

Bangladesh Securities and Exchange Commission (BSEC) has issued a letter for payment of unclaimed dividends and non-refunded IPO subscription money including interest (remained with us for more than three years) to the "Capital Market Stabilization Fund"

Bangladesh Securities and Exchange Commission vide their letter No. SEC/SRMIC/165-2020/part-1/166 has directed to listed companies to transfer of the amounts held against unclaimed or undistributed or unsettled dividend in cash (remained for more than three years) or non-refunded public subscription money or others to the Capital Market Stabilization Fund (CMSF). In this regard, we have transferred the

unclaimed or undistributed or unsettled dividend in cash and non-refunded public subscription money for the last 9 (nine) years and as well as non-refunded public subscription money of Delta Brac Housing Finance Corporation Ltd. to the Capital Market Stabilization Fund (CMSF) on August 25, 2021.

Summary of the unpaid or unclaimed cash dividends are mentioned below:

### Aging analysis of unpaid/unclaimed cash dividend (As of December 2021)

|                                 | BDT in Taka         |
|---------------------------------|---------------------|
| Up to 1 year                    | 1,024,117.93        |
| Over 1 year but within 3 years  | 721,217.45          |
| Over 3 years but within 4 years | 314,931.60          |
| Over 4 years but within 5 years | 267,670.78          |
| Above 5 years                   | 313,369.56          |
| Interest received from Bank     | 115,891.72          |
| Transferred amounts to CMSF     | 3,716,297.94        |
| <b>Present Amounts</b>          | <b>2,904,251.10</b> |

Since Initial Public Offering (IPO) in the year 2008, we distributed all the Stock dividends through CDBL except the stock dividend of six shareholders due to close BO accounts. But, recently we have successfully transferred the shares of one shareholder out of those six.

Summary of undistributed stock dividends including non-distributed IPO shares are given hereunder:

### Aging analysis of unpaid/unclaimed stock dividend and non-distributed IPO shares (As of December 2021)

|                                 | Nos. of Shares |
|---------------------------------|----------------|
| Up to 1 year                    | 987            |
| Over 1 year but within 3 years  | 1,377          |
| Over 3 years but within 4 years | 245            |
| Over 4 years but within 5 years | 0              |
| Above 5 years                   | 4,968          |
| <b>Total</b>                    | <b>7,577</b>   |

## Annexure-A

### [As per condition No. 1(5) (xxvi)] Delta Brac Housing Finance Corporation Ltd. Declaration by CEO and CFO

Date: February 28, 2022

The Board of Directors  
Delta Brac Housing Finance Corporation Ltd.  
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 31st December, 2021.**

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 Delta Brac Housing Finance Corporation Ltd. for the year ended on 31<sup>st</sup> December, 2021 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 31st December, 2021 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 Wadud, FCA**  
Head of Finance

## Annexure-B

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

### REPORT TO THE SHAREHOLDERS OF DELTA BRAC HOUSING FINANCE CORPORATION LTD. ON COMPLIANCE ON THE CORPORATE GOVERNANCE CODE

We have examined the compliance status to the Corporate Governance Code of **DELTA BRAC HOUSING FINANCE CORPORATION LTD.** for the year ended on 31<sup>st</sup> December, 2021. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3rd 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:

- 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 status of Corporate Governance Code.
- 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.
- 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
- The Governance of the company is satisfactory.

Place: Dhaka

Dated: 16 March, 2022



**Md. Selim Reza FCA FCS**

Partner

ARTISAN-Chartered Accountants

### Annexure-C

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

Status of compliance with the conditions imposed by the Commission's Notification No.SEC/CMRRC/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<br>(Put ✓ in the appropriate column) |              | Remarks<br>(if any)                                                                                         |
|---------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|--------------|-------------------------------------------------------------------------------------------------------------|
|               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Complied                                               | Not Complied |                                                                                                             |
| 1             | BOARD OF DIRECTORS:                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                        |              |                                                                                                             |
| 1(1)          | Size of the Board of Directors:<br>The total number of members of the company's Board of Directors shall not be less than 5 (five) and more than 20 (twenty)                                                                                                                                                                                                                                                                                                     | ✓                                                      |              | Board comprises 9 Members including 2 Independent Directors                                                 |
| 1(2)          | Independent Directors:                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                        |              |                                                                                                             |
| 1(2) (a)      | At least one fifth (1/5) of the total number of Directors shall be Independent Directors                                                                                                                                                                                                                                                                                                                                                                         | ✓                                                      |              | 2 (two) Independent Directors namely: (1). Ms. Rasheda K. Choudhury and (2). Maj. Gen. Syeed Ahmed, (Retd.) |
| 1(2)(b)       | 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;                                                                                                                                                       | ✓                                                      |              |                                                                                                             |
| 1(2)(b)(viii) | who is not independent director in more than 5 (five) listed companies;                                                                                                                                                                                                                                                                                                                                                                                          | ✓                                                      |              |                                                                                                             |
| 1(2)(b)(ix)   | who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI); and                                                                                                                                                                                                                                                                                   | ✓                                                      |              |                                                                                                             |



| Condition No.  | Title                                                                                                                                                                                                                                                                                                                                                                                                                                        | Compliance Status<br>(Put ✓ in the appropriate column) |              | Remarks<br>(if any)                                                            |
|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|--------------|--------------------------------------------------------------------------------|
|                |                                                                                                                                                                                                                                                                                                                                                                                                                                              | Complied                                               | Not Complied |                                                                                |
| 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);                                                                                                                                                                                                                                                                                                            | ✓                                                      |              | Re-appointment of Major General Syeed Ahmed will be placed before the next AGM |
| 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 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 official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law; or                                                                                                                                                                                        | ✓                                                      |              |                                                                                |
| 1(3)(b)(iv)    | 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                                                                            |
| 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;                                                                                                                                                                                                                                                                                                                                         | ✓                                                      |              |                                                                                |

| Condition No. | Title                                                                                                                                                                                                                                                                      | Compliance Status<br>(Put ✓ in the appropriate column) |              | Remarks<br>(if any) |
|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|--------------|---------------------|
|               |                                                                                                                                                                                                                                                                            | Complied                                               | Not Complied |                     |
| 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;                                                                                                                                                                                       | ✓                                                      |              |                     |
| 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;                                                              | ✓                                                      |              |                     |

| Condition No.     | Title                                                                                                                                                                                                                                    | Compliance Status<br>(Put ✓ in the appropriate column) |              | Remarks<br>(if any)      |
|-------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|--------------|--------------------------|
|                   |                                                                                                                                                                                                                                          | Complied                                               | Not Complied |                          |
| 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;                                                                 |                                                        |              | N/A                      |
| 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 :-                                                                                          | ✓                                                      |              | Annex # iii, page no. 63 |
| 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 :-      | ✓                                                      |              | Page no. 64              |
| 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;                                                                                                              | ✓                                                      |              |                          |

| Condition No. | Title                                                                                                                                                                                                                                                                                                                                                                                                                        | Compliance Status<br>(Put ✓ in the appropriate column) |              | Remarks<br>(if any) |
|---------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|--------------|---------------------|
|               |                                                                                                                                                                                                                                                                                                                                                                                                                              | Complied                                               | Not Complied |                     |
| 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; and                                                                                                                                                                                                                                                                              | ✓                                                      |              | Page no. 93         |
| 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.                                                                                                                                                                                                                                                     | ✓                                                      |              | Page no. 94         |
| <b>1(6)</b>   | <b>Meetings of the Board of Directors:</b><br>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;                                                                                                                                                                             | ✓                                                      |              |                     |
| 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.                                                                   | ✓                                                      |              |                     |
| <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                 |
| 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>                                                                                                                                                                                                                                                      |                                                        |              |                     |

| Condition No. | Title                                                                                                                                                                                                                                                                                                                               | Compliance Status<br>(Put ✓ in the appropriate column) |              | Remarks<br>(if any)                                               |
|---------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|--------------|-------------------------------------------------------------------|
|               |                                                                                                                                                                                                                                                                                                                                     | Complied                                               | Not Complied |                                                                   |
| 3(1)          | Appointment:                                                                                                                                                                                                                                                                                                                        |                                                        |              |                                                                   |
| 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;                                                                                                                                                                                                    | ✓                                                      |              |                                                                   |
| 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                                                               |
| 3(2)          | Requirement to attend Board of Directors' Meetings:<br><br>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. | ✓                                                      |              |                                                                   |
| 3(3)          | Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO):                                                                                                                                                                                                                                |                                                        |              |                                                                   |
| 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;                                                              | ✓                                                      |              |                                                                   |
| 3(3)(c)       | The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.                                                                                                                                                                                                                                                 | ✓                                                      |              |                                                                   |
| 4.            | BOARD OF DIRECTORS' COMMITTEE:                                                                                                                                                                                                                                                                                                      |                                                        |              |                                                                   |
| 4(i)          | Audit Committee; and                                                                                                                                                                                                                                                                                                                | ✓                                                      |              |                                                                   |
| 4(ii)         | Nomination and Remuneration Committee                                                                                                                                                                                                                                                                                               |                                                        | ✓            | Persuant to BB letter date 04-11-2021 NRC is not required for FIs |
| 5.            | AUDIT COMMITTEE:                                                                                                                                                                                                                                                                                                                    |                                                        |              |                                                                   |
| 5(1)          | Responsibility to the Board of Directors:                                                                                                                                                                                                                                                                                           |                                                        |              |                                                                   |
| 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;                                                                                                                | ✓                                                      |              |                                                                   |



| Condition No. | Title                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Compliance Status<br>(Put ✓ in the appropriate column) |              | Remarks<br>(if any) |
|---------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|--------------|---------------------|
|               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Complied                                               | Not Complied |                     |
| 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 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee; | ✓                                                      |              |                     |
| 5(2)(e)       | The company secretary 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.                                                                                                                                                                                 | ✓                                                      |              |                     |
| 5(3)(c)       | Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM)                                                                                                                                                                                                                                                                                                                                                                                                                                                 | ✓                                                      |              |                     |
| <b>5(4)</b>   | <b>Meeting of the Audit Committee:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                        |              |                     |
| 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.                                                                                                                                                                                                                                                                                                       | ✓                                                      |              |                     |
| <b>5(5)</b>   | <b>Role of Audit Committee:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                        |              |                     |
| 5(5)(a)       | Oversee the financial reporting process;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | ✓                                                      |              |                     |
| 5(5)(b)       | Monitor choice of accounting policies and principles;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | ✓                                                      |              |                     |
| 5(5)(c)       | Monitor Internal 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;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | ✓                                                      |              |                     |

| Condition No.      | Title                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Compliance Status<br>(Put ✓ in the appropriate column) |              | Remarks<br>(if any) |
|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|--------------|---------------------|
|                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Complied                                               | Not Complied |                     |
| 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                 |
| <b>5(6)</b>        | <b>Reporting of the Audit Committee:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                        |              |                     |
| <b>5(6)(a)</b>     | <b>Reporting to the Board of Directors:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                        |              |                     |
| 5(6)(a)(i)         | The Audit Committee shall report on its activities to the Board.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | ✓                                                      |              |                     |
| <b>5(6)(a)(ii)</b> | <b>The Audit Committee shall immediately report to the Board on the following findings, if any:-</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                        |              |                     |
| 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                 |
| <b>5(6)(b)</b>     | <b>Reporting to the Authorities:</b><br>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><br>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>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                        |              |                     |

| Condition No. | Title                                                                                                                                                                                                                                                                                                                    | Compliance Status<br>(Put ✓ in the appropriate column) |              | Remarks<br>(if any)                                               |
|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|--------------|-------------------------------------------------------------------|
|               |                                                                                                                                                                                                                                                                                                                          | Complied                                               | Not Complied |                                                                   |
| <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 date 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)       | All 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                                                                |
| <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                                                                |

| Condition No.     | Title                                                                                                                                                                                                                                                     | Compliance Status<br>(Put ✓ in the appropriate column) |              | Remarks<br>(if any) |
|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|--------------|---------------------|
|                   |                                                                                                                                                                                                                                                           | Complied                                               | Not Complied |                     |
| 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                  |
| 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;                                                                                                                                                                                                                                       | ✓                                                      |              |                     |

| Condition No. | Title                                                                                                                                                                                                                                                                                                                                                                                               | Compliance Status<br>(Put ✓ in the appropriate column) |              | Remarks<br>(if any)                                                                                              |
|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|--------------|------------------------------------------------------------------------------------------------------------------|
|               |                                                                                                                                                                                                                                                                                                                                                                                                     | Complied                                               | Not Complied |                                                                                                                  |
| 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.                                                                                                                                                                                                                             | ✓                                                      |              | The professional who provided the certificate for the year 2021 appointed in the last AGM (25 <sup>th</sup> AGM) |
| 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><br>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.<br><br>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 extent 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             |

# Report on Internal Control

## Internal Control & Compliance

Financing is a diversified and multifarious monetary activity which involves different types of risks. An effective internal control and compliance system has become essential in order to underpin effective risk management practices and to ensure smooth performance of the finance/bank industry.

DBH has the adequate system of internal controls for business processes, with regard to operations, financial reporting, fraud control, compliance with applicable laws and regulations, etc. These internal control systems are devised as a part of the principles of good governance and are accordingly implemented within the framework of proper check and balances.

The aim of internal control is to provide reasonable assurance, by means of system of processes and procedures implemented by DBH, that the following objectives may be achieved:

- determine the reliability and integrity of information; (i.e. evaluating the internal control systems and the integrity of financial and operating information produced by those systems);
- determine whether compliance exists with policies, procedures, laws, and regulations;
- determine if assets are safeguarded and verify the existence of those assets;
- review operations or programs for consistency with established management goals and objectives;
- assist executives of the company in the effective and successful performance with analyses, appraisals, recommendations, and other pertinent information concerning the activities being reviewed.

DBH ensures that a reasonably effective internal control framework operates throughout the organisation, which provides assurance with regard to safeguarding the assets, reliability

of financial and operational information, compliance with applicable statutes, execution of the transactions as per the authorisation and compliance with the internal policies of the Company.

## Internal control procedure

The internal audit adopts a risk based audit approach and conducts regular audits of all the branches/offices of the Company and evaluates on a continuous basis, the adequacy and effectiveness of the internal control mechanism, adherence to the policies and procedures of the Company as well as the regulatory and legal requirements. The internal audit department places its findings before the Audit Committee of Board of Directors at regular intervals. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvement for strengthening the control systems according to the changing business needs from time to time.

## The key operations and the internal control procedures are described below:

### Financial and accounting information:

With view to ensure safe, secure, stable & effective transaction processing, Finance & Accounts Department of DBH is working with utmost efficiency & professionalism.

Financial and accounting information is prepared centrally on the basis of financial statements generated from the software application that is used by different departments and is in compliance with the IAS (International Accounting Standards) and IFRS (International Financial Reporting Standards) as adopted by the ICAB (Institute of Chartered Accountant of Bangladesh) from time to time.

Reports are produced monthly and prepared in the following month to which they relate whereas full accounting consolidations are produced quarterly and prepared within the following month to which they relate. The preparation of the annual

financial statements is the responsibility of the Management under the supervision of the Audit Committee and Company's Auditor. The quarterly & half-yearly Financial Statements are prepared by the Management under the supervision of Audit Committee.

### **External financial information**

Financial communication to external parties consists of financial statements prepared by the Management, submitted to the Board and reviewed and audited by the Auditors.

### **Cash position and financing**

Responsibility for fund management is delegated to the treasury wing of the finance department by means of well defined procedures and delegation.

The finance & accounts department is responsible for borrowings and investment which is required to comply with specific procedures such as, position of the banks involved, risk-free investment and monitoring of financial transactions.

Borrowings and investments are monitored on the monthly basis by means of report produced by the treasury and finance & accounts department and submitted to Senior Management.

### **Procedures and inspections**

With the objectives of producing high quality financial and accounting information, DBH has introduced procedures and instructions tailored to every section. These procedures are grouped by topic and deal mainly with accounting, treasury, regulatory and reporting issues.

The internal control & compliance department is independent from management. It audits the activities and systems of different departments in accordance with an audit plan, particularly in order to assess and improve the accuracy and reliability of the accounting and financial information.

The internal control & compliance department coordinates relations with external auditors.

### **Customer relation**

With the aims of specifying and formalizing certain practices regarding contractual relations with its clients, DBH has developed a procedure for managing client risk. This includes limit in

respect of credit, delegation of authority, security, insurance and documentation.

The legal department analyzes the legal provisions applicable to financing agreements executed between DBH and the clients. We have standard documents defining the conditions with which the agreements should comply in order to reduce the level of risk. These standard documents are regularly reviewed by the concerned departments.

### **Human resources**

Human resources department develop and oversight the implementation of code of conduct of the organization. Create awareness and good governance across the company, identify the scopes where efficiency of employee can be developed and arrange appropriate training in this regards, Amend existing policies and procedures as per requirements, Evaluate and reward the respective employees for integrity and good work. It carries out the performance evaluation program in each year. This department provides industry information to the management regarding the emolument and benefits. Human Resources department is responsible for ensuring compliance with the service rules and regulations. The internal control & compliance department oversight the aforementioned activities are executed in proficient manner.

### **Information technology**

The Information Technology Department is responsible for integrating and ensuring the consistency of the hardware and software availability and IT peripherals are efficiently used & managed. In DBH, most data processing is carried out by means of integrated software packages. Network firewall in the form of both hardware and software are implemented within the system and additional IDS (Intrusion Detection System) also deployed to encounter unwanted intruders within the system. All the in-house developed application modules and database are stored in a safe custody on daily, weekly and monthly basis at within and outside business premises. The internal control & compliance department periodically review the IT resources are utilized in an efficient manner and overall economic benefit is utilized.

# Audit Committee Report

The Audit Committee of DBH undertakes, among others, oversight responsibilities on behalf of the Board of Directors by reviewing the financial reporting process, the system of internal controls, the audit process, the management of financial risks, and the process of monitoring compliance with the laws and regulations in force including its code of business conduct. The audit committee on behalf of the Board also strives to implement the business plans and policies, as well as continues its strong vigilance and monitoring on the followings areas:

- Oversee the disclosure of its financial information to ensure that the financial statements are correct, sufficient, and credible;
- Recommend to the Board, the appointment, re-appointment of the statutory auditor, and the fixation of audit fees;
- Review with the management, the quarterly, half-yearly, and annual financial statements before submission to the Board for approval.

- Review the reports of the Internal Control and Compliance Department.

## Composition of the 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.

The Board of Directors has been very meticulous in the formation of the Audit Committee, which consists of 5 (five) members. All the members are financially literate and possess the required qualifications in keeping with the spirit & objectives as laid down in the regulatory directives.

The current Audit Committee was last reconstituted on November 30, 2021, and the present members of the Committee are:

| Name                              | Status in the Committee | Status in the Board  |
|-----------------------------------|-------------------------|----------------------|
| Maj. Gen. Syeed Ahmed, BP (Retd.) | Chairman                | Independent Director |
| Mr. Md. Mujibur Rahman            | Member                  | Director             |
| Ms. Rasheda K. Choudhury          | Member                  | Independent Director |
| Mr. Syed Moinuddin Ahmed          | Member                  | Director             |
| Mr. M. Anisul Haque, FCMA         | Member                  | Director             |

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

## Activities of the Audit Committee during the year

The Committee normally meets quarterly, but an emergency meeting of the Committee may be called if required. However, during the period under review, 4 (four) meetings of the Committee were held. The Committee reviewed the financial reporting process, the system of internal control, and management of financial & operational risks through the audit process. The committee evaluated all the quarterly accounts before being placed in the respective Board Meetings. It also recommended the appointment of the Statutory Auditors for the year 2021.

The audit committee reviewed the annual accounts

for the period of January 1, 2021, to December 31, 2021, and placed its recommendations to the Board of Directors. Based on the review, the Audit Committee is of the view that the internal control and compliance procedures are adequate to present a true and fair view of the activities and financial status of the Company and to ensure that its assets are safeguarded properly.

## Roles and Responsibilities of the Committee

As set out by Bangladesh Bank and Bangladesh Securities & Exchange Commission, in addition to any other responsibility, which may be assigned from time to time by the Board, the audit committee is responsible for the following matters:



**(a) Internal Control**

- (1) Evaluate whether management is setting the appropriate compliance culture by communicating the importance of internal control and the management of risk and ensuring that all employees have an understanding of their roles and responsibilities;
- (2) Review the arrangements made by the management for building a suitable Management Information System (MIS) including computerization system and its applications;
- (3) Consider whether internal control strategies recommended by internal and external auditors have been implemented by the management;
- (4) Review the existing risk management procedures for ensuring an effective internal check and control system;
- (5) Review the corrective measures taken by the management as regards the reports relating to fraud- forgery, deficiencies in internal control, or other similar issues detected by internal and external auditors and inspectors of the regulatory authority and inform the board on a regular basis.

**(b) Financial Reporting**

- (1) Review the quarterly and annual financial statements and determine whether they are complete and consistent with the accounting standards set by the regulatory authority;
- (2) Meet management and the external auditors to review the financial statements before their finalization;
- (3) The chairman of the audit committee shall be present in the annual general meeting and answer the queries related to the accounts and audit.
- (4) Recommend to the Board about the requirement of any changes to be incorporated in the accounting policies.

**(c) Internal Audit**

- (1) Review the activities and organizational structure of the internal audit function.

- (2) Review the efficiency and effectiveness of internal audit function;

- (3) Review and ensure that the findings and recommendations made by the internal auditors, are duly considered by the management.

**(d) External Audit**

- (1) Review the auditing performance of the statutory auditors and their audit reports;
- (2) Review the findings and recommendations made by the statutory auditors for compliance of the management.
- (3) Make recommendations to the Board regarding the appointment of the statutory auditors.

**(e) Compliance with existing Laws and Regulations**

Review whether the laws and regulations framed by the regulatory authorities (Bangladesh Bank and other bodies) and internal regulations approved by the Board have been complied with.

**(f) Other Responsibilities**

- (1) Place reports before the Board periodically regarding findings, recommendations, regularization of the errors & omissions, fraud and forgeries, and other irregularities as detected by the internal and statutory auditors and inspectors of regulatory authorities;
- (2) Perform other functions as may be required by the Board and evaluate the Committee's own performance on a regular basis.

**Reporting to the Board and the Shareholders**

The Committee reports to the Board following each meeting. In addition, the Committee also provides:

- Copies of minutes of the meeting to the Board;
- A report annually to the Board/ Shareholders;

**Acknowledgement**

The Audit Committee expressed its sincere thanks to the members of the Board, management, and the statutory auditors for their support in carrying out its duties and responsibilities effectively.



**Maj. Gen. Syeed Ahmed, BP (Retd.)**

Chairman  
Audit Committee

Date: February 28, 2022

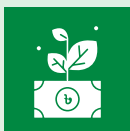
# Green Banking

## Activities of DBH

Green banking considers all the environmental factors along with financial priorities with an aim to protect the environment as well as to foster the economic development in a more environment friendly way. This concept of Green Banking will be mutually beneficial to the banks, financial institutions and the economy.

DBH has outlined a policy guideline for implementing Green Banking activities in a structured manner in line with standard norms so as to protect environmental degradation and ensure sustainable business practices.

### Environment Friendly Loan Financing



We have incorporated sustainability principles into day-to-day activities of the Company. Our aim is to do best to ensure that the credits we extend to our customers are utilized for environmentally sound and sustainable purposes. DBH complies with environmental standard while financing. Projects with likely adverse impact on environment are strongly discouraged by DBH. As an environment responsive Financial Institution, DBH ensures that 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 in ensuring environmental and social safeguard of the projects, while creating a sense of accountability for the borrowers.

DBH also encourages its borrowers to have solar panel in their project at the time of appraising and granting housing loan facilities. In future the company aims to enhance the effort on preserving ecosystem, land, air and water, in line with broad corporate mission of the Company.

### Improved In-house Management & Green practices



The Company has been maintaining a balanced initiative and supporting activity to contain things that may adversely affect the environment. DBH encourages rational use of energy in

the office and promotes the spirit of environment friendly action plans. Reduced utilization of electricity and minimum uses of water and paper have become mandatory for the officials.

### Environmental Due Diligence (EDD)



DBH maintains Environmental Due Diligence at the time of processing proposal before placing the same to Management. Few clients of DBH have found applicable for EDD and after

conducting Environmental Risk Rating (EnvRR) it is found that few clients have been fallen in the category of low risk and in moderate risk level.

# Report on National Integrity Strategy

Government of Bangladesh formulated its National Integrity Strategy (NIS) as a comprehensive good governance strategy to prevent corruption and improve national integrity in all sphere of life. The NIS is an instrument to enhance integrity and eliminate corruption within institutions. Improved honesty and morality in people, policies and procedures are seen as a vehicle to address and rectify the crisis of integrity that the institutions are presently in. Upon its implementation, the NIS will establish that only people with integrity will become people's representatives, and they will exercise their collective will to instill integrity back into society. The success of the NIS requires continuous political will, and the people and institutions must challenge the political leadership to that end.

The Government of Bangladesh believes that the issue of integrity should not stop at the top level of institutions. Rather, each institution is expected to find mechanisms to implement institution-specific strategies at different tiers. The idea is to let the obligations of integrity reach down to each individual of the institutions. In that respect, every citizen will be part of the NIS.

## NIS and Private Sector:

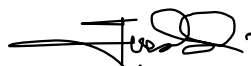
The private sector is playing an increasingly important role in the socio-economic progress of the country and contributing to wealth creation and value addition to meet the demand of the population. Thus, integrity of this sector is of paramount importance.

To support the total activities of the Government of Bangladesh in establishing NIS, Bangladesh Bank has formed a National Integrity Implementation Cell and under which all banks and FIs have come together to implement the NIS within every financial

institution. Accordingly, DBH has formed a 7 (seven) members committee called "Ethics Committee of DBH" headed by Head of HR of the Company as well as determined a Focal Point. The committee has undertaken the responsibilities to work closely with the Bangladesh Bank to implement the NIS and in this regards finalizes the annual work plans as per their guidelines for every year.

During the period under review, total 4 (four) meetings of the Ethics committee were held and to support the NIS initiative, following steps have been taken:

- Formulated the work plan for the year 2021-2022, as prescribed by Bangladesh Bank and accordingly, quarterly reports have been submitted to Bangladesh Bank in timely manner.
- Formed a committee called "Innovation Committee" as sub-committee of Ethics Committee.
- Published two selected rhymes from the book "Choray Choray Shuddasar" in the daily newspapers for creating awareness on integrity among the general public.
- Integrity Award (prize) to encourage the officials of the Company have been implemented and 2 (two) officials awarded the prizes for the year 2020-2021 & their names have also been published in the website.
- Introduced effective measures for combating money laundering and the financing of terrorism.
- Ensured transparency in all activities of the Company.



**Jashim Uddin, FCS**  
Focal Point  
DBH, Ethics Committee

# Corporate Social Responsibility (CSR) at DBH

Delta Brac Housing Finance Corporation Ltd. (DBH) being a corporate citizen derives the resources and benefits from operating in the society in general. It therefore, owes a solemn duty to the less fortunate and the under-privileged members of the society. Thus, Corporate Social Responsibility (CSR) is embedded in our values and informs how we conduct business.

We have put in place very strong and sensible CSR initiatives. CSR is an integral part of corporate culture and ethics of DBH.

## DBH and its Customers



DBH is determined to serve its customer's needs by offering useful financial products and services, while maintaining good relationships with them. We have taken several measures to raise the bar of our service excellence to ensure that customers receive the best possible service. DBH ensures confidentiality of customers' Information and attaches

highest importance in complaint management. The Company strives to listen and learn from its stakeholders and to take the appropriate action where it applies, since responsible behavior towards its clients, shareholders and employees is an essential element of Company's daily business.

## DBH and its Employees



DBH has established a competitive and enabling working environment to help employees perform their best. DBH is working with a vision of converting human resources into human capital through appropriate knowledge, skills, abilities and personal attribution. Creating a culture of healthy competition driven by knowledge is what we believe is the best way to prepare our employees to take up challenges of the contemporary business world. DBH ensures equal

opportunities for all its employees in terms of both their personal and professional development. DBH ensures health and safety in the workplace while keeping it modern by providing all amenities for its employees. To attract talents and retain competency, we have a balanced compensation scheme comprising financial and qualitative benefits. Besides providing competitive package, DBH provides various welfare schemes to its employees.

## Gender Equality and Women's Empowerment



DBH considers the responsibility for protection of human rights, gender equality and women's empowerment. DBH is successfully developing in bringing diversity in workforce in

context of age, gender, ethnicity and locality. DBH strives to strike the balance between male and female employees in the workforce.

### Corporate Governance at DBH



As a strong believer of sustainable growth, principles of good corporate governance form the core values of DBH. In order to achieve transparent and sound corporate governance, we have adopted international best practices to help us sustain in this globalized competitive free market economy. Corporate Governance policy of DBH recognizes the importance of the transparency to all its constituents; including employees, customers, investors and the regulatory authorities

demonstrating that the shareholders are the ultimate beneficiaries of the Company's economic activities.

DBH's corporate governance philosophy encompasses not only regulatory and legal requirements, including the BSEC Regulations and the Bangladesh Bank Guidelines in respect of corporate governance but also other practices aimed at a high level of business ethics, effective supervision and enhancement of value for all shareholders.

### Environmental Awareness



As an environment-responsive Institution we initiated Go Green campaign in our Company. DBH ensures 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 in ensuring environmental and social safeguard of the projects, while creating a sense of accountability for the borrowers.

### CSR Activities



During the period under review DBH could not initiate any CSR project considering the Covid situation. However, DBH extended its support to an eye cancer patient for her operation and also played its due role under the National Integrity Strategy (NIS) program of the country. Under NIS, Banks and FIs are playing a

tremendous role for creating awareness on integrity among the common people, by publishing the Rhymes in the national dailies from the Book 'Choray Choray Shuddasar' published by Bangladesh Bank. Accordingly, DBH also published two rhymes during this period and bear the cost from its CSR fund.

# Disclosures on Capital Adequacy and Market Discipline (CAMD) – Pillar III

## A) Scope of Application

### Qualitative Disclosures:

- (a) These guidelines apply to Delta Brac Housing Finance Corporation Ltd.
- (b) DBH has no subsidiary companies.
- (c) Not Applicable

### Quantitative Disclosures:

- (d) Not Applicable

## B) Capital Structure

### Qualitative Disclosures:

- (a) Summary information on terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in Tier 1 or Tier 2.

### Tier 2 Capital includes:

- i) General provision up to a limit of 1.25% of Risk Weighted Asset (RWA) of Credit Risk.

### Conditions for maintaining regulatory capital:

- i) The amount of Tier 2 capital will be limited to 100% of the amount of Tier 1 capital.

### Quantitative Disclosures:

- (b) The amount of Tier 1 capital, with separate disclosure of:

| Particulars                         | Amount in Crore Taka |
|-------------------------------------|----------------------|
| Paid up capital                     | 177.26               |
| Non-repayable share premium account | 5.50                 |
| Statutory reserve                   | 169.39               |
| General reserve & other reserve     | 287.50               |
| Retained earning                    | 59.75                |
| Dividend equalization account       | 25.00                |
| Amount in Crore Taka                |                      |
| The total amount of Tier 2 capital  | 30.95                |
| (d) Other deductions from capital   | -                    |
| (e) Total eligible capital          | 755.36               |

## C) Capital Adequacy

### Qualitative Disclosures

- (a) A summary discussion of DBH's approach to assessing the adequacy of its capital to support current and future activities.

### Risk Weighted Assets (RWA) and Capital Adequacy Ratio (CAR)

DBH has applied Standard Approach for computation of Capital Charge for Credit Risk and Market Risk while Basic Indicator Approach for Operational Risk. Total Risk Weighted Assets (RWA) of the Company is determined by multiplying capital charge for market risk and operational risk by reciprocal of the minimum capital adequacy ratio and adding the resulted figures to the sum of risk weighted assets for credit risk. Total RWA is then used as denominator while total Eligible Capital as numerator to derive Capital Adequacy Ratio.

### Strategy to Achieve the Required Capital Adequacy:

- Rigorous monitoring of overdue loans to bring those under 90 days overdue
- Financing clients having good rating as per Company's policy
- Using benefit of credit risk mitigation by taking eligible collaterals against transactions
- Focusing more to increase the spread on housing loan and thus increasing retained earnings
- Raise fresh capital by issuing bonus share/right issue.

### Quantitative Disclosures

|                                              |        |
|----------------------------------------------|--------|
| (b) Capital requirement for Credit Risk      | 247.59 |
| (c) Capital requirement for Market Risk      | 10.52  |
| (d) Capital requirement for Operational Risk | 30.05  |
| (e) Total and Tier 1 capital ratio:          |        |
| CAR on Total capital basis (%)               | 25.94  |
| CAR on Tier 1 capital basis (%)              | 24.88  |



## D) Credit Risk

### Qualitative Disclosures

(a) The general qualitative disclosure requirement with respect to credit risk including:

- Definitions of past due and impaired (for accounting purposes)

As per the Bangladesh Bank's Prudential Guideline on Capital Adequacy and Market Discipline for Financial Institutions, the unsecured portion of any claim or exposure (other than claims secured by residential property) that is past due for 90 days or more, net of specific provisions (including partial write-off) will be risk weighted as per risk weights of respective balance sheet exposures. For the purpose of defining the net exposure of the past due loan, eligible financial collateral (if any) may be considered for Credit Risk Mitigation.

- Description of approaches followed for specific and general allowances and statistical methods

General provisions are maintained according to the relevant Bangladesh Bank Guideline and Specific provisions are maintained as per DBH's internal policy which is much more conservative than Bangladesh Bank Guidelines.

**Discussion on FI's credit risk management policy:**

**Implementation of various strategies to minimize risk:**

**To encounter and mitigate credit risk, the following control measures are taken place at DBH:**

- Vigorous monitoring and follow up by fully dedicated recovery and collection team
- Strong follow up of compliance of credit policies by appraiser and credit department
- Taking collateral, performing valuation and legal vetting on the proposed collateral by members of our own dedicated technical and legal department
- Seeking legal opinion from external lawyers for any legal issues if required
- Regular review of market situation and industry exposures
- Insurance coverage for funded assets.

In addition to the best industry practices for assessing, identifying and measuring risks, DBH also considers Guideline for Managing Core Risks of

Financial Institutions issued by Bangladesh Bank for management of risks.

### Approved Credit Policy by the Board of Directors

The Board of Directors has approved the credit policy for the company where major policy guidelines, growth strategy, exposure limits and risk management strategies have been described/ stated. Credit policy is regularly updated to cope up with the changing global, environmental and domestic scenarios.

### Separate Credit Administration Department

An independent Credit Administration Department is in place, at DBH, to scrutinize all loans from risk-weighted point of view and assist the management in creating a high quality portfolio and maximize returns from assets. The Credit department assesses credit risks and suggests mitigations and ensures that adequate security documents are in place before sanction of loan and before disbursement of loans.

### Special Recovery and Collection Team

A strong recovery team monitors the performance of the loans and advances, identifies early sign of delinquencies in portfolio and takes corrective measures to mitigate risks, improve loan quality and to ensure recovery of loans in a timely manner including legal actions.

### Independent Internal Compliance Department

Appropriate internal control measures are in place at DBH. An Internal Compliance Department has been established to ensure compliance with all internal guidelines, Bangladesh Bank guidelines, operational procedures and adequacy of internal control and documentation procedures.

### Credit Evaluation

To mitigate credit risk, DBH search for credit reports from Credit Information Bureau (CIB) of Bangladesh Bank. The report is scrutinized by Credit Admin Department and Loan Operation Department to understand the liability condition and repayment behavior of the client. Depending on the reports, opinions are taken from the concerned related parties for better understanding about client's credit worthiness.

### Credit Approval Process

To ensure both speedy service and mitigation of credit risk, the approval process is maintained through a multilayer system.

Depending on the size of the loan, a multilayer approval system is designed. As smaller loan are very frequent and comparatively less risky, lower sanctioning authority is set to improve processing time and associated risk. Bigger loans require more scrutiny as the associated risk is higher hence sanctioning authority is higher as well.

### Early Warning System

Performance of loans is regularly monitored to trigger early warning system to address the loans and advances whose performance show any deteriorating trend. It helps the company to grow its credit portfolio with ultimate objective of protecting the interest of the stakeholders.

### Methods used to measure Credit Risk

As per the directives of Bangladesh Bank, 'The Standardize Approach' is applied by the company to measure its Credit Risk.

### Quantitative Disclosures

- (b) Total gross credit risk exposures broken down by major types of credit exposure.

| Particulars             | Amount in crore Taka |
|-------------------------|----------------------|
| Housing Loan            | 4,074.26             |
| Loan against Deposit    | 12.85                |
| Staff Loan              | 13.67                |
| Installment Receivables | 21.86                |
| Others                  | 260.42               |
| <b>Total</b>            | <b>4,383.05</b>      |

- (c) Geographical distribution of exposures, broken down in significant areas by major types of credit exposure.

| Area         | Amount in crore Taka |
|--------------|----------------------|
| Dhaka        | 3,888.83             |
| Chattogram   | 221.72               |
| Sylhet       | 20.50                |
| Cumilla      | 48.69                |
| Gazipur      | 169.31               |
| Narayangonj  | 33.25                |
| Khulna       | 0.75                 |
| <b>Total</b> | <b>4,383.05</b>      |

- (d) Industry or counterparty type distribution of exposures, broken down by major types of credit exposure.

| Sector                | Amount in crore Taka |
|-----------------------|----------------------|
| Housing & Real Estate | 4,096.11             |
| Consumer Finance      | 286.94               |
| <b>Total</b>          | <b>4,383.05</b>      |

- (e) Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure.

| Particulars                            | Amount in crore Taka |
|----------------------------------------|----------------------|
| Repayable on demand                    | 21.86                |
| Not more than 3 months                 | 233.19               |
| Over 3 months but not more than 1 year | 638.39               |
| Over 1 year but not more than 5 years  | 2,197.36             |
| Over 5 years                           | 1,292.25             |
| <b>Total</b>                           | <b>4,383.05</b>      |

- (f) By major industry or counter party type:

- i) Amount of impaired loans and if available, past due loans, provided separately

The amount of classified loans and advances of DBH are given below as per Bangladesh Bank guidelines.

| Particulars                 | Amount in crore Taka |
|-----------------------------|----------------------|
| Housing loans up to 5 years | 0.30                 |
| Housing loans over 5 years  | 27.35                |
| <b>Totals</b>               | <b>27.65</b>         |

- ii) Specific and general provisions:

Specific and general provisions were made on the amount of classified and unclassified loans and advances of DBH.

| Particulars                                  | Amount in crore Taka |
|----------------------------------------------|----------------------|
| Provision on classified loans and advances   | 27.65                |
| Provision on unclassified loans and advances | 82.93                |
| <b>Total</b>                                 | <b>110.58</b>        |

- iii) Charges for specific allowances and charge-offs during the year.

During the year the specific and general provisions were made on the amount of classified and unclassified loans and advances of DBH.

| Particulars                                  | Amount in crore Taka |
|----------------------------------------------|----------------------|
| Provision on classified loans and advances   | 10.24                |
| Provision on unclassified loans and advances | 12.39                |
| <b>Total</b>                                 | <b>22.63</b>         |

|                                                                |                      |
|----------------------------------------------------------------|----------------------|
|                                                                | Amount in crore Taka |
| (g) Gross Non Performing Assets (NPA)                          | 27.65                |
| Non Performing Assets (NPAs) to outstanding Loans and Advances | 0.63%                |

#### Movement of Non-Performing Assets (NPAs)

|                 | Amount in crore Taka |
|-----------------|----------------------|
| Opening Balance | 17.41                |
| Additions       | 11.29                |
| Reductions      | 1.05                 |
| Closing Balance | 27.65                |

#### Movement of Specific Provisions for NPAs

|                                   | Amount in crore Taka |
|-----------------------------------|----------------------|
| Opening Balance                   | 1.69                 |
| Provisions made during the period | 2.93                 |
| Write-off                         | 0.00                 |
| Written-back of excess provisions | 0.00                 |
| Closing Balance                   | 4.62                 |

### E) Equities: Banking book positions

#### Qualitative Disclosures

- (a) The general qualitative disclosure requirement with respect to equity risk, including:

Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons. Discussion of important policies covering the valuation and accounting of equity holdings in the banking book positions. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices.

Quoted shares are valued at cost prices and if the total cost of a particular share is lower than the

market value of that particular share, then provision are maintained as per terms and conditions of regulatory authority. Mutual funds have been valued at 85% of latest published NAV available as on December, 2021. Unquoted share is valued at cost price or book value as per latest audited accounts.

#### Quantitative Disclosures

- (b) Value disclosed in the balance sheet of investments, as well as the fair value of those investments, for quoted securities, a comparison to publicly quoted share values where share price is materially different from fair value.

| Particulars                  | Amount in crore Taka |
|------------------------------|----------------------|
| Quoted shares (Market price) | 52.60                |
| Quoted shares (Cost Price)   | 59.95                |
| Unquoted shares              | 6.45                 |

#### Breakup of Total Investment

| Particulars               | Amount in crore Taka |
|---------------------------|----------------------|
| Government securities     | 0.82                 |
| Non marketable securities | 6.45                 |
| Preference share          | 0.60                 |
| Marketable Securities     | 59.95                |

- (c) The cumulative realized gain (losses) arising from sales and liquidations in the reporting period.

| Particulars                     | Amount in crore Taka |
|---------------------------------|----------------------|
| Cumulative realized gain (loss) | 8.01                 |

d)

| Particulars                                         | Amount in crore Taka |
|-----------------------------------------------------|----------------------|
| Total unrealized gains(Losses)                      | (4.00)               |
| Total latent revaluation gains(Losses)              | -                    |
| Any amounts of the above included in Tier 2 Capital | -                    |

- (e) Capital requirements broken down by appropriate equity groupings, consistent with FI's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital.

Specific Risk –Market value of investment in equities is BDT 52.60 crore. Capital requirement is 10% of the said value which stands at BDT 5.26 crore.

General Risk – Market value of investment in equities is BDT 52.60 crore. Capital requirement is 10% of the said value which stands at BDT 5.26 crore.

## F) Interest rate in the banking book

### Qualitative Disclosures

- (a) The general qualitative disclosure requirement including the nature of interest risk and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits.

Interest rate risk in the banking book arises from mismatches between the future yield of assets and their funding cost. Assets Liability Committee (ALCO) monitors the interest rate movement on a regular basis.

DBH measures the interest rate risk by calculating maturity gap between Risk Sensitive Assets (RSA) and Risk Sensitive Liabilities (RSL) i.e. a positive maturity gap affect company's profitability positively with the increment of interest rate and negative maturity gap affects company's profitability adversely with the increment of interest rate.

### Quantitative Disclosures

- (b) The increase (decline) in earning or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring interest rate risk broken down by currency (as relevant). **Interest Rate Risk-Increase in Interest Rate: (BDT in Crore)**  
Where applicable

| Particulars                             | Maturity wise Distribution of Assets-Liabilities |                          |                           |                           |                         |
|-----------------------------------------|--------------------------------------------------|--------------------------|---------------------------|---------------------------|-------------------------|
|                                         | 1 to 30/31 day<br>(One month)                    | Over 1 month to 2 months | Over 2 months to 3 months | Over 3 months to 6 months | Over 6 months to 1 year |
| A. Total Rate Sensitive Liabilities (A) | 343.88                                           | 267.26                   | 201.99                    | 485.76                    | 338.59                  |
| B. Total Rate Sensitive Assets (B)      | 424.92                                           | 312.79                   | 268.97                    | 392.87                    | 414.20                  |
| C. Mismatch                             | 81.04                                            | 45.53                    | 66.97                     | -92.89                    | 75.61                   |
| D. Cumulative Mismatch                  | 81.04                                            | 126.57                   | 193.54                    | 100.65                    | 176.27                  |
| E. Mismatch (%)                         | 23.57%                                           | 17.04%                   | 33.16%                    | -19.12%                   | 22.33%                  |

### Interest Rate Risk

| Magnitude of Shock                                    | Minor    | Moderate | Major    |
|-------------------------------------------------------|----------|----------|----------|
|                                                       | 2%       | 4%       | 6%       |
| Change in the Value of Bond Portfolio (BDT in Crore ) | -0.17    | -0.35    | -0.52    |
| Net Interest Income (BDT in Crore)                    | 3.53     | 7.05     | 10.58    |
| Revised Regulatory Capital (BDT in Crore)             | 758.82   | 762.17   | 765.53   |
| Risk Weighted Assets (BDT in Crore)                   | 2,911.63 | 2,911.63 | 2,911.63 |
| Revised CAR (%)                                       | 26.06%   | 26.18%   | 26.29%   |

## G) Market Risk

### Qualitative Disclosures

- (a) Views of BOD on trading/investment activities  
All the Market risk related policies/guidelines are duly approved by BOD. The BOD sets limits, reviews and updates the compliance on regular basis aiming to mitigate market risk.

### Method used to measure Market risk

Market risk is the probability of losing assets in balance sheet and off-balance sheet position arising out of volatility in market variables.

i.e. interest rate, exchange rate and prices of securities. In order to calculate the market risk for trading book, the company uses Standardize (rule based) Approach. Capital charge for interest rate risk and foreign exchange risk is not applicable to our company as because we do not have such balance sheet items.

### Market Risk Management System

A system for managing Market Risk is in place where guideline has been given regarding longterm, short-term funding, liquidity contingency plan, local regulatory compliance etc. Treasury manages the Market risk with the help of Asset Liability Management Committee (ALCO) and Asset Liability Management (ALM) Desk in the following manner:

### Interest Risk Management

Treasury Department reviews the risk of changes in the income of the company as a result of movements in the market interest rates. In the normal course of business, DBH tries to minimize the mismatches between the duration of interest rate sensitive assets and liabilities. Effective Interest Rate Risk Management is done as under:

### Market analysis

Market analysis over interest rate movements are reviewed by the Treasury Department of the company. The type and level of mismatch interest rate risk of the company is managed and monitored from two perspectives, being an economic value perspective and earning value perspective.

### GAP analysis

ALCO has established guidelines in line with central bank's policy for the management of assets and liabilities, monitoring and minimizing interest rate risks at an acceptable level. ALCO in its regular monthly meeting analyzes Interest Rate Sensitivity by computing GAP i.e. the difference between rate sensitive assets and rate sensitive liabilities and takes decision of enhancing or reducing the GAP according to prevailing market situation aiming to mitigate interest rate risk.

### Continuous Monitoring

Company's treasury manages and controls day-to-day trading activities under the supervision of ALCO that ensures continuous monitoring of the level of assured risks.

### Equity Risk Management

Equity Risk is the risk of loss due to adverse change in the market price of equities held by the Company.

### Equity Risk is managed by the following manner:

DBH minimizes the equity risks by portfolio diversification as per investment policy of the Company.

### Quantitative Disclosures

- (b) The capital requirements for Market Risk:

| Amount in crore Taka                                     |       |
|----------------------------------------------------------|-------|
| Interest rate risk                                       | -     |
| Equity position risk                                     | 10.52 |
| Foreign Exchange Position and<br>Commodity risk (If any) | -     |

## H) Operational Risk:

### Qualitative disclosure:

- a) Views of Board on the system to reduce Operational Risk:

All the policies and guidelines of internal control and compliances are established as per advice of the Board. The Board delegates its authority to Executive Committee and Managing Director. Audit Committee of the Board oversees the activities of internal Control and compliance as per good

governance guideline issued by Securities and Exchange Commission.

#### **Performance gap of executives and staff**

DBH's recruitment policy is based on retaining and attracting the most suitable people at all levels of the business and this is reflected in our objective approach to recruitment and selection. The approach is based on the requirements of the job (both now and in future), matching the ability and potential of the individual. Qualification, skills and competency form our basis for nurturing talent. Favorable job responsibilities are increasingly attracting greater participation from different level of employees in the DBH family. We aim to foster a sense of pride in working for DBH and to be the employer of choice. As such there exists no performance gap in DBH.

#### **Potential external events**

No such potential external event exists to raise operational risk of DBH at the time of reporting.

Policies and Procedure for mitigating operational risk.

DBH has established a strong Internal Control Department to address operational risk and to frame and implement policies to deter such risks. Internal Control Department assesses operational risk across the company and ensures that appropriate framework exists to identify, assess and manage operational risk.

#### **Approach to calculate capital charge for operational risk:**

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. DBH uses basic indicator approach for calculating capital charge against operational risk.

i.e. 15% of average positive annual gross income of the company over last three years.

#### **Quantitative Disclosures:**

b) Capital requirement for operational risk:

| Amount in crore Taka                      |       |
|-------------------------------------------|-------|
| Capital requirement for operational risk: | 33.05 |



# Report on Going Concern

Delta Brac Housing Finance Corporation Ltd. (DBH) is a nonbanking financial institution and continuing its business since 1997, as going concern basis. Financial Statements of a Company are required to be prepared on the basis of going concern concept as per International Accounting Standard (IAS)-1. Under this concept it is assumed that the Company will continue its business indefinitely and will not cease trading or liquidate and therefore the Company must be able to generate enough resources to stay operational.

The Board of Directors of Delta Brac Housing Finance Corporation Limited have made annual assessment about whether there exists any material uncertainties which may cast significant doubt upon the Company's ability to continue as going concern. The Director's assessment of whether the company is a going concern entity involves making appropriate inquiries including review of budget and future outcome of inherent uncertainties in existence. The Directors are convinced from the following indications, which give reasonable assurance as to company's continuance as a going concern for the foreseeable future.

## Financial Indications

### Less reliance on short term borrowing:

At the end of December 2021, total short term borrowings of the Company were Taka 3,952 million, representing only 7.45% of total liabilities that indicates the Company has least reliance on short term borrowings.

### Continuous financial support from depositors:

The Company has a very good track record and reputation in settlement of its obligation with its lenders/depositors. So, we enjoy easy and fair access to the funding sources to meet our increasing need for growth. By the end of December 31, 2021 our deposit portfolio has increased by 0.35%, which reflects the growing confidence of depositors/lenders on DBH.

### Positive business growth:

DBH always focuses on business expansion by offering its products to the potential customers. During the year 2021 the company recorded 54% disbursement growth and 2.52% loan portfolio growth as well.

### Positive key financial ratios:

The Company has very positive financial ratios as evident from financial summary given on page no. 22 of this Annual Report. Such positive financial ratios indicate Company's sound financial strength and good prospects.

### Consistent payment of dividends:

The Company has been paying dividend consistently to its shareholders before listing that reflects Company's long-term viability in operational existence over many years. Historical dividend payment record has been given on page no. 26 of this Annual Report.

### Credibility in payment of obligations:

The Company has strong sincerity in terms of payment of its obligations to the lenders. The Company is very particular in fulfilling the terms of loan agreement.

### Fixed deposit with realistic renewal or repayment:

At the close of 12 months period ended on December 31, 2021, total fixed deposits of the Company were

Taka 43,978 million. Based on past experience, we can say that there is every possibility that major part of the deposit would be renewed further.

### **Operating Indications**

#### **Diversified deposit product:**

Company has also expanded its products/services line by introducing products like Annual Income Deposit, Day Wise Deposit, Monthly Income Deposit, Quarterly Income Deposit, Cumulative Deposit, Flexible Fixed Deposit, Profit First Deposit, and Easy way Deposit etc.

#### **Corporate environment and employee satisfaction:**

There exists a very good corporate environment in the Company. DBH is an excellent work place with friendly environment. Communication among the employees is very excellent. The company endeavors to be honest and practices fair treatment to all employees which ensures good corporate environment. The Company pays a very competitive compensation package and there exists a good number of employee benefits like transport benefit, maternity benefit, performance bonus, gratuity, provident fund etc., which considered to be instrumental for employee satisfaction.

### **Other Indications**

#### **Credit rating**

DBH has been assigned the highest long term rating of 'AAA' and short term rating of 'ST-1' for 16 (sixteen)

consecutive years which indicates the consistent upholding of good capital base, quality of assets, good franchise value and management excellence supported by a sound corporate structure.

#### **Maintenance of sufficient capital:**

As on December 31, 2021, the Company's total paid-up capital stands at Taka 1,772.64 million, while the minimum paid-up capital as required by Bangladesh Bank is Taka 1,000.00 million. DBH's capital adequacy ratio is 24.88% against minimum requirement of 10% as set by the regulator under Basel-II.

#### **Strong equity base:**

As on December 31, 2021, total equity of the Company stands at Taka 7,244 million representing an increase of 12.64% over December 2020 that reflects company's long-term viability.

#### **Changes in Government policy:**

Management anticipates no significant change in legislation or government policy, which may materially affect the business of the Company.

Based on the above indications, Directors feel it is appropriate to adopt going concern assumption and there is no material uncertainty in preparing the financial statements. Adequate disclosures have been made in the financial statements and different sections of the annual report to understand the appropriateness of going concern basis in preparing financial statements.

# Directors' Responsibility Statement

## Responsibility to Financial Statements

The Board of Directors of Delta Brac Housing Finance Corporation Limited would like to inform that the audited accounts containing the Financial Statements for the year ended 31<sup>st</sup> December 2021 are in conformity with the requirements of the Companies Act- 1994, Financial Institutions Act-1993, International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by ICAB, Securities & Exchange Rules-1987 and the Listing Regulations of Dhaka and Chittagong Stock Exchanges and they believe that the financial statements reflect fairly the form and substance of transactions carried out during the year and reasonably present the Company's financial condition and results of operations. These Financial Statements are audited by the Statutory Auditors, ACNABIN, Chartered Accountants, Dhaka.

In accordance with the provisions of section 185 of the Companies Act- 1994 and based on the information provided by the management, your directors state that:

- (i) In the preparation of accounts, the applicable accounting standards have been followed;
- (ii) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> December, 2021 and the profit of the Company for the year ended on that date;

- (iii) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act- 1994 for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) They have prepared the annual accounts on going concern basis.

## Responsibility to Internal Control System

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 periodic audit to provide reasonable assurance that the established policies and procedures of the Company were consistently followed.

## Opinion of the External Auditors

ACNABIN, Chartered Accountants, the statutory auditor of the Company have carried out annual audit to review the system of internal controls, as they consider appropriate and necessary, for expressing their opinion on the financial statements. They have also examined the financial statements made available by the management together with all the financial records, related data, minutes of shareholders meeting and board meetings, relevant policies and expressed their opinion.

# Report on Human Resources

DBH believes that its best investment is in the human resources, as the Company trusts that human resource is the edifice on which the company's performance and productivity are standing on. As human resources are one of the key success factors of the company, DBH maintains its policy of recruiting the very best and implementing continuous programs to develop, motivate and retain its talented and capable human resources.

## HR Planning

DBH focus on hiring the right person for the right position and also concentrate on the proper development and motivation of the personnel. HR Department, in consultation with other departments, forecasts the future manpower requirements. Then we meet such requirements through recruitment, talent development and succession planning.

The objective of DBH is to recruit the dynamic people who are best suited for the particular job. We also meet our HR requirements through job rotations and job changes. Besides this, the Company places high emphasis on strategy for retention of good performers as well.

In the year under review, total 105 new regular employees were hired of which number of male employees was 94 and female employees was 11. During the year 2021, 40 regular employees were separated from the services of the Company.

Since its human resources gives DBH a clear competitive edge, DBH always aspires of hiring the best of the people with diverse backgrounds. Thus the focus always remains on fostering talent, unleashing potential and providing long-term career growth. Career development at DBH is solely based on merit, performance and productivity.

## Training and Development

In a bid to keep up with the pace of ever changing business world with regard to altering business processes, embracing technological changes and meet up new compliance and regulatory requirements DBH undertakes training and development plan for its employees and arranges in-house functional training sessions as well as sends them over for attending public training programs.

During the year, several in-house and external training programs were conducted where 125 employees participated in those training programs.

## Performance Appraisal and Reward

All employees of the Company undergo a formal performance appraisal each year. The performance appraisal helps to emphasize on the career growth of our employees and also helps to identify the training needs. This process ensures that the efforts and contributions of each employee are properly recognized and rewarded.

## Health, Safety and Employee Well-being

Healthy employees are productive and sustainably engaged in their workplace. We always comply with internal workplace health and safety policies.

All our branches are well equipped with fire alarms, fire extinguishers etc. In addition, periodic fire drills are carried out to test the effectiveness of the fire safety system. Our branches are also equipped with first aid kits.

We have group insurance and hospitalization insurance coverage for the employees.

All our employees enjoy earned leave of 24 days including mandatory annual leave of 2 weeks. Our female employees are entitled to get maternity leave of six months.

### Grievance Management

At DBH, our employees are encouraged to come forward and inform about anything to the management, which are not aligned with the Core Values of DBH. It is the policy of Company to handle employee complaint promptly and fairly. The management always entertains any kind of complaint or a state of dissatisfaction. The management has set principles and procedures for handling any kind of complaints of the employees. Complaints are handled strictly and actions are taken based on the merit of the issues.

### Benefits Policy

DBH has the following benefits and facilities for its employees:

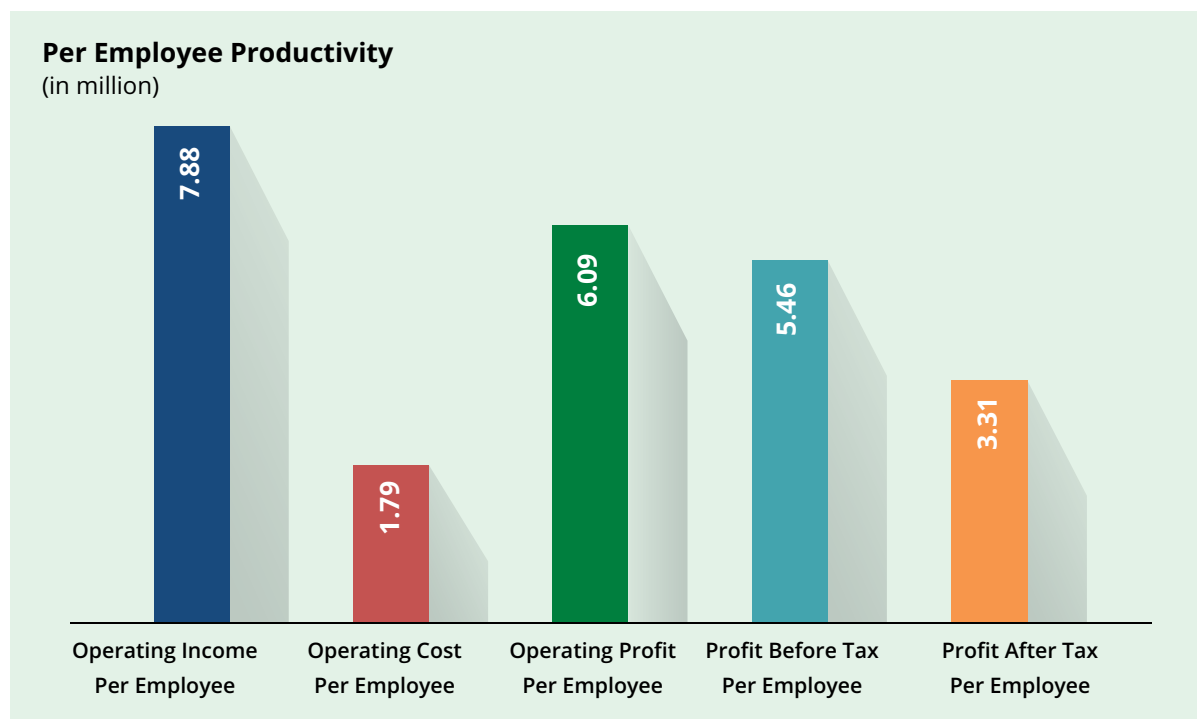
- Festival Bonus
- Provident Fund
- Gratuity
- Employee loan facilities (home loan, car loan & personal loan) at a subsidized rate
- Group insurance and health insurance coverage

- Annual Incentive Bonus based on performance
- Reward and recognition for employees' hard work and dedication to the Company

### Human Resource Accounting

Human Resources Accounting, also known as Human Asset Accounting, involved identifying, measuring, capturing, tracking and analyzing the potential of the human resources of a company and communicating the resultant information to the stakeholders of the company. It was a method by which a cost was assigned to every employee when recruited, and the value that the employee would generate in the future. Human Resource Accounting reflects the potential of the human resources of an organization in monetary terms, in its financial statements.

|                                |      |
|--------------------------------|------|
| Operating Income per employee  | 7.88 |
| Operating Cost per employee    | 1.79 |
| Operating Profit per employee  | 6.09 |
| Profit Before Tax per employee | 5.46 |
| Profit After Tax per employee  | 3.31 |



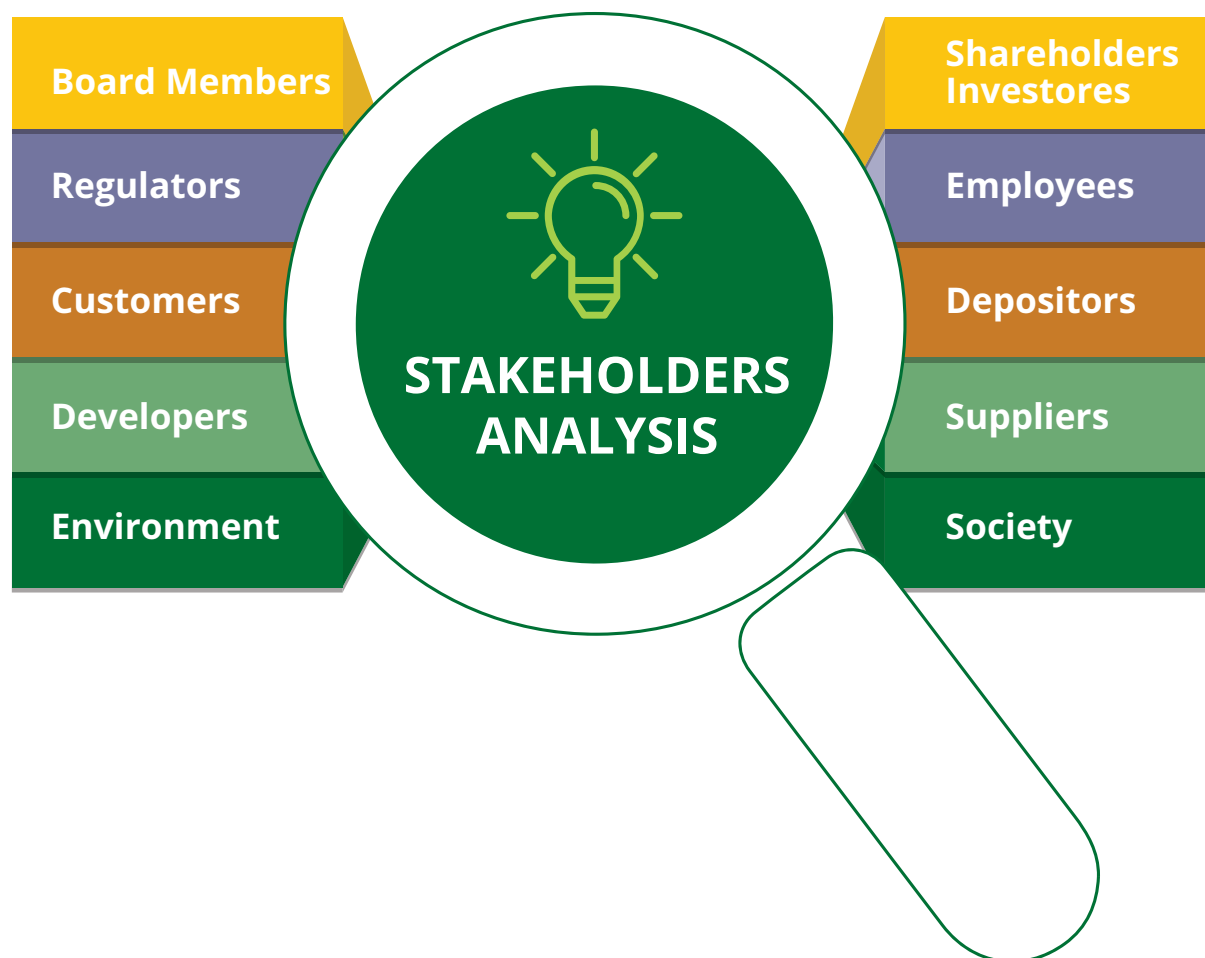
# Stakeholders Analysis

DBH continues to be an industry leader in the housing finance because of its ability to read the market well and keep a customer focused product and service bouquet at the best pricing. We recognise that we compete and operate on the basis of trust, and it is our stakeholders who are the ultimate mediators of our legitimacy, and therefore our sustainability.

Our journey is to continue the relationships we have created and nurtured with our Stakeholders; our Customers, our Employees, our Depositors, our Regulators, our Shareholders, our Community & Environment. Transparency in our dealings, proactive communication with existing and new customers, best-in-class technology

and processes for enhanced efficiency have all bundled to offer a robust customer centric delivery mechanism. Our powerful communication to engage with potential customers and the community at large has proved effective in seeding the thought of home ownership.

We cooperate with all our stakeholders in order to create sustainable value, and to achieve objectives in a mutually beneficial way. These relationships, through which we hope to create a better tomorrow, for ourselves and all our stakeholders. In order to report, we identified following parties as our key stakeholders, from a sustainability perspective.





| Stakeholders            | Importance of Stakeholders                                                                                                                                                                                                                                                                                | Influence by Stakeholders on DBH | DBH's Influence on Stakeholders |
|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|---------------------------------|
| Shareholders/ Investors | Investors remain DBH's key stakeholder, who having invested capital, requires information on a continuous basis to track DBH's performance and achievements in enhancing shareholders wealth.                                                                                                             | High                             | High                            |
| Regulators              | As a listed Finance Company and a holder of public deposits, various regulatory bodies are engaged to know DBH's progress, to establish the level of safety, soundness and compliance status.                                                                                                             | High                             | High                            |
| Employees               | 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 businesses forward. They wish to grow with the Company and develop their careers to that they aspire to be, hand-in-hand, whilst the Company progresses. | High                             | High                            |
| Customers               | We consider customers as the bread and butter of DBH's business, who remain interested as they transact with DBH on an ongoing basis. It is important for DBH to sustain business and build bonds with them as the loan period is longer comparing the loan provided by Banks and NBFIs in other sectors. | High                             | High                            |
| Depositors              | Funding providers, depositors are an important component of DBH's business, as they support DBH in meeting funding needs. It is necessary to sustain a continued relationship, which will yield mutual benefit for both parties.                                                                          | High                             | High                            |
| Developers              | Suppliers of basic lodging unit to our customers are the developers, and they are the key partners of DBH's business. Most of the businesses of DBH are sourced from developers, as the long term partnerships are proven with mutual benefit.                                                            | High                             | High                            |
| Suppliers               | Material suppliers have become increasingly important to DBH with the expansion of its network and increasing requirement for stationery and other related supplies.                                                                                                                                      | Medium                           | Medium                          |
| Environment             | In an era where protection of environment and its resources has become vital, DBH considers environment aspects of high importance, particularly when DBH considers the project financing to the developers.                                                                                              | Medium                           | Medium                          |
| Society                 | Society has varying expectations on DBH especially from a broader sustainability perspective. Apart from financial needs, they require corporate to act in a socially responsible manner, for societal benefit.                                                                                           | Medium                           | Medium                          |
| Board Members           | Board members are part of the investors/ shareholders. But for the roles and responsibilities, Board members remain vital. By overseeing the management activities, they are providing endless support for DBH's success.                                                                                 | High                             | High                            |

## Statement on Protection of Minority Shareholders' Interest

Securities regulator of the country, Bangladesh Securities and Exchange Commission (BSEC) has issued the Corporate Governance Code- 2018 for the listed companies on comply basis, to establish accountability, transparency as well as to protect minority shareholders interest and to create a position for the investors where from, they can make informed investment decision.

The most important protection afforded to minority shareholders comes in the form of a statutory remedy in section 233 of the Companies Act, 1994 of Bangladesh. In order to be eligible to file a petition under the section, the minority shareholder(s) must hold a minimum of ten percent of the issued shares in the case of a company having a share capital. The grounds on which such a petition may be filed by a minority shareholder(s) must be that the affairs of the company are being conducted or the powers of the directors are being exercised in a manner prejudicial to one or more of its shareholders or that the company is acting or is likely to act in a manner which discriminated or is likely to discriminate the interest of any shareholder vis-a-vis the minority shareholders.

The concept of prejudice is extremely wide thereby allowing the court ample scope to exercise its judicial discretion in determining whether a particular conduct falls within the scope of this section. It protects not just the rights of minority shareholders but also their legitimate expectations. A typical case arises where the minority shareholder has invested in the company on the basis of an informal understanding (not reflected in the Articles of the company) that all shareholders will participate in the management of the company through their board positions.

In order to truly unlock the potential of this statutory remedy, certain reforms are imperative.

To name one, the minimum shareholding requirement of 10% should be done away with to ensure that access to the statutory remedy is not outright denied to minority shareholders and public shareholders of listed companies holding less than the required minimum.

Despite the availability of this statutory remedy to minority shareholders of companies in Bangladesh, a growing trend of minority shareholders is to try to protect themselves by non-litigious means like shareholders agreements, specially drafted articles of association (containing, among others, class rights and weighted voting rights) or a combination of these approaches in closely held companies in which they have invested. Moreover, in the event of liquidation, the equity shareholders are entitled to receive remaining assets of the Company after distribution of all liabilities, in the proportion of their shareholdings.

By practicing good corporate culture, DBH has been upholding the interest of its shareholders since its inception. Being a listed company we comply all the rules and regulations of the country and thus protect the interest of minority shareholders as well as all the shareholders. It may be mentioned here that, we have only one class of shares i.e. equity. The shareholders have voting rights in the proportion of their shareholdings. The shareholders are entitled to dividend, if declared and paid by the Company. The shareholders participate in the annual general meeting to appoint-reappoint their representatives as Directors as well as the External Auditors of the Company. Besides, we provide the information flow towards the minority shareholders and keep them updated through various means. Thus, the interests of all the shareholders including the minority shareholders are protected.

# Annual Report Review Checklist

| Particulars                                                                                                                                                   | Page Number |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Corporate Objectives, Values & Structure Clarity and presentation:                                                                                            |             |
| Vision and Mission                                                                                                                                            | 7           |
| Overall strategic objectives                                                                                                                                  | 7           |
| Core values and code of conduct/ethical principles                                                                                                            | 6           |
| Profile of the Company                                                                                                                                        | 6           |
| Directors' profiles and their representation on Board of other Companies & Organization Chart                                                                 | 10-19       |
| Chairman's Review / Directors' Report and Management Report & analysis:                                                                                       | 32, 38, 64  |
| A general review of the performance of the company                                                                                                            | 24-27       |
| Description of the performance of the various activities / products / segments of the company                                                                 | 51-55       |
| A brief summary of the Business and other Risks facing the organization and steps taken to effectively manage such risks                                      | 117         |
| A general review of the future prospects/outlook                                                                                                              | 46, 76      |
| Information on how the company contributed to its responsibilities towards the staff (including health & safety)                                              | 127         |
| Information on company's contribution to the national exchequer & to the economy                                                                              | 57          |
| Sustainability Reporting:                                                                                                                                     |             |
| Social Responsibility Initiatives (CSR)                                                                                                                       | 115         |
| Environment related Initiatives                                                                                                                               | 113         |
| Environmental & Social Obligation                                                                                                                             | 113         |
| Appropriateness of Disclosure of Accounting policies and General Disclosure:                                                                                  | 117         |
| Disclosure of adequate and properly worded accounting policies relevant to assets, liabilities, income and expenditure in line with best reporting standards. | 147         |
| Any specific accounting policies                                                                                                                              | 69, 147     |
| Impairment of Assets                                                                                                                                          |             |
| Changes in accounting policies/Changes in accounting estimates                                                                                                | 69,147      |
| Segment Information                                                                                                                                           | 51-55       |
| Comprehensive segment related information bifurcating segment revenue, segment results and                                                                    | 51-55       |
| Segment capital employed                                                                                                                                      | 51-55       |
| Financial Statements (Including Formats)                                                                                                                      | 142-145     |
| Disclosures of all contingencies and commitments                                                                                                              | 170         |
| Comprehensive related party disclosures                                                                                                                       | 175         |
| Disclosures of Remuneration & Facilities provided to Directors & CEO                                                                                          | 62,143      |
| Statement of Financial Position / Balance Sheet and relevant schedules                                                                                        | 142         |
| Income Statement / Profit and Loss Account and relevant schedules                                                                                             | 143         |
| Statement of Changes in Equity / Reserves & Surplus Schedule                                                                                                  | 145         |
| Disclosure of Types of Share Capital                                                                                                                          | 167-168     |
| Statement of Cash Flow                                                                                                                                        | 144         |
| Extent of compliance with the core IAS/IFRS or equivalent National Standards                                                                                  | 156         |
| Disclosures / Contents of Notes to Accounts                                                                                                                   | 147-177     |

| Particulars                                                                                          | Page Number |
|------------------------------------------------------------------------------------------------------|-------------|
| Information about Corporate Governance                                                               | 77-108      |
| Board of Directors, Chairman and CEO                                                                 | 10-19       |
| Audit Committee (Composition, role, meetings, attendance, etc.) Internal Control & Risk Management   | 111         |
| Ethics and Compliance                                                                                | 82, 114     |
| Remuneration and other Committees of Board                                                           | 83, 84      |
| Human Capital                                                                                        | 127         |
| Communication to Shareholders & Stakeholders:                                                        | 87, 131     |
| - Information available on website                                                                   | 88          |
| - Other information                                                                                  | 88          |
| Management Review And Responsibility:                                                                | 64, 126     |
| Disclosure by Board of Directors or Audit Committee on evolution of Quarterly Reports                | 111         |
| Any other investor friendly information                                                              | 28, 92      |
| Risk Management & Control Environment:                                                               | 117, 157    |
| Description of the Risk Management Framework                                                         | 157         |
| Risk Mitigation Methodology                                                                          | 157         |
| Disclosure of Risk Reporting                                                                         | 117, 153    |
| Stakeholders Information:                                                                            |             |
| Distribution of shareholding (Number of shares as well as category wise, e.g Promoter group, FI etc) | 63, 168     |
| Shares held by Directors/Executives and relatives of Directors/Executives                            | 63          |
| Redressal of investors' complaints                                                                   | 88          |
| Graphical/ Pictorial Data:                                                                           |             |
| Earnings Per Share/ Profits                                                                          | 72          |
| Net Assets/ Total Asset & Fund Under Management                                                      | 25, 26      |
| Stock Performance:                                                                                   | 30          |
| Shareholders' Funds                                                                                  | 24          |
| Return on Shareholders Fund                                                                          | 24          |
| Analysis including following:                                                                        |             |
| Operating Performance (Income Statement)                                                             | 24-25       |
| ■ Total Revenue                                                                                      | 24-25       |
| ■ Operating profit                                                                                   | 24-25       |
| ■ Profit Before Tax                                                                                  | 24-25       |
| ■ Profit after Tax                                                                                   | 24-25       |
| ■ EPS                                                                                                | 24-25       |
| Statement of Financial Position ( Balance Sheet)                                                     | 142         |
| ■ Shareholders Fund                                                                                  | 142         |
| ■ Property Plant & Equipment                                                                         | 142         |
| ■ Net Current Assets                                                                                 | 142         |
| ■ Long Term Liabilities/Current Liabilities                                                          | 142         |
| Profitability/Dividends/ Performance and Liquidity Ratios                                            | 24          |
| ■ Profit before provisions and Tax                                                                   | 24          |
| ■ Price earning ratio                                                                                | 24          |
| ■ Capital Adequacy Ratios                                                                            | 117         |
| ■ Return on Capital Employed                                                                         | 31          |

| Particulars                                                                                                                                                 | Page Number |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Statement of Value Added and Its Distribution                                                                                                               | 29          |
| ■ Government as Taxes                                                                                                                                       | 29          |
| ■ Shareholders as dividend                                                                                                                                  | 29          |
| ■ Employees as bonus/remuneration                                                                                                                           | 29          |
| ■ Retained by the entity                                                                                                                                    | 29          |
| ■ Market share information of the Company's product/services                                                                                                | 30          |
| ■ Economic value added                                                                                                                                      | 31          |
| Presentation of Financial Statements                                                                                                                        | 142-146     |
| Quality of the Report/ Layout of Contents                                                                                                                   | Qualitative |
| Cover and printing including the theme on the cover page                                                                                                    | Qualitative |
| Appropriateness and effectiveness of photographs and their relevance                                                                                        | Qualitative |
| Effectiveness of Charts and Graphs                                                                                                                          | Qualitative |
| Clarity, simplicity and lucidity in presentation of Financial Statements                                                                                    | Qualitative |
| Timeliness in issuing Financial Statements and holding AGMs                                                                                                 |             |
| ■ 3 months time to produce the Annual Report and hold AGM are considered reasonable for full marks                                                          | 90          |
| N.B.: Due to some unavoidable circumstance we could not hold the AGM by 31 <sup>st</sup> March, 2022. But the AGM is scheduled to be held on April 17, 2022 |             |
| ■ Stakeholder Analysis                                                                                                                                      | 129         |
| ■ Human Resource Accounting                                                                                                                                 | 128         |
| ■ Strategy and Resource Allocation                                                                                                                          | 127-128     |
| ■ Corporate Governance Certificate                                                                                                                          | 94          |
| Specific Areas for Banking Sector                                                                                                                           |             |
| Details of Advances, portfolio Classification wise as per the direction issued by the central bank of the respective countries                              | 162         |
| Disclosure for Non Performing assets                                                                                                                        |             |
| ■ Movements in NPA                                                                                                                                          | 120         |
| ■ Movement of Provisions made against NPA                                                                                                                   | 120         |
| Maturity Pattern of Key Assets and Liabilities (ALM)                                                                                                        | 121         |
| Classification and valuation of investments as per regulatory guidelines/ Accounting Standards                                                              | 160         |
| Business Ratio/Information                                                                                                                                  |             |
| ■ Statutory Liquidity Reserve (Ratio)                                                                                                                       | 159         |
| ■ Net interest income as a percentage of working funds / Operating cost - Efficiency ratio                                                                  | 29          |
| ■ Return on Average Asset                                                                                                                                   | 25          |
| ■ Net Asset Value Per Share                                                                                                                                 | 24          |
| ■ Profit per employee                                                                                                                                       | 128         |
| ■ Capital Adequacy ratio                                                                                                                                    | 117         |
| ■ Cost of Funds                                                                                                                                             | 25          |
| ■ Cash Reserve Ratio / Liquid Asset ratio                                                                                                                   | 159         |
| ■ Dividend Cover ratio                                                                                                                                      | 24          |
| ■ Gross Non-Performing assets to gross advances / Non-Performing Loans (Assets) to Total Loans (Assets)                                                     | 24, 70, 117 |
| The break-up of 'Provisions and contingencies' included in the Profit and Loss Account                                                                      | 143, 170    |



# **Auditor's Report and Financial Statements**



# Independent Auditor's Report

## To the Shareholders of Delta Brac Housing Finance Corporation Limited

### REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of Delta Brac Housing Finance Corporation Limited (the Company), which comprise the balance sheet as at 31 December 2021, and the profit and loss account and statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note # 2 to the financial statements.

#### Basis for Opinion

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

#### Key Audit Matters

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

| Risk                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Our response to the risk                                                                                                                                                                                                                                                                                                                                                                                                                     |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Measurement of provision for loans and advances</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <p>The process for estimating the provision for loans and advances portfolio associated with credit risk is significant and complex.</p> <p>For the individual (party-wise) analysis, these provisions consider the estimates of future business performance and the market value of the collateral provided for credit transactions.</p> <p>At year end the Company reported total gross loans and advances of BDT 43,830,505,644 (2020: BDT 42,750,381,474) and provision for loans and advances of BDT 1,105,800,154 (2020: BDT 879,511,679).</p> | <p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> <li>■ Tested the credit appraisal, loan disbursement procedures, monitoring and provisioning process;</li> <li>■ Reviewed the process of Identification of loss events, including early warning and default warning indicators;</li> <li>■ Reviewed quarterly Classification of Loans (CL);</li> </ul> |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>We have focused on the following significant judgments and estimates which could give rise to a material misstatement or management bias:</p> <ul style="list-style-type: none"> <li>■ Completeness and timing of recognition of loss events in accordance with criteria set out in FID circular no 08, dated 03 August 2002, FID circular no. 03, dated 03 May 2006, FID circular no.03 dated 29 April 2013 and DFIM circular no.04 dated 26 July 2021;</li> <li>■ For assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flows;</li> <li>■ Provision measurement is primarily dependent upon key assumptions relating to the probability of default, the ability to repossess collateral, and recovery rates.</li> </ul> | <p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none"> <li>■ Reviewed the adequacy of the company's general and specific provisions;</li> <li>■ Assessed the methodologies on which the provision amounts were based, recalculated the provisions and tested the completeness and accuracy of the underlying information;</li> <li>■ Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</li> </ul> |
| See note # 7, note # 12.1.1 and note #12.1.2 to the financial statements.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Legal and regulatory matters</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <p>We focused on this area because the Company operates in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.</p> <p>These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities.</p> <p>Overall, the legal provision represents the Company's best estimate for existing legal matters that have a probable and estimable impact on the financial position.</p>                                                                                                                                                      | <p>We obtained an understanding, evaluated the design, and tested the operational effectiveness of the key controls over the legal provision and contingencies process.</p> <p>We enquired to those charged with governance to obtain their view on the status of all significant litigations and regulatory matters.</p> <p>We also assessed the Company's contingent liabilities disclosure.</p>                                                                                                                                                                                              |
| See note # 2.27, note # 17.1 and note # 17.2 to the financial statements.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

| <b>Accuracy and completeness of revenue recognized</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>The Company reports revenue of BDT 537.27 crore from Interest on loans, short-term investment, term deposit receipts, Commission, exchange and brokerage income, investment income and related activities.</p> <p>The application of revenue recognition accounting standards is complex and involves a number of key judgments and estimates, including those applied on revenue arrangements with multiple elements and those contracts where there is the existence of principal and agent relationship.</p> <p>Due to the estimates and judgment involved in applying the revenue recognition accounting standards and the degree of complexity of IT systems and processes used, we have considered this matter as a key audit matter.</p>    | <p>Our audit approach included a combination of controls testing, data analysis, and substantive procedures covering the following:</p> <ul style="list-style-type: none"> <li>■ We understood the significant revenue processes, including the performance of an end-to-end walkthrough of the revenue assurance process and identifying the relevant controls (including IT systems, interfaces, and reports);</li> <li>■ We tested the design and operating effectiveness of the relevant controls;</li> <li>■ We reviewed significant new contracts and regulatory determinations, the accounting treatments opted and testing the related revenues recognized during the period;</li> <li>■ We performed data analysis and analytical reviews of significant revenue streams;</li> <li>■ We performed specific procedures to test the accuracy and completeness of adjustments relating to multiple-element arrangements and grossing up certain revenue and costs; and</li> <li>■ We performed procedures to ensure that the revenue recognition criteria adopted by the entity for all major revenue streams is appropriate and in line with the accounting policies.</li> </ul> |
| See notes # 18, 20, 21 and 22 to the financial statements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Investment and provision for diminutions in the value of investments</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <p>The Company reports investments of BDT 67.82 crore, which is comprised of Government securities BDT 0.82 crore, marketable securities of BDT 59.95 crore, non- marketable securities of BDT 6.45 crore, and preference shares BDT 0.60 crore.</p> <p>The process for estimating the provision against the investments associated with credit risk is significant and complex.</p> <p>We focused on this area because of the significance of the investments in the financial statements and departure from the recognition and presentation criteria of IFRS 9, IFRS 7 &amp; IAS 32 to comply with the circulars of Bangladesh Bank for determining the valuation methodology and presentation to be applied by the management of the Company.</p> | <p>Our audit approach included a combination of controls testing, data analysis, and substantive procedures covering the following:</p> <ul style="list-style-type: none"> <li>■ We obtained sufficient audit evidence to conclude that the inputs and methodologies used for the valuation of the investments are within a reasonable range and that the management of the Company consistently applied valuation policies.</li> <li>■ We assessed the controls' design and operating effectiveness, measurement, and oversight of financial assets' valuation risk.</li> <li>■ We verified the existence and legal ownership of equity investment and mutual funds by confirming the investment holdings with the portfolio statements of brokerage houses and CDBL.</li> <li>■ We tested the calculations of provision for diminution in value of the investment and checked if the presentation and disclosure of investment are in compliance with FID circular no. 8 dated 3 August 2002 and DFIM circular no. 2 dated 31 January 2012 issued by Bangladesh Bank.</li> </ul>                                                                                                      |
| See note # 06 and 12.1.3 to the financial statements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

| IT systems and controls                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT-dependent manual controls.</p> <p>Our areas of audit focus included user access management, developer access to the production environment and changes to the IT environment. These are key to ensuring IT dependent and application-based controls are operating effectively.</p> | <p>We tested the design and operating effectiveness of the Company's IT access controls over the information systems that are critical to financial reporting. We tested IT general controls (logical access, change- management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized. We tested the Company's periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorization. We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.</p> <p>Where deficiencies were identified, we tested compensating controls or performed alternate procedures. In addition, we understood where relevant, changes were made to the IT landscape during the audit period and tested those changes that had a significant impact on financial reporting.</p> |

### Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditor's report thereon. The Draft Annual Report is expected to be made available to us after the date of this auditor's report but before the finalization of the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we will communicate the matter to those charged with governance of the Company so that the matter is duly addressed in the Annual Report.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs as explained on note # 2 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Company's financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the Companies Act 1994, the Financial Institutions Act, 1993 and the rules and regulations issued by Bangladesh Bank, we also report the following:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of these books;

- c) the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of accounts and returns;
- d) the expenditure incurred was for the purposes of the Company's business for the year;
- e) the financial statements of the Company have been drawn up in conformity with Financial Institutions Act, 1993 and in accordance with International Financial Reporting Standards as explained in notes as well as with related guidance, circulars issued by Bangladesh Bank to the extent applicable to the Company;
- f) adequate provisions have been made for loans, leases, advances and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;
- g) the financial statements of the Company conform to the prescribed standards set in the accounting regulations which were issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- h) the records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements;
- i) statements sent to Bangladesh Bank have been checked on a sample basis and no inaccuracy has come to our attention;
- j) taxes and other duties were collected and deposited in the Government treasury by the Company as per Government instructions found satisfactory based on test checking;
- k) nothing has come to our attention that the Company has adopted any unethical means i.e. 'window dressing' to inflate the profit and mismatch between the maturity of assets and liabilities;
- l) proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions which were issued by Bangladesh Bank and other regulatory authorities have been complied properly as disclosed to us by management;
- m) based on our work as mentioned above under the auditor's responsibility section, the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible material fraud, forgery and internal policies are being followed appropriately;
- n) the Company has complied with relevant laws pertaining to capital, reserve and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/leases found satisfactory;
- o) We have reviewed over 80% of the risk-weighted assets of the Company, and we have spent around 1784 person-hours for the audit of the books and accounts of the Company;
- p) the Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;
- q) the Company has complied with the "First Schedule" of the Financial Institutions Act, 1993 in preparing these financial statements; and
- r) all other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report.

**Dated, Dhaka**  
02 March 2022

**ACNABIN, Chartered Accountants**



**Muhammad Aminul Hoque, FCA**  
Partner  
ICAB Enrollment# 1129  
DVC: 2203021129AS356262




**Delta Brac Housing Finance Corporation Limited**  
**Balance Sheet**  
**As at 31 December 2021**

|                                                                       | Notes | Amount in Taka   |                  |
|-----------------------------------------------------------------------|-------|------------------|------------------|
|                                                                       |       | 31 December 2021 | 31 December 2020 |
| PROPERTY AND ASSETS                                                   |       |                  |                  |
| Cash                                                                  |       | 558,066,972      | 575,240,921      |
| In hand                                                               | 3.1   | 101,102          | 132,671          |
| Balance with Bangladesh Bank and its agent Bank                       | 3.2   | 557,965,870      | 575,108,250      |
| Balance with other banks and financial institutions                   |       | 14,725,958,032   | 14,338,776,038   |
| In Bangladesh                                                         | 4.1   | 14,725,958,032   | 14,338,776,038   |
| Outside Bangladesh                                                    |       | -                | -                |
| Money at call on short notice                                         | 5     | -                | -                |
| Investments                                                           | 6     | 678,218,185      | 489,024,228      |
| Government                                                            |       | 8,241,093        | 1,040,323        |
| Others                                                                |       | 669,977,092      | 487,983,905      |
| Loans and advances                                                    |       | 43,830,505,644   | 42,750,381,474   |
| Loans and advances                                                    | 7     | 43,830,505,644   | 42,750,381,474   |
| Fixed assets including land, building, furniture and equipments       | 8     | 262,581,058      | 289,880,948      |
| Other assets                                                          | 9     | 223,282,992      | 163,712,258      |
| Total Assets                                                          |       | 60,278,612,883   | 58,607,015,867   |
| LIABILITIES AND CAPITAL                                               |       |                  |                  |
| Liabilities                                                           |       |                  |                  |
| Borrowing from other banks, financial institutions and agents         | 10    | 6,175,673,065    | 5,571,061,010    |
| Deposits and other accounts                                           |       | 43,978,360,429   | 43,826,874,936   |
| Fixed deposits                                                        | 11.1  | 43,978,360,429   | 43,826,874,936   |
| Other deposits                                                        |       | -                | -                |
| Other liabilities                                                     | 12    | 2,880,448,299    | 2,777,623,932    |
| Total Liabilities                                                     |       | 53,034,481,793   | 52,175,559,878   |
| Shareholders' equity                                                  |       |                  |                  |
| Paid-up capital                                                       | 13.2  | 1,772,639,680    | 1,541,425,810    |
| Share premium                                                         | 14    | 55,000,000       | 55,000,000       |
| Statutory reserve                                                     | 15    | 1,693,914,189    | 1,486,425,811    |
| Other reserves                                                        | 16    | 3,125,040,000    | 2,825,040,000    |
| Retained earnings                                                     | 33    | 597,537,221      | 523,564,368      |
| Total equity                                                          |       | 7,244,131,090    | 6,431,455,989    |
| Total liabilities and Shareholders' equity                            |       | 60,278,612,883   | 58,607,015,867   |
| OFF-BALANCE SHEET ITEMS                                               |       |                  |                  |
| Contingent liabilities                                                | 17.1  |                  |                  |
| Acceptances and endorsement                                           |       | -                | -                |
| Letter of guarantee                                                   |       | -                | -                |
| Irrevocable letter of credits                                         |       | -                | -                |
| Bills for collection                                                  |       | -                | -                |
| Other contingent liabilities                                          |       | -                | 54,040,388       |
| Total contingent liabilities                                          |       | -                | 54,040,388       |
| Other commitments                                                     | 17.2  | -                | -                |
| Documentary credit & short-term trade related transaction             |       | -                | -                |
| Forward assets purchased and forward deposit placed                   |       | -                | -                |
| Undrawn note issuance and revolving underwriting facilities           |       | -                | -                |
| Undrawn formal standby facilities, credit lines and other commitments |       | -                | 578,220,000      |
| Total other commitments                                               |       | -                | 578,220,000      |
| Total Off-Balance Sheet items including contingent liabilities        |       | -                | 632,260,388      |

**Notes:**

1. Independent Auditor's Report-Page 1 to 8
2. The annexed notes 1 to 42 form an integral part of these financial statements.
3. These financial statements were approved by the Board of Directors on 28 February 2022 and were signed on its behalf by:


  
**Nasir A. Choudhury**  
Chairman

  
**Dr. A M R Chowdhury**  
Vice Chairman

  
**Nasimul Baten**  
Managing Director & CEO

**ACNABIN, Chartered Accountants**

Dated, Dhaka  
02 March 2022


  
**Muhammad Aminul Hoque, FCA**  
Partner  
ICAB Enrollment # 1129  
DVC: 2203021129AS356262


**Delta Brac Housing Finance Corporation Limited**  
**Profit and Loss Account**  
For the year ended 31 December 2021


|                                               | Notes  | Amount in Taka       |                      |
|-----------------------------------------------|--------|----------------------|----------------------|
|                                               |        | 2021                 | 2020                 |
| Interest Income                               | 18     | 5,053,574,673        | 5,908,789,297        |
| Interest paid on deposits and borrowings etc. | 19     | (2,889,901,976)      | (3,960,184,480)      |
| <b>Net Interest Income</b>                    |        | <b>2,163,672,697</b> | <b>1,948,604,817</b> |
| Income from investment                        | 20     | 125,111,081          | 24,150,831           |
| Commission, exchange and brokerage            | 21     | 177,520,507          | 155,864,097          |
| Other operating income                        | 22     | 16,469,035           | 19,674,791           |
| <b>Total operating income</b>                 |        | <b>2,482,773,320</b> | <b>2,148,294,536</b> |
| Salary and allowances                         | 23     | 364,346,554          | 354,075,491          |
| Rent, taxes, insurance, electricity etc.      | 24     | 37,625,863           | 32,007,229           |
| Legal & professional expenses                 | 25     | 15,777,000           | 12,567,554           |
| Postage, stamp, telecommunication etc.        | 26     | 8,673,069            | 6,882,924            |
| Stationery, printing, advertisements etc.     | 27     | 11,309,741           | 7,416,751            |
| Managing Director's salary and fees           | 27.1   | 13,000,000           | 7,050,000            |
| Directors' fees and expenses                  | 28     | 1,069,840            | 956,897              |
| Auditor's fees                                | 29     | 546,250              | 517,500              |
| Depreciation, repairs & maintenance           | 30     | 66,127,992           | 60,950,452           |
| Other expenses                                | 31     | 46,651,883           | 41,001,532           |
| <b>Total operating expenses</b>               |        | <b>565,128,192</b>   | <b>523,426,330</b>   |
| <b>Profit before provisions</b>               |        | <b>1,917,645,128</b> | <b>1,624,868,206</b> |
| Provisions:                                   |        |                      |                      |
| Loans and advances                            | 12.1.A | 226,288,475          | 151,605,837          |
| Diminution in value of investments            | 12.1.3 | (30,018,557)         | (24,897,811)         |
| Other Assets                                  |        | 330,000              | -                    |
| <b>Total provisions</b>                       |        | <b>196,599,918</b>   | <b>126,708,026</b>   |
| <b>Profit before tax</b>                      |        | <b>1,721,045,210</b> | <b>1,498,160,180</b> |
| Provision for tax:                            | 32     | -                    | -                    |
| Current tax                                   |        | 691,404,197          | 604,672,845          |
| Deferred tax expense/(income)                 |        | (14,247,960)         | 2,561,925            |
|                                               |        | 677,156,237          | 607,234,770          |
| <b>Profit after tax</b>                       |        | <b>1,043,888,973</b> | <b>890,925,410</b>   |
| <b>Appropriations</b>                         |        |                      |                      |
| Statutory reserve                             |        | 207,488,378          | 146,055,540          |
| General reserve                               |        | 300,000,000          | 250,000,000          |
|                                               |        | 507,488,378          | 396,055,540          |
| <b>Retained surplus</b>                       |        | <b>536,400,595</b>   | <b>494,869,870</b>   |
| <b>Earnings Per Share</b>                     | 34     | <b>5.89</b>          | <b>5.03</b>          |

**Notes:**

1. Independent Auditor's Report-Page 1 to 8
2. The annexed notes 1 to 42 form an integral part of these financial statements.
3. These financial statements were approved by the Board of Directors on 28 February 2022 and were signed on its behalf by:


  
**Nasir A. Choudhury**  
Chairman

  
**Dr. A M R Chowdhury**  
Vice Chairman

  
**Nasimul Baten**  
Managing Director & CEO

Dated, Dhaka  
02 March 2022

**ACNABIN, Chartered Accountants**

  
**Muhammad Aminul Hoque, FCA**  
Partner  
ICAB Enrollment # 1129  
DVC: 2203021129AS356262

**Delta Brac Housing Finance Corporation Limited**  
**Cash Flow Statement**  
For the year ended 31 December 2021

|                                                                                             | Notes | Amount in Taka        |                        |
|---------------------------------------------------------------------------------------------|-------|-----------------------|------------------------|
|                                                                                             |       | 2021                  | 2020                   |
| <b>Cash flows from operating activities</b>                                                 |       |                       |                        |
| Interest receipts in cash                                                                   |       | 5,074,370,924         | 5,827,088,824          |
| Interest payments                                                                           |       | (3,052,499,223)       | (4,471,792,244)        |
| Dividend receipts                                                                           |       | 44,972,394            | 8,282,628              |
| Fees and commission receipts in cash                                                        |       | 177,520,507           | 155,864,097            |
| Cash payments to employees, suppliers and various operating expense                         |       | (501,978,998)         | (484,760,824)          |
| Income tax paid                                                                             |       | (646,436,953)         | (491,037,085)          |
| Receipts from other operating activities                                                    |       | 16,323,437            | 18,680,996             |
| Cash generated from operating activities before changes in operating assets and liabilities |       | 1,112,272,088         | 562,326,393            |
| <b>Increase/(decrease) in operating assets and liabilities</b>                              |       |                       |                        |
| Loans and advances to customers                                                             |       | (1,082,426,820)       | 1,771,166,576          |
| Investment in trading securities                                                            |       | (128,888,015)         | (14,951,145)           |
| Other assets                                                                                |       | (77,246,445)          | (7,219,707)            |
| Loans and deposits from banks and other customers                                           |       | 151,485,493           | 415,590,303            |
| Interest suspenses                                                                          |       | 22,888,384            | 12,076,868             |
| Other liabilities                                                                           |       | (6,023,628)           | 38,127,711             |
| Cash generated/ (utilised) in operating assets and liabilities                              |       | (1,120,211,031)       | 2,214,790,606          |
| <b>Net cash flows from/(used in) operating activities</b>                                   | 37    | <b>(7,938,943)</b>    | <b>2,777,116,999</b>   |
| <b>Cash flows from investing activities</b>                                                 |       |                       |                        |
| Net proceeds(Payments) for sale/purchase of Treasury Bond                                   |       | (7,200,770)           | 38,247                 |
| Other investments                                                                           |       | 27,000,000            | 2,000,000              |
| Purchase of property, plant & equipment                                                     |       | (10,127,450)          | (19,660,043)           |
| Proceeds from sell of property, plant & equipment                                           |       | 311,619               | 1,152,901              |
| <b>Net cash flows from/(used in) investing activities</b>                                   |       | <b>9,983,399</b>      | <b>(16,468,895)</b>    |
| <b>Cash flows from financing activities</b>                                                 |       |                       |                        |
| Net Receipt of Loan & Zero Coupon Bond                                                      |       | 718,995,786           | (1,330,385,174)        |
| Cash dividend paid                                                                          |       | (231,213,872)         | (268,074,055)          |
| <b>Net cash flows from/(used in) financing activities</b>                                   |       | <b>487,781,914</b>    | <b>(1,598,459,229)</b> |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                                 |       | <b>489,826,370</b>    | <b>1,162,188,875</b>   |
| Effects of exchange rate changes on cash and cash equivalents                               |       | 2,162                 | (217)                  |
| Cash and cash equivalents (net off overdraft) at the beginning of the period                |       | 14,631,820,962        | 13,469,632,304         |
| Cash and cash equivalents (net off overdraft) at the end of the period                      | 37A   | <b>15,121,649,494</b> | <b>14,631,820,962</b>  |

**Notes:**

1. Independent Auditor's Report-Page 1 to 8
2. The annexed notes 1 to 42 form an integral part of these financial statements.
3. These financial statements were approved by the Board of Directors on 28 February 2022 and were signed on its behalf by:


  
**Nasir A. Choudhury**  
Chairman

  
**Dr. A M R Chowdhury**  
Vice Chairman

  
**Nasimul Baten**  
Managing Director & CEO

Dated, Dhaka  
02 March 2022

**ACNABIN, Chartered Accountants**

  
**Muhammad Aminul Hoque, FCA**  
Partner  
ICAB Enrollment # 1129  
DVC: 2203021129AS356262

Delta Brac Housing Finance Corporation Limited  
**Statement of Changes in Equity**  
For the year ended 31 December 2021

| Particulars                           | Amount in Taka  |               |                   |                          |                   |               |
|---------------------------------------|-----------------|---------------|-------------------|--------------------------|-------------------|---------------|
|                                       | Paid-up Capital | Share Premium | Statutory Reserve | General & Other Reserves | Retained earnings | Total         |
| Balance as on 1 January 2021          | 1,541,425,810   | 55,000,000    | 1,486,425,811     | 2,825,040,000            | 523,564,368       | 6,431,455,989 |
| Net profit (after tax) for the period | -               | -             | -                 | -                        | 1,043,888,973     | 1,043,888,973 |
| Transferred to reserve funds          | -               | -             | 207,488,378       | 300,000,000              | (507,488,378)     | -             |
| Stock dividend issued                 | 231,213,870     | -             | -                 | -                        | (231,213,870)     | -             |
| Cash dividend paid                    | -               | -             | -                 | -                        | (231,213,872)     | (231,213,872) |
| Balance at 31 December 2021           | 1,772,639,680   | 55,000,000    | 1,693,914,189     | 3,125,040,000            | 597,537,221       | 7,244,131,090 |

**Statement of Changes in Equity**  
For the year ended 31 December 2020

| Particulars                           | Amount in Taka  |               |                   |                          |                   |               |
|---------------------------------------|-----------------|---------------|-------------------|--------------------------|-------------------|---------------|
|                                       | Paid-up Capital | Share Premium | Statutory Reserve | General & Other Reserves | Retained earnings | Total         |
| Balance as on 1 January 2020          | 1,340,370,270   | 55,000,000    | 1,340,370,271     | 2,575,040,000            | 497,824,092       | 5,808,604,633 |
| Net profit (after tax) for the period | -               | -             | -                 | -                        | 890,925,410       | 890,925,410   |
| Transferred to reserve funds          | -               | -             | 146,055,540       | 250,000,000              | (396,055,540)     | -             |
| Stock dividend issued                 | 201,055,540     | -             | -                 | -                        | (201,055,540)     | -             |
| Cash dividend paid                    | -               | -             | -                 | -                        | (268,074,054)     | (268,074,054) |
| Balance at 31 December 2020           | 1,541,425,810   | 55,000,000    | 1,486,425,811     | 2,825,040,000            | 523,564,368       | 6,431,455,989 |

**Delta Brac Housing Finance Corporation Limited**  
**Liquidity Statement**  
 As at 31 December 2021

| Particulars                                                              | Amount in Taka       |                      |                        |                       |                         |                       |
|--------------------------------------------------------------------------|----------------------|----------------------|------------------------|-----------------------|-------------------------|-----------------------|
|                                                                          | Up to 1 month        | 1 to 3 Months        | 3 to 12 Months         | 1 to 5 Years          | Above 5 Years           | Total                 |
| <b>Assets</b>                                                            |                      |                      |                        |                       |                         |                       |
| Cash (In hand and balance with Bangladesh Bank and its' agent bank)      | 558,066,972          | -                    | -                      | -                     | -                       | 558,066,972           |
| Balance with other banks and financial institutions                      | 5,792,530,166        | 7,227,480,991        | 1,705,946,875          | -                     | -                       | 14,725,958,032        |
| Money at call on short notice                                            | -                    | -                    | -                      | -                     | -                       | -                     |
| Investments                                                              | 637,977,592          | -                    | 9,500,000              | -                     | 30,740,593              | 678,218,185           |
| Loans and advances                                                       | 932,482,624          | 1,617,932,308        | 6,383,874,123          | 21,973,669,664        | 12,922,546,925          | 43,830,505,644        |
| Fixed assets including land, building, furniture, equipments & ROU asset | 3,007,122            | 6,014,243            | 25,833,830             | 72,463,904            | 155,261,959             | 262,581,058           |
| Other assets                                                             | 163,968,715          | 27,074,882           | 28,569,394             | 3,670,001             | -                       | 223,282,992           |
| <b>Total Assets</b>                                                      | <b>8,088,033,191</b> | <b>8,878,502,424</b> | <b>8,153,724,222</b>   | <b>22,049,803,569</b> | <b>13,108,549,477</b>   | <b>60,278,612,883</b> |
| <b>Liabilities</b>                                                       |                      |                      |                        |                       |                         |                       |
| Borrowing from other banks and financial institutions                    | 2,212,364,987        | 1,136,333,974        | 1,046,640,902          | 1,296,308,032         | 484,025,170             | 6,175,673,065         |
| Deposits and other accounts                                              | 3,426,424,121        | 4,646,216,490        | 7,696,847,950          | 63,391,321            | 28,145,480,547          | 43,978,360,429        |
| Other liabilities                                                        | 284,892,942          | 542,819,992          | 1,012,481,840          | 549,533,105           | 490,720,420             | 2,880,448,299         |
| <b>Total liabilities</b>                                                 | <b>5,923,682,050</b> | <b>6,325,370,456</b> | <b>9,755,970,692</b>   | <b>1,909,232,458</b>  | <b>29,120,226,137</b>   | <b>53,034,481,793</b> |
| <b>Net liquidity gap</b>                                                 | <b>2,164,351,141</b> | <b>2,553,131,968</b> | <b>(1,602,246,470)</b> | <b>20,140,571,111</b> | <b>(16,011,676,660)</b> | <b>7,244,131,090</b>  |

**Delta Brac Housing Finance Corporation Limited**  
**Notes to the Financial Statements**  
 As at and for the year ended 31 December 2021

**1 Company and its activities**

**(a) Legal status**

Delta Brac Housing Finance Corporation Limited (here-in-after referred to as “DBH” or “the Company”) was incorporated as a public limited company and obtained the Certificate of Commencement of Business under Companies Act 1994 on May 11, 1996. The Company has also been granted license under the Financial Institutions Act 1993 on July 15, 1996. The registered address of the Company is situated at Landmark Building, (9th floor), 12-14 Gulshan C/A, Gulshan-2, Dhaka. The Company went for public issue in 2007-08 and the shares of the Company are listed in Dhaka and Chittagong Stock Exchanges in Bangladesh.

**(b) Nature of business**

- i) The principal activities of the Company are providing loans for construction of houses, purchases of flats or houses, extensions and improvements of existing houses or flats and purchase of housing plots.
- ii) The Company has also various investment and financing products like term deposit scheme, cumulative deposit, triple money deposit, double money deposit, annual income deposit, quarterly income deposit, monthly income deposit, easy way deposit etc. for its individual and corporate clients.

**2 Significant accounting policies and basis of preparation**

**2.01 Statement of compliance**

The financial statements have been prepared on a going concern basis and accrual method under historical cost convention and therefore do not take into consideration the effect of inflation. The preparation and presentation of the financial statements and the disclosure of information have been made in accordance with the DFIM circular no. 11 dated 23rd December 2009 in conformity with International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Financial Institutions Act 1993, Securities and Exchange Rules 1987, the listing rules of Dhaka and Chittagong Stock Exchanges and other applicable laws & regulations in Bangladesh and practices generally followed by Housing Finance Institutions.

As Bangladesh Bank is the primary regulator of Financial Institutions, the Bangladesh Bank guidelines, circulars, notifications and any other requirements are given preference to IFRSs, where any contradictions arises.

**2.02 Going concern**

The financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

**2.03 Reporting period**

These financial statements have been prepared for the period from 1 January 2021 to 31 December 2021.

**2.04 Functional and presentation currency**

These financial statements are presented in Taka, which is the company's functional currency except as indicated. Figures have been rounded off to the nearest taka.

**2.05 Disclosure of deviations from few requirements of IAS/IFRS due to mandatory compliance of Bangladesh Bank's requirements**

Bangladesh Bank is the prime regulatory body for Non-Banking Financial Institutions (NBFI) in Bangladesh. Some requirements of Bangladesh Bank's rules and regulations contradict with the requirements of IASs and IFRSs. As such the company has departed from those contradictory requirements of IASs and IFRSs in order to comply with the rules and regulations of Bangladesh Bank, which are disclosed below:



#### **i) Complete set of financial statements**

##### **IAS 1 "Presentation of Financial Statements"**

As per IAS 1: "Presentation of Financial Statements" complete set of financial statements are:

- i) statement of financial position,
- ii) statement of profit or loss and other comprehensive income,
- iii) statement of changes in equity,
- iv) statement of cash flows,
- v) notes, comprising significant accounting policies and other explanatory information and
- vi) comparative information in respect of the preceding period

##### **Treatment adopted as per Bangladesh Bank**

As per DFIM Circular No. 11, dated 23 December 2009, complete set of financial statements are:

- i) balance sheet,
- ii) profit and loss account,
- iii) cash flows statement,
- iv) statement of changes in equity,
- v) statement of liquidity,
- vi) notes, comprising significant accounting policies and other explanatory information.

There is no financial impact for this departure in the financial statements.

#### **ii) Current/ Non-current distinction**

##### **IAS-1 "Presentation of Financial Statement"**

As per Para 60 of IAS-1 "Presentation of Financial statement" an entity shall present current and non-current assets and current and non-current liabilities as separate classification in its statement of financial position.

##### **Treatment adopted as per Bangladesh Bank**

As per DFIM Circular No. 11, dated 23 December 2009, Bangladesh Bank has issued templates for financial statements which is applicable for all the Financial Institutions. In the templates, there is no current and non-current segmentation of assets and liabilities.

There is no financial impact for this departure. However, the liquidity statement shows the current/ non-current portion of assets and liabilities in this regard.

#### **iii) Off-balance sheet items**

##### **IAS 1 "Presentation of Financial Statements"**

There is no concept of off-balance sheet items in IAS-1 ; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.

##### **Treatment adopted as per Bangladesh Bank**

As per DFIM Circular No. 11, dated 23 December 2009, off-balance sheet items (e.g. letter of credit, letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.

There is no financial impact for this departure in the financial statements.

#### **iv) Intangible asset**

##### **IAS 1 "Presentation of Financial Statements"**

As per IAS 1 "Presentation of Financial Statements" Para 54, the statement of financial position shall include separate line item for intangible assets.

#### **Treatment adopted as per Bangladesh Bank**

As per DFIM Circular No. 11, dated 23 December 2009, there is no option for separate line item for intangible asset in the balance sheet. We present intangible asset in the balance sheet as part of fixed assets and provide details in note-8 and annexure-A as separate line item.

There is no financial impact for this departure.

#### **v) Other comprehensive income**

##### **IAS 1 “Presentation of Financial Statements”**

As per IAS 1: “Presentation of Financial Statements” Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single OCI statement.

#### **Treatment adopted as per Bangladesh Bank**

Bangladesh Bank has issued templates for financial statements which will strictly be followed by financial institutions. The templates of financial statements issued by Bangladesh Bank neither include Other Comprehensive Income (OCI) nor are the elements of OCI allowed to be included in a single OCI statement. As such the financial institution does not prepare the Other Comprehensive Income statement. However, elements of OCI, if any, are shown in the statements of changes in equity.

There is no financial impact for this departure during the year.

#### **vi) Disclosure of presentation of profit**

##### **IAS/IFRS**

There is no requirement to show appropriation of profit in the face of statement of comprehensive income.

#### **Treatment adopted as per Bangladesh Bank**

As per DFIM circular no 11, dated 23 December 2009, an appropriation of profit should be disclosed in the face of profit and loss account.

This is a presentation issue and there is no financial impact.

#### **vii) Preparation of “Statement of Cash Flows”**

##### **IAS 7 “Statement of Cash Flows”**

The Cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

#### **Treatment adopted as per Bangladesh Bank**

Cash flow statement has been prepared in compliance with DFIM Circular No. 11, dated 23 December 2009 which is the mixture of direct and indirect method.

Presentation of statement of cash flows is not fully aligned with the requirement of IAS and there is no financial impact.

#### **viii) Presentation of cash and cash equivalents**

##### **IAS 7 “Statement of Cash Flows”**

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and only include those investments which are for a short tenure like: 3 months or less period. In the light of above, balance with Bangladesh Bank and fixed term deposits should be treated as investment asset rather than cash equivalents as it is illiquid asset and not available for use in day to day operations.

#### **Treatment adopted as per Bangladesh Bank**

Bangladesh Bank has issued templates for financial statements vide DFIM Circular No. 11, dated 23 December 2009 which will strictly be followed by all NBFIs. The templates of financial statements provided detail presentation for statement of cash flows.

Presentation of financial statements is not fully aligned with the requirement of IAS.

#### **ix) Measurement of deferred tax asset**

##### **IAS 12 “Income Tax”**

A deferred tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.

##### **Treatment adopted as per Bangladesh Bank**

As per DFIM circular No.7, dated 31 July 2011, no deferred tax asset can be recognized for any deductible temporary difference against loans and advances.

During the year net provision charged for loans and advances was Taka 196.27 million (note#12.1) and deferred tax asset of Taka 73.60 million was not recognized on this temporary difference.

#### **x) Presentation and disclosure of Financial Statements and Financial Instruments**

##### **IFRS 7 “Financial Instruments: Disclosure”**

##### **IFRS 9 “Financial Instruments”**

IFRS 7 and IFRS 9 require specific presentation and disclosure relating to all financial instruments.

##### **Treatment adopted as per Bangladesh Bank**

Bangladesh Bank has issued templates for financial statements vide DFIM Circular No. 11, dated 23 December 2009 which will strictly be followed by all NBFIs.

As per Bangladesh Bank guidelines, financial instruments are categorized, recognized and measured differently from those prescribed in IFRS 9. As such some disclosure and presentation requirements have not been made in the accounts.

Presentation of financial statements is not fully aligned with all the requirements of IAS.

#### **xi) Measurement of provision for loans and advances (financial assets measured at amortized cost)**

##### **IFRS 9 “Financial Instruments”**

As per IFRS 9 an entity shall recognize an impairment allowance on loans and advances based on expected credit loss. At each reporting date an entity shall assess whether there is any objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired. If any such evidence exists, expected credit loss are required to be measured through a loss allowance at an amount equal to (i) the 12 month Expected Credit Losses, ECL-Stage 1, (expected credit loss that result from those default events on the financial instrument that are possible within 12 months after the reporting period); or (ii) full lifetime expected credit losses, ECL-Stage-2, (expected credit losses that result from all possible default events over the life of the financial instrument).

##### **Treatment adopted as per Bangladesh Bank**

As per DFIM circular No. 04, dated 26 July 2021 (Master Circular: Loan/Lease Classification and Provisioning) and other related circulars of Bangladesh Bank a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained irrespective of objective evidence of impairment on loans and advances. Also provision for sub-standard investments, doubtful investments and bad losses has to be provided at 20%, 50% and 100% respectively for investments depending on the duration of overdue.

In the Financial Statements, provision amounting to Taka 226.29 million has been Charged for the year 2021. Among which Taka 18.03 million is charged as General Provision and Taka 208.25 million is charged as specific provision.

#### **xii) Recognition of interest income for SMA and classified loans and advances**

##### **IFRS 9 “Financial Instruments”**

Income from financial assets measured at amortized cost is recognized through effective interest rate method over the term of the investment. Once a financial asset is impaired, investment income is recognized in profit and loss account on the same basis based on revised carrying amount.

### **Treatment adopted as per Bangladesh Bank**

As per DFIM circular No. 04, dated 26 July 2021, once an investment on loans and advances is termed as “Special Mention Account (SMA)”, interest income from such investments are not allowed to be recognized as income, rather the respective amount needs to be credited as a liability account like: interest suspense account.

During the year interest suspense has increased to Taka 80.55 million from taka 57.66 million resulting in an increase of Taka 22.89 million.

### **xiii) Valuation of Investments in quoted and unquoted shares**

#### **IFRS 9 “Financial Instruments”**

IFRS 9 requires entities to measure all investments in equity instruments at fair value (as measured as per IFRS 13 “Fair Value Measurement”). Investment in shares falls either under at “fair value through profit/loss” or “fair value through other comprehensive income” where any change in the fair value in case of fair value through profit/loss at the year-end is taken to profit and loss, and any change in fair value in case of fair value through other comprehensive income is taken to other comprehensive income.

### **Treatment adopted as per Bangladesh Bank**

As per FID circular No. 08, dated 03 August 2002 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made as per Bangladesh Bank DFIM circular No. 02 dated January 31, 2012 for investments in marketable securities and as per Bangladesh Bank DFIM circular No. 05 dated May 11, 2015 for Mutual funds.

There is no financial impact during the year.

## **2.06 Use of estimates and judgments**

The preparation of financial statements require management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses, estimates. Assumptions also require for disclosure of contingent assets and contingent liabilities at the date of financial statements. Such estimates and assumptions are made on historical experience and other factors that are considered reasonable under the required circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The key item which involve these judgments, estimates and assumptions are discussed below:

### **Impairment losses on loans and advances**

In addition to the provision made for loans and advances based on the guideline of Bangladesh Bank, DBH reviews its loans and advances portfolio on monthly basis to assess whether any further allowances/ write back for impairment should be provided in the income statement. The judgment by the management is required in the estimation of these amounts and such estimations are based on assumption about a number of factors though actual results may differ, resulting in future changes to the provisions.

## **2.07 Materiality and aggregation**

Each material item considered by management as significant has been presented separately in financial statements. No amount has been set off unless the DBH has a legal right to set off the amounts and intends to settle on net basis. Income and expenses are presented on a net basis only when permitted by the relevant accounting standards.

## **2.08 Foreign currency transactions**

Transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing at the balance sheet date. Exchange differences are recognized in profit or loss in the period in which they arise.

## 2.09 Liquidity Statement

The liquidity statement of assets and liabilities as on the reporting date has been prepared on residual maturity term as per the following bases:-

- a) Balance with other banks and financial institutions, money at call on short notice , etc. are on the basis of their maturity term and past historical trend.
- b) Investments are on the basis of their respective maturity.
- c) Loans and advances are on the basis of their repayment schedule and past trend of early settlement.
- d) Fixed assets are on the basis of their useful lives.
- e) Other assets are on the basis of their realization / amortization.
- f) Borrowings from other banks, financial institutions and agents are as per their maturity/repayment term.
- g) Deposits and other accounts are on the basis of their maturity term and past trend of withdrawal by the depositors.
- h) Other liabilities are on the basis of their payment/ adjustment schedule.

## 2.10 Accounting for Leases (IFRS 16)

At inception of a contract, DBH assess whether a contract is or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess the right to control the use of an identified asset, DBH assess whether:

- i) The contract involves the use of an identified asset;
- ii) DBH has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use;
- iii) DBH has the right to direct the use of the asset. When DBH has the decision making rights that are most relevant to changing how and for what purpose the asset is used.

The policy is applied to all the lease agreements having lease term for 12 months or more as on 1st January 2019 and the contracts entered into, or changed on or after that date.

### As lessee

As lessee DBH recognizes the Right-of-use Asset and lease liability at the inception of lease contract. The right of use asset is initially measured at cost which comprise the initial amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is depreciated using the straight line methods from the commencement date to the earlier of the end of useful life or the end of lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted using the interest rate implicit in the lease or, if that rate could not be readily available, DBH's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest rate method. When lease liability is re-measured for any change of an index or rate, the corresponding adjustments are made.

### As lessor

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance lease or operating lease and account for those two types of lease differently.

## 2.11 Property, plant and equipments

### a. Recognition

In pursuant to IAS 16 "Property, Plant and Equipment" the cost of an item of property, plant and equipment is recognized as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

Fixed assets have been accounted for at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs of enhancement of an existing assets are recognized as a separate asset, only when it is probable that additional future economic benefits associated with the item will flow to the company and the cost of such items can be measured reliably. All other expenditures are charged to the Profit & Loss account during the financial period in which they are incurred.

#### b. Depreciation

Fixed assets are recorded at historical cost less accumulated depreciation as per IAS-16 "Property, Plant and Equipment". Depreciation is charged on straight line method using the following rates on all fixed assets:

| Category of assets              | Rates of depreciation per annum | Estimated useful life |
|---------------------------------|---------------------------------|-----------------------|
| Furniture & Fixtures            | 15% - 20%                       | 5- 6.67 years         |
| Equipment                       | 20% - 25%                       | 4 - 5 years           |
| Computer and computer equipment | 20% - 25%                       | 4 - 5 years           |
| Vehicles                        | 20%                             | 5 years               |
| Building                        | 3%                              | 33.33 years           |
| Intangible asset                | 20%                             | 5 years               |
| Right-of-use asset              | Based on lease term             | Lease term            |
| Land                            | Not depreciated                 | -                     |

Depreciation on newly acquired assets are calculated from the month of acquisition (full month) and no depreciation is charged for the month in which the assets are disposed off.

#### c. De-recognition

An item of property, plant and equipment is de-recognized on its disposal. Sale price of fixed assets are determined on the basis of fair value of the assets. Gain or loss on sale of assets are recognized in profit & loss account as per provision of IAS 16 "Property, Plant and Equipment". Such gain or loss is determined as the difference between sales proceeds and carrying amount of the asset.

### 2.12 Intangible assets

In accordance with IAS 38 "Intangible assets", intangible assets (computer software) are recorded at historical cost less accumulated amortization. Amortization is calculated on straight line method using the rate of 20% (estimated five years useful life).

### 2.13 Loans - secured

Repayment of mortgage loans is made by way of Equated Monthly Installments (EMI) consisting of principal and interest. There are two modes of interest calculation on loans i.e., monthly reducing or annual reducing method as per loan agreement between customer and DBH. Effective interest rate is same as the rate quoted in case of monthly reducing method but higher under annual reducing method. EMI commences once the entire loans are disbursed. Pending commencement of EMIs, pre-EMI interest is payable every month.

### 2.14 Investment in securities

Investments are initially recognized at cost including acquisition charges with the investments. After initial recognition, investments in marketable securities except DBH 1<sup>st</sup> Mutual Fund, Green Delta 1<sup>st</sup> Mutual Fund and NCC bank limited 1<sup>st</sup> mutual fund have been valued at cost or market price whichever is lower on an aggregate portfolio basis. Above mutual funds and Peninsula SBC Unit Fund-1 and Peninsula AMCL Unit Fund have been valued at 85 % of latest published NAV as on December 31, 2021 or cost price whichever is lower. Investment in non marketable securities have been valued at cost. Full provision for diminution in value of securities at the year end on aggregate portfolio basis excepts investment in mutual funds and unit funds are made in the financial statements as required by Bangladesh Bank DFIM circular No. 02 dated January 31, 2012. Provision for above mutual funds and unit funds at the year end is made as required by Bangladesh Bank DFIM circular No. 05 dated May 11, 2015.

### 2.15 Investment in Government Treasury Bond

As per IFRS 9, Financial assets are classified as either (i) amortized cost (ii) fair value through profit or loss (iii) fair value through other comprehensive income. In case of valuation of investment in Government Bonds, DBH followed amortized cost method, as it meets both the business model assessment and Contractual cash flow assessment.

### 2.16 Cash and cash equivalents

Cash and cash equivalents consist of cash, FDR, call investment and bank balances. For the purpose of statement of cash flow, cash and cash equivalents are prepared net off bank overdrafts.



## Cash Flow Statement

The cash flow statement is prepared in compliance with the DFIM circular No. 11, dated December 23, 2009 of Bangladesh Bank.

### 2.17 Revenue recognition

As per IFRS 15: "Revenue from Contracts with Customers", revenue is only recognized when it meets the following five steps model: (i) Identify the contract(s) with customer, (ii) Identify performance obligations in the contract, (iii) Determine the transaction price, (iv) Allocate the transaction price to the performance obligation in the contract and (v) Recognize the revenue when the entity satisfies a performance obligation.

#### Interest income

Interest income on loans and advances is recognized on accrual basis except interest of the loan accounts considered as non-performing. Interest income is suspended and full provision is made against the interest receivables on all non-performing loans when the installments are outstanding for more than six months or any other accounts which are considered doubtful of recovery on the basis of judgment of the management.

#### Fees and other charges on loans

Receipt of loan processing/servicing fees and other fees are recognized as income when the performance obligations are satisfied and the amount of the transaction price is allocated to the performance obligations.

#### Dividend income and profit/(loss) on sale of marketable securities

Dividend income is recognized on accrual basis when the right to receive income is established. Profit or loss arising from the sale of securities is accounted for only when shares are sold in the market and profit is realized and loss is incurred.

#### Interest suspense account

Interest on non-performing loans is not recognized as revenue and credited to interest suspense account. Non performing loans refer to the loans when the installments are outstanding for more than six months and any other accounts which are considered impaired on the basis of judgments of the management.

### 2.18 Employee's benefit obligation

#### i) Defined benefit plan (Gratuity scheme)

The Company has a funded gratuity scheme for all eligible employees who complete minimum 5 years of confirmed service with the Company. Required amount of gratuity is calculated on the basis of last basic pay depending on the length of service for every completed year as well as proportionate to the fraction period of service as of the respective financial year. This scheme is approved by the National Board of Revenue (NBR) and administered by an independent Board of Trustees. Actuarial valuation of the gratuity scheme was made in 2021 to assess the adequacy of the liability for the scheme as per International Accounting Standard - 19 "Employee Benefits".

Following benefits are payable on retirement, death or leaving service:

Less than 5 year of confirmed service - Nil

Confirmed service between 5 and 10 year - One month's last drawn basic pay for every completed year of service.

On completion of 10 years confirmed service and above - Two month's last drawn basic pay for every completed year of service.

Maximum benefits - 50 times basic pay

#### ii) Defined Contribution plan (Contributory provident fund)

The Company has a contributory provident fund for its regular employees. The fund is approved by the National Board of Revenue (NBR), administered separately by a Board of Trustees and is contributed equally by the Company and the employees.

## 2.19 Workers Profit Participation and Welfare Fund (WPPF)

Establishment of Workers' Profit Participation and Welfare Fund (WPPF) is a matter of Banking and Financial Institutions Sector as a whole. Ministry of Finance through its letters no. 53.00.0000.311.22.002.17-130 dated February 14, 2017 and no. 53.00.0000.311.22.002.17-140 dated February 25, 2018 expressed its opinion that Chapter 15 on "Participation in Company Profits by Workers" in the Bangladesh Labor Act 2006 and amendments made therein on July 22, 2013 should not be applicable for Banks and Financial Institutions and requested to the Ministry of Labor and Employment to take necessary steps in this regard as well as not to apply the said chapter of Labor Act 2006 for Banks and Financial Institutions. Therefore, like other Banks and Financial Institutions, DBH did not recognize the WPPF.

## 2.20 Taxation

### Current tax

Provision for income tax has been made at best estimate keeping in view the provisions of Income Tax Ordinance 1984 and amendments made thereto from time to time. Applicable rate of income tax for the company is 37.5%.

### Deferred tax

Pursuant to IAS - 12 "Income Taxes" deferred tax is provided using the asset & liability method for all temporary timing differences arising between the tax base of assets and liabilities and their carrying value for financial reporting purposes. Tax rate prevailing at the balance sheet date is used to determine deferred tax as the same rate is expected to be applicable at the time of settlement/adjustment of deferred tax asset or liability.

## 2.21 Provision for loans

In addition to the provision made for loans and advances based on the guidelines of Bangladesh Bank, the Company's policy is to make provision for the loans and advances to cover the principal amount in respect of non performing loans when installments are outstanding for more than six months and any other overdue accounts on the basis of management's assessment where there are possibilities of impairment in future. The Company has made adequate provision which is more than the minimum regulatory requirement.

## 2.22 Write off

Write off refers to recognition of the reduced or zero value of an asset. It also refers to an investment for which a return on the investment is now impossible or unlikely. Potential return along with such investment is thus cancelled and removed ("written off") from the company's balance sheet.

Recovery against debts written off is credited to revenue. Income is recognized where amounts are either recovered and/or adjusted against securities/properties or advances there against or are considered recoverable.

## 2.23 Interest expense

The Company has incurred interest and related expenses on account of term loan, deposit, overdraft and short term loan. In terms of provision of the International Accounting Standard (IAS) -1 "Presentation of Financial Statements" interest expenses are recognized on accrual basis.

## 2.24 Earnings per share

Earnings Per Share (EPS) has been calculated in accordance with International Accounting Standard - 33 "Earnings Per Share" and shown on the face of profit and loss account and computation shown in note 34.

## 2.25 Related party disclosures

As per International Accounting Standards (IAS) 24 "Related Party Disclosures", parties are considered to be related if one of the party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with its related parties. Related party disclosures have been given in note 40.

## 2.26 Events after the balance sheet date

As per IAS 10 "Events after the balance sheet date", all material events occurring after the balance sheet date have been considered and where necessary, adjusted for or disclosed in note 42.3.

## 2.27 Contingent liabilities and contingent assets

The Company does not recognize contingent liability and contingent assets but discloses the existence of contingent liability in the financial statements. A contingent liability is possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of uncertain future events not within the control of the company or present obligation that is not recognized because outflow of resources is not likely or obligation cannot be measured reliably.

## 2.28 Branch accounting

The Company has eleven offices (head office & eleven branches), with no overseas branch as on December 31, 2021. Accounts of the branches are maintained at the head office which are included in the accompanying financial statements.

## 2.29 General

- Figures appearing in these Financial Statements have been rounded off to the nearest Taka.
- Previous year's figures have been rearranged/restated/reclassified, where necessary, in order to conform to current period's presentation.

## 2.30 Status of compliance of International Accounting Standards and International Financial Reporting Standards

| <b>Name of the IAS</b>                                                    | <b>IAS No.</b>  | <b>Status</b> |
|---------------------------------------------------------------------------|-----------------|---------------|
| Presentation of Financial Statements                                      | 1               | **            |
| Inventories                                                               | 2               | N/A           |
| Statement of Cash Flows                                                   | 7               | **            |
| Accounting Policies, Changes in Accounting Estimates and Errors           | 8               | Applied       |
| Events after the Reporting Period                                         | 10              | Applied       |
| Income Taxes                                                              | 12              | Applied       |
| Property, Plant and Equipment                                             | 16              | Applied       |
| Employee Benefits                                                         | 19              | Applied       |
| Accounting for Government Grants and Disclosure of Governments Assistance | 20              | N/A           |
| The Effect of Changes in Foreign Exchange Rates                           | 21              | Applied       |
| Borrowing Costs                                                           | 23              | N/A           |
| Related Party Disclosures                                                 | 24              | Applied       |
| Accounting and Reporting by Retirement Benefits Plans                     | 26              | N/A           |
| Separate Financial Statements                                             | 27              | N/A           |
| Investment in Associates and Joint Ventures                               | 28              | N/A           |
| Financial Reporting in Hyperinflationary Economics                        | 29              | N/A           |
| Financial Instruments: Presentation                                       | 32              | **            |
| Earnings per Share                                                        | 33              | Applied       |
| Interim Financial Reporting                                               | 34              | Applied       |
| Impairment of Assets                                                      | 36              | Applied       |
| Provisions, Contingent Liabilities and Contingent Assets                  | 37              | Applied       |
| Intangible Assets                                                         | 38              | Applied       |
| Investment Property                                                       | 40              | N/A           |
| Agriculture                                                               | 41              | N/A           |
| <b>Name of the IFRS</b>                                                   | <b>IFRS No.</b> | <b>Status</b> |
| First-time adoption of International financial Reporting Standards        | 1               | N/A           |
| Share-based Payment                                                       | 2               | N/A           |
| Business Combinations                                                     | 3               | N/A           |
| Insurance Contracts                                                       | 4               | N/A           |
| Non-currents Assets held for sale and discontinued operations             | 5               | N/A           |
| Exploration for and Evaluation of Mineral Resources                       | 6               | N/A           |
| Financial Instruments : Disclosures                                       | 7               | **            |
| Operating Segments                                                        | 8               | N/A           |
| Financial Instruments                                                     | 9               | **            |
| Consolidated Financial Statements                                         | 10              | N/A           |
| Joint Arrangements                                                        | 11              | N/A           |
| Disclosure of Interests in other Entities                                 | 12              | N/A           |
| Fair Value Measurement                                                    | 13              | Applied       |
| Regulatory Deferral Accounts                                              | 14              | N/A           |
| Revenue from Contracts with Customers                                     | 15              | Applied       |
| Leases                                                                    | 16              | Applied       |

\*\* DBH management has followed the principles of IAS & IFRS consistently in the preparation of the financial statements to that extent as applicable to the financial institution. Some of the standards have not been complied with, about which Bangladesh Bank has special guideline.

N/A = Not applicable

## 2.31 Financial risk management

The Company always concentrates on delivering high value to its stakeholders through appropriate trade-off between risk and return. A well structured and proactive risk management system comprising risk management forum supported by risk management unit is in place within the Company to address risks relating to credit, market, liquidity and operations. In addition to the industry best practices for assessing, identifying and measuring risks, the Company also considers guidelines for managing core risks of financial institutions issued by the Country's Central Bank, Bangladesh Bank, vide FID Circular No. 10 dated September 18, 2005 for management of risks and DFIM Circular No. 03 dated 24 January 2016.

### Credit risk

To encounter and mitigate credit risk, the company employed multilayer approval process, policy for customers maximum asset exposure limit, mandatory search for credit report from Credit Information Bureau, looking into payment performance of customer before financing, annual review of clients, adequate insurance coverage for funded assets, vigorous monitoring and follow up by special assets management team, strong follow up of compliance of credit policies by internal audit department, taking collateral, seeking external legal opinion, maintaining neutrality in politics and following arm's length approach in related party transactions, regular review of market situation and industry exposure etc.

### Market risk

The Asset Liability Committee (ALCO) of the Company regularly meets to assess the changes in interest rate, market conditions, carry out asset liability maturity gap analysis, re-pricing of products and thereby takes effective measures to monitor and control interest rate risk. To encounter market risk we are negotiating for facilities that match the maturity structure with ideal interest rate, maintaining a balanced diversification in investments and maintaining prudent provisioning policies. The Company has also strong access to money market and credit lines at a competitive rate through good reputation, strong earnings, financial strength and credit rating.

### Liquidity Risk

Liquidity risk arises when a company is unable to meet the short term obligation to its lenders and stakeholders. This arises from the adverse mismatch of maturities of assets and liabilities. Liquidity requirements are managed on a day to day basis by the Treasury Division which is responsible for ensuring that sufficient funds are available to meet short term obligations, even in a crisis scenario and for maintaining a diversity of funding sources. Treasury Division maintains liquidity based on historical requirements, anticipated funding requirements from operations, current liquidity positions, collections from financing, available sources of funds and risks and returns.

### Operational Risk

Operational risk is the potential loss arising from a breakdown in company's systems and procedures, internal control, compliance requirements or corporate governance practices that results in human error, fraud, failure, damage of reputations, delay to perform or compromise of the company's interests by employees. Appropriate internal control measures are in place, at the Company, to address operational risks. The Company has also established an internal control & compliance department (ICCD) to address operational risk and to frame and implement policies to encounter such risks. This department assesses operational risk across the Company as a whole and ensures that an appropriate framework exists to identify, assess and manage operational risk.

### Money Laundering and Terrorist Financing Risk

In DBH, money laundering and terrorist financing risk takes two broad dimensions:

- i) Business risk i.e. the risk that DBH may be used for money laundering or terrorism financing &
- ii) Regulatory risk i.e. the risk that DBH fails to meet regulatory obligations under the Money Laundering Prevention Act 2012 and Anti-Terrorism Act 2009 (amended in 2013).

DBH has been adhering to various guidelines and circulars issued by the Bangladesh Financial Intelligence Unit (BFIU) and put in place a strict compliance program consisting of the following components to mitigate above risk:

- a) Development and implementation of internal policies, procedures and controls to identify and report instances of money laundering and terrorist financing;
- b) Creation of structure and sub-structure within the organisation, headed by a Central Compliance Unit (CCU), for AML and CFT compliance;
- c) Appointment of an AML/CFT Compliance Officer, known as the Chief Anti Money Laundering Officer (CAMLCO), to lead the CCU;

- d) Independent testing procedures carried out by internal audit function to ensure effectiveness of AML/CFT program.
- e) Ongoing employee training programs.

#### **Additional risks required to be addressed under new regulatory requirements**

The Integrated Risk Management Guidelines for Financial Institutions which was issued by DFIM through Circular No. 03 dated 24 January 2016 explains a number of following additional risks that financial institutions are now required to address to cover all the major aspects of risks which may arise at any point of time.

#### **Strategic Risk**

Strategic risk means the current or prospective risk to earnings and capital arising from imperfection in business strategy formulation, inefficiencies in implementing business strategy, less adaptability with the changes in the business environment and adverse business decisions. Strategic risk induces operational loss that consequentially hampers the capital base. Major roles of the board of the directors, senior management and business units in managing strategic risks, steps to be followed in the strategic risk management process and also measures for strategic risk control are explained in the guidelines.

Since its inception, DBH has been managing strategic risks which are evident from the dynamic business model of the company over the years. Major organizational units are assigned to address the major strategic risks aspects with a view to minimize the negative impact of those risks.

#### **Compliance Risk**

Compliance risk is the risk of legal sanctions, material financial loss or loss to reputation the FI may suffer as a result of its failure to comply with laws, its own regulations, code of conduct, and standards of best/good practice. Compliance risk is sometimes also referred to as integrity risk because a FI's reputation is closely connected with its adherence to principles of integrity and fair dealing.

The guidelines set out the respective roles of the board, senior management and compliance function units in managing compliance risks and the FI's board of directors is responsible for overseeing the management of the FI's compliance risk. The board should establish a compliance function and approve the FI's policies and processes. The Board discharges its responsibilities itself and through delegation of authorities to Executive Committee, Audit Committee and Risk Management Committee of the Board. The Compliance department of DBH is responsible for assessing compliance risk in relation to institutional matters such as governance, best practices and corporate social responsibility.

The objective is to identify any compliance risks at an early stage that may undermine the integrity and the success of DBH and to mitigate the risks in most appropriate way.

#### **Reputation Risk**

Reputational risk is defined as the risk of losses, falling business volume or income as well as reduced value of the company arising from business events that may reduce the confidence of the customers & clients, shareholders, investors, counterparties, business partners, credit rating agencies, regulators and general public on DBH.

The guidelines explain the roles of the Board and senior management in managing reputation risk. The management ensures that DBH is aware of any changes in market perceptions as soon as possible. Accordingly, all business policies and transactions are subjected to careful consideration. DBH takes necessary precautions to avoid business policies and transactions that may result in significant tax, legal or environmental risks. Reputational risk is also factored into major credit decisions that may lead to credit proposal being declined.

#### **Environmental and Social Risk**

Environmental risk is a facilitating element of credit risk arising from environmental issues. DBH uses Environmental Risk Rating (EnvRR) while financing to new projects. Company is making its credit appraisal process to be much more stringent from an Environment and Social (E&S) perspective – evaluating all the environmental and social factors such as project impacts on the environment and the community in the long run, prior to approving a loan.

### **2.32 Implementation of BASEL-II**

To comply with international best practices to make the FI's capital more risk sensitive as well as to make the FI industry more shock absorbent and stable, Bangladesh Bank provided regulatory capital framework "Risk Based Capital Adequacy for FI's" with effect from 01 January 2012.

DBH management is aware about guideline of Bangladesh Bank and implemented Capital Adequacy requirement according to BASEL-II. BASEL-II implementation committee is headed by Managing Director & CEO.

|                                                            | 31 December 2021<br>Taka | 31 December 2020<br>Taka |
|------------------------------------------------------------|--------------------------|--------------------------|
| <b>3 Cash</b>                                              |                          |                          |
| <b>3.1 Cash in hand</b>                                    |                          |                          |
| Local Currency                                             | 101,102                  | 132,671                  |
| Foreign Currency                                           | -                        | -                        |
|                                                            | <b>101,102</b>           | <b>132,671</b>           |
| <b>3.2 Balance with Bangladesh Bank and its agent bank</b> |                          |                          |
| Bangladesh Bank:                                           |                          |                          |
| Local Currency                                             | 557,718,669              | 574,879,700              |
| Foreign Currency                                           | 186,612                  | 184,219                  |
|                                                            | 557,905,281              | 575,063,919              |
| Balance with Sonali Bank being an agent of Bangladesh Bank | 60,589                   | 44,331                   |
|                                                            | <b>557,965,870</b>       | <b>575,108,250</b>       |

### 3.3 Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR)

Cash Reserve Requirement and Statutory Liquidity Reserve have been calculated and maintained in accordance with Financial Institution Act - 1993 and Financial Institution Rules - 1994 and DFIM circular no. 03 dated June 21, 2020.

Cash Reserve Requirement (CRR) has been calculated at the rate of 1.5% on 'Total Term Deposits' which is preserved in current account maintained with Bangladesh Bank. 'Total Term Deposits' means Term or Fixed Deposit, Security Deposit against Lease/Loan and other Term Deposits, received from individuals and institutions (except Banks & Financial Institutions).

Statutory Liquidity Reserve (SLR) has been calculated at the rate of 5.0% on Total Liabilities, including CRR of 1.5% on Total Term Deposit. SLR is maintained in liquid assets in the form of cash in hand (notes & coin in BDT), Balance with Bangladesh Bank and other Banks and Financial Institutions, unencumbered treasury bills & bonds & any other assets approved in Government Gazette or by Bangladesh Bank.

#### 3.3.1 Cash Reserve Requirement (CRR)

|                                   |                   |                   |
|-----------------------------------|-------------------|-------------------|
| Required reserve                  | 529,409,292       | 561,785,190       |
| Actual average reserve maintained | 548,433,458       | 584,159,796       |
| Surplus/(deficit)                 | <b>19,024,166</b> | <b>22,374,607</b> |

#### 3.3.2 Statutory Liquidity Reserve (SLR)

|                                                       |                       |                       |
|-------------------------------------------------------|-----------------------|-----------------------|
| Required reserve (including CRR)                      | 1,844,250,534         | 1,957,572,151         |
| Actual reserve maintained (including CRR note -3.3.1) | 13,584,780,502        | 14,732,598,228        |
| Surplus/(deficit)                                     | <b>11,740,529,968</b> | <b>12,775,026,077</b> |

### 4 Balance with other banks and financial institutions

|                          |                       |                       |
|--------------------------|-----------------------|-----------------------|
| In Bangladesh (Note 4.1) | 14,725,958,032        | 14,338,776,038        |
| Outside Bangladesh       | -                     | -                     |
|                          | <b>14,725,958,032</b> | <b>14,338,776,038</b> |

#### 4.1 In Bangladesh

|                     |                       |                       |
|---------------------|-----------------------|-----------------------|
| Current deposits    | 14,760,292            | 51,625,498            |
| Short-term deposits | 5,482,075,239         | 4,440,925,040         |
| Fixed deposits      | 9,229,122,501         | 9,846,225,500         |
|                     | <b>14,725,958,032</b> | <b>14,338,776,038</b> |



|                             |                                                                                 | 31 December 2021<br>Taka | 31 December 2020<br>Taka |
|-----------------------------|---------------------------------------------------------------------------------|--------------------------|--------------------------|
| <b>4.2</b>                  | <b>Maturity grouping of balance with other banks and financial institutions</b> |                          |                          |
|                             | Payable on demand                                                               | 2,748,387,471            | 2,246,253,103            |
|                             | Up to 1 month                                                                   | 2,522,819,531            | 4,826,789,251            |
|                             | Over 1 month but not more than 3 months                                         | 7,227,480,992            | 4,210,485,559            |
|                             | Over 3 months but not more than 6 months                                        | 1,705,946,875            | 3,055,248,125            |
|                             | Over 6 months but not more than 1 year                                          | 521,323,163              | -                        |
|                             | Over 1 year but not more than 5 years                                           | -                        | -                        |
|                             | Over 5 years                                                                    | -                        | -                        |
|                             |                                                                                 | <b>14,725,958,032</b>    | <b>14,338,776,038</b>    |
| <b>5</b>                    | <b>Money at call on short notice</b>                                            | -                        | -                        |
| <b>6</b>                    | <b>Investments</b>                                                              |                          |                          |
|                             | Government securities:                                                          | 8,241,093                | 1,040,323                |
|                             | Other investments:                                                              |                          |                          |
|                             | Non marketable securities (Note-6.1)                                            | 64,499,500               | 54,499,500               |
|                             | Preference Share                                                                | 6,000,000                | 43,000,000               |
|                             | Marketable securities (Note-6.2)                                                | 599,477,592              | 390,484,405              |
|                             |                                                                                 | <b>669,977,092</b>       | <b>487,983,905</b>       |
|                             |                                                                                 | <b>678,218,185</b>       | <b>489,024,228</b>       |
| <b>6.1</b>                  | <b>Investment in non marketable securities</b>                                  |                          |                          |
|                             | <b>No. of shares</b>                                                            |                          |                          |
|                             | Bangladesh Rating Agencies Ltd.                                                 | 24,995                   | 2,499,500                |
|                             | Peninsula SBC Unit Fund-1                                                       | 4,000,000                | 40,000,000               |
|                             | Peninsula AMCL BDBL Unit Fund-1                                                 | 250,000                  | 2,500,000                |
|                             | Energyprima Ltd. ( Pre-IPO shares)                                              | 100,000                  | 9,500,000                |
|                             | Vanguard AML                                                                    | 761,614                  | 10,000,000               |
|                             |                                                                                 | <b>64,499,500</b>        | <b>54,499,500</b>        |
| <b>6.2</b>                  | <b>Investment in marketable securities</b>                                      |                          |                          |
| <b>Sectors</b>              | <b>Market price<br/>2021</b>                                                    | <b>Cost<br/>price</b>    | <b>Cost<br/>price</b>    |
| Bank                        | 50,235,484                                                                      | 52,892,706               | 26,928,430               |
| Cement                      | 8,045,400                                                                       | 8,926,251                | 10,492,093               |
| Ceramics Sector             | 7,100,000                                                                       | 8,757,240                | -                        |
| Engineering                 | 17,587,114                                                                      | 21,545,561               | 6,200,720                |
| Financial Institutions      | 6,365,750                                                                       | 7,468,775                | 5,967,883                |
| Food & Allied               | 52,680,537                                                                      | 51,895,382               | 18,122,127               |
| Fuel & Power                | 3,929,717                                                                       | 4,382,284                | 16,800,939               |
| Insurance                   | 24,045,405                                                                      | 28,214,198               | 2,073,533                |
| IT Sector                   | 11,644,719                                                                      | 14,821,810               | -                        |
| Miscellaneous               | 2,349,260                                                                       | 2,360,244                | 3,198,543                |
| Mutual Funds                | 156,270,000                                                                     | 210,623,841              | 209,742,081              |
| Pharmaceuticals & Chemicals | 129,257,454                                                                     | 130,414,042              | 49,771,432               |
| Telecommunication           | 43,693,657                                                                      | 45,748,523               | 33,915,096               |
| Textile                     | 12,761,796                                                                      | 11,426,736               | 7,253,765                |
| Travel & Leisure            | -                                                                               | -                        | 17,764                   |
|                             | <b>525,966,292</b>                                                              | <b>599,477,592</b>       | <b>390,484,406</b>       |

All investment in marketable securities are valued on an aggregate portfolio basis except Mutual Funds. Mutual Funds have been valued at 85% of latest published NAV available as on December 31, 2021. As on December 31, 2021 there was Tk. 27,126,540 provision on investment in marketable listed securities and Tk. 12,909,149 for non marketable securities (Bangladesh Rating Agencies Ltd., Vanguard AML Growth Fund and Preference Share of Union Capital Ltd). Market value has been determined on the basis of the value of securities at last trading date of December 2021 (last trading date was December 30, 2021).

|                                                                        | 31 December 2021<br>Taka | 31 December 2020<br>Taka |
|------------------------------------------------------------------------|--------------------------|--------------------------|
| <b>6.3 Maturity grouping of investments:</b>                           |                          |                          |
| On demand*                                                             | 579,477,592              | 370,484,405              |
| Up to 1 month                                                          | 58,500,000               | 50,500,000               |
| Over 1 month but not more than 3 months                                | -                        | -                        |
| Over 3 months but not more than 6 months                               | -                        | 35,000,000               |
| Over 6 months but not more than 1 year                                 | 9,500,000                | 10,540,323               |
| Over 1 year but not more than 5 years                                  | -                        | -                        |
| Over 5 years                                                           | 30,740,593               | 22,499,500               |
|                                                                        | <b>678,218,185</b>       | <b>489,024,228</b>       |
| *Excluding BDT 20,000,000 investment in DBH Mutual Fund.               |                          |                          |
| <b>7 Loans and advances</b>                                            |                          |                          |
| <b>Inside Bangladesh</b>                                               |                          |                          |
| Housing Loan                                                           | 40,742,590,117           | 39,883,538,309           |
| Installment Receivable                                                 | 218,550,204              | 115,531,310              |
| Staff loan                                                             | 136,682,488              | 145,036,577              |
| Loan against Deposits                                                  | 128,526,734              | 85,335,671               |
| Term Loan                                                              | 2,604,156,101            | 2,520,939,607            |
|                                                                        | <b>43,830,505,644</b>    | <b>42,750,381,474</b>    |
| <b>Outside Bangladesh</b>                                              | -                        | -                        |
|                                                                        | <b>43,830,505,644</b>    | <b>42,750,381,474</b>    |
| <b>7.1 Maturity grouping of loans and advances</b>                     |                          |                          |
| Repayable on demand                                                    | 218,550,204              | 115,531,310              |
| Not more than 3 months                                                 | 2,331,864,728            | 1,864,833,474            |
| Over 3 months but not more than 1 year                                 | 6,383,874,123            | 5,036,624,883            |
| Over 1 year but not more than 5 years                                  | 21,973,669,664           | 19,033,095,406           |
| Over 5 years                                                           | 12,922,546,925           | 16,700,296,401           |
|                                                                        | <b>43,830,505,644</b>    | <b>42,750,381,474</b>    |
| <b>7.2</b>                                                             |                          |                          |
| a) Loans and advances to institutions in which directors have interest | -                        | -                        |
| b) Loans and advances to chief executive                               | -                        | -                        |
| c) Loans and advances to senior executives                             | 22,860,716               | 26,804,730               |
| d) Loans and advances to customer group:                               |                          |                          |
| i) Housing loan - customer                                             | 40,961,140,321           | 39,999,069,619           |
| ii) Staff loan-housing & others                                        | 113,821,772              | 118,231,847              |
| iii) Loan to depositors                                                | 128,526,734              | 85,335,671               |
| iv) Term Loan                                                          | 2,604,156,101            | 2,520,939,607            |
|                                                                        | <b>43,830,505,644</b>    | <b>42,750,381,474</b>    |
| e) Details of loan and advances industry-wise                          |                          |                          |
| i) Housing Finance/ Real Estate                                        | 40,961,140,321           | 39,999,069,619           |
| ii) Consumer Finance                                                   | 2,869,365,323            | 2,751,311,855            |
|                                                                        | <b>43,830,505,644</b>    | <b>42,750,381,474</b>    |
| <b>7.3 Loans and advances - geographical location-wise</b>             |                          |                          |
| <b>Inside Bangladesh:</b>                                              |                          |                          |
| Urban                                                                  |                          |                          |
| Dhaka                                                                  | 38,888,314,025           | 38,558,608,590           |
| Chattogram                                                             | 2,217,153,504            | 2,262,137,273            |
| Sylhet                                                                 | 204,999,175              | 229,630,940              |
| Cumilla                                                                | 486,920,562              | 344,790,225              |
| Gazipur                                                                | 1,693,093,594            | 1,254,989,249            |
| Narayangonj                                                            | 332,531,045              | 100,225,197              |
| Khulna                                                                 | 7,493,739                | -                        |
|                                                                        | <b>43,830,505,644</b>    | <b>42,750,381,474</b>    |
| <b>Outside Bangladesh:</b>                                             | -                        | -                        |
|                                                                        | <b>43,830,505,644</b>    | <b>42,750,381,474</b>    |

|                                                                                                                                                                                                                                                                                   | 31 December 2021<br>Taka | 31 December 2020<br>Taka |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| <b>7.4 Details of large loans and advances</b>                                                                                                                                                                                                                                    |                          |                          |
| There were no clients with outstanding amount and classified loans/advances exceeding 15% of total capital of the institution.                                                                                                                                                    |                          |                          |
| <b>7.5 Particulars of Loans and advances</b>                                                                                                                                                                                                                                      |                          |                          |
| i) Loans and advances considered good in respect of which the financial institution is fully secured.                                                                                                                                                                             | 43,767,623,400           | 42,731,896,791           |
| ii) Loans and advances considered good against which the financial institution holds no security other than the debtors personal security.                                                                                                                                        | 5,635,861                | 11,153,139               |
| iii) Loan and advances considered good and secured by the personal security of one or more parties in addition to personal guarantee of debtors.                                                                                                                                  | 57,246,383               | 7,331,544                |
| iv) Loan and advances adversely classified: for which no provision is created.                                                                                                                                                                                                    | -                        | -                        |
|                                                                                                                                                                                                                                                                                   | <b>43,830,505,644</b>    | <b>42,750,381,474</b>    |
| v) Loans and advances due by directors and officers of the financial institution or any of them either separately or jointly with any other persons.                                                                                                                              | 136,682,488              | 145,036,577              |
| vi) Loans and advances due by companies or firms in which the directors of the financial institution have interest as directors, partners or managing agents or in case of private companies, as members.                                                                         | -                        | -                        |
| vii) Maximum total amount of advances including temporary advances made at any time during the period to director, managers or officers of the financial institution or any of them either separately or jointly with any other person.                                           | 140,396,911              | 145,434,286              |
| viii) Maximum total amount of advances, including temporary advances, granted during the period to companies or firms in which the directors of the financial institution have interest as directors, partners or managing agents or in the case of private companies as members. | -                        | -                        |
| ix) Due from other bank and financial institutions                                                                                                                                                                                                                                | -                        | -                        |
| x) Information in respect of classified loans and advances                                                                                                                                                                                                                        |                          |                          |
| a) Classified loans for which interest/ profit not credited to income                                                                                                                                                                                                             |                          |                          |
| i) Increase/(decrease) of provision (specific)                                                                                                                                                                                                                                    | 208,253,557              | 169,724,294              |
| ii) Amount of written off debt against fully provided debts                                                                                                                                                                                                                       | -                        | -                        |
| iii) Amount of debt recovered against the debt which was previously written off                                                                                                                                                                                                   | -                        | -                        |
| b) Amount of provision kept against loan classified as bad/loss at balance sheet date                                                                                                                                                                                             | 251,490,708              | 144,172,308              |
| c) Amount of interest creditable to interest suspense account                                                                                                                                                                                                                     | 80,549,336               | 57,660,952               |
| xi) Cumulative amount of written off loans and advances                                                                                                                                                                                                                           |                          |                          |
| Opening Balance                                                                                                                                                                                                                                                                   | 8,820,658                | 8,820,658                |
| Amount written off during the year                                                                                                                                                                                                                                                | -                        | -                        |
| Amount recovered against loans and advances previously written off                                                                                                                                                                                                                | -                        | -                        |
| Balance of written off loans and advances yet to be recovered                                                                                                                                                                                                                     | 8,820,658                | 8,820,658                |
| The amount of written off loans, advances and leases for which law suits have been filed.                                                                                                                                                                                         | 9,425,086                | 9,425,086                |
| <b>7.6 Classification of loans and advances</b>                                                                                                                                                                                                                                   |                          |                          |
| <b>Unclassified:</b>                                                                                                                                                                                                                                                              |                          |                          |
| Standard (including Staff Loan, Loan against Deposits and Others)                                                                                                                                                                                                                 | 43,300,860,396           | 42,521,233,745           |
| Special mention account (SMA)                                                                                                                                                                                                                                                     | 253,125,075              | 55,054,821               |
|                                                                                                                                                                                                                                                                                   | <b>43,553,985,471</b>    | <b>42,576,288,566</b>    |
| <b>Classified:</b>                                                                                                                                                                                                                                                                |                          |                          |
| Sub-standard                                                                                                                                                                                                                                                                      | 13,025,535               | 9,087,809                |
| Doubtful                                                                                                                                                                                                                                                                          | 12,003,930               | 20,832,791               |
| Bad/loss                                                                                                                                                                                                                                                                          | 251,490,708              | 144,172,308              |
|                                                                                                                                                                                                                                                                                   | <b>276,520,173</b>       | <b>174,092,908</b>       |
|                                                                                                                                                                                                                                                                                   | <b>43,830,505,644</b>    | <b>42,750,381,474</b>    |

### 7.7 Calculation of provision for loans and advances as per Loan Classification Report as on December 31, 2021.

| Nature                                        | Base for provision | Rate (%) | Provision required |
|-----------------------------------------------|--------------------|----------|--------------------|
| Standard                                      | 42,936,748,500     | 1        | 429,367,485        |
| Standard (Loans to Assets Management Company) | 98,902,674         | 2        | 1,978,053          |
| Special mentioned account                     | 231,334,927        | 5        | 11,566,746         |
| Sub-standard                                  | 1,953,830          | 20       | 390,766            |
| Doubtful                                      | 1,800,590          | 50       | 900,295            |
| Bad/loss                                      | 44,938,660         | 100      | 44,938,660         |
| Staff loan - standard                         | 136,682,488        | 1        | 1,366,825          |
| Loan against deposit - standard               | 128,526,734        | 1        | 1,285,267          |

**31 December 2021  
Taka**

**31 December 2020  
Taka**

### 8 Fixed assets including land, building, furniture, equipment and right-of-use asset:

#### Cost

|                           |                    |                    |
|---------------------------|--------------------|--------------------|
| Balance as of 01 January  | 516,305,586        | 460,417,071        |
| Addition during the year  | 20,107,089         | 60,144,628         |
|                           | <b>536,412,675</b> | <b>520,561,699</b> |
| Disposal/Adjustments      | (5,183,806)        | (4,256,113)        |
| Balance as of 31 December | <b>531,228,869</b> | <b>516,305,586</b> |

#### Depreciation

|                           |                    |                    |
|---------------------------|--------------------|--------------------|
| Balance as of 01 January  | 226,424,638        | 180,712,804        |
| Addition during the year  | 47,830,946         | 49,754,040         |
|                           | <b>274,255,584</b> | <b>230,466,844</b> |
| Disposal/Adjustments      | (5,607,773)        | (4,042,206)        |
| Balance as of 31 December | <b>268,647,811</b> | <b>226,424,638</b> |

#### Written down value

|  |                    |                    |
|--|--------------------|--------------------|
|  | <b>262,581,058</b> | <b>289,880,948</b> |
|--|--------------------|--------------------|

Details are shown in annexure A.

### 9 Other assets

|                                               |                    |                    |
|-----------------------------------------------|--------------------|--------------------|
| Accounts receivable (Note-9.1)                | 178,902,729        | 140,576,576        |
| Advances, deposits and prepayments (Note-9.2) | 30,971,855         | 20,444,817         |
| Stamps and pay order in hand                  | 3,642,395          | 2,690,865          |
| Deferred tax assets (Note-9.3)                | 9,766,013          | -                  |
|                                               | <b>223,282,992</b> | <b>163,712,258</b> |

#### 9.1 Account receivables

|                     |                    |                    |
|---------------------|--------------------|--------------------|
| Interest receivable | 91,543,925         | 120,571,774        |
| Dividend receivable | 7,021,419          | 7,025,445          |
| Sundry receivable   | 80,337,385         | 12,979,357         |
|                     | <b>178,902,729</b> | <b>140,576,576</b> |

Sundry receivable includes receivable from Green delta Securities, BRAC EPL Brokerage, DLIC Securities, Lanka Bangla securities, City Bank Capital Resources, Forfeited DBH Staff Provident Fund, etc.

#### 9.2 Advances, deposits and prepayments

|                      |                   |                   |
|----------------------|-------------------|-------------------|
| Advance to employees | 920,260           | 133,000           |
| Advance to suppliers | 24,154,154        | 15,627,800        |
| Security deposits    | 3,670,000         | 3,670,000         |
| Prepaid expenses     | 2,227,441         | 1,014,017         |
|                      | <b>30,971,855</b> | <b>20,444,817</b> |

|                                                                         | 31 December 2021<br>Taka | 31 December 2020<br>Taka |
|-------------------------------------------------------------------------|--------------------------|--------------------------|
| <b>9.3 Deferred tax assets</b>                                          |                          |                          |
| Opening balance                                                         | -                        | 185,807                  |
| Addition /(Release) during the year (Note-9.3 a)                        | 9,766,013                | (185,807)                |
|                                                                         | <b>9,766,013</b>         | -                        |
| <b>9.3 a Calculation of deferred tax assets</b>                         |                          |                          |
| Carrying amount of Fixed Assets (excluding land)                        | 204,288,057              | -                        |
| Tax base value of Fixed Assets                                          | 230,330,757              | -                        |
| Deductible temporary difference                                         | 26,042,700               | -                        |
| Applicable tax rate                                                     | 37.50%                   | 37.50%                   |
| i) Deferred tax assets on fixed assets                                  | 9,766,013                | -                        |
| Carrying amount-Loss on sale of securities                              | -                        | -                        |
| Tax base                                                                | -                        | -                        |
| Deductible temporary difference                                         | -                        | -                        |
| Applicable tax rate                                                     | 10%                      | 10%                      |
| ii) Deferred tax assets on loss on sale of securities                   | -                        | -                        |
| Total deferred tax assets ( i+ ii)                                      | 9,766,013                | -                        |
| Deferred tax assets at the beginning of the year                        | -                        | 185,807                  |
| Deferred tax income                                                     | <b>9,766,013</b>         | <b>(185,807)</b>         |
| <b>10 Borrowing from other banks, financial institutions and agents</b> |                          |                          |
| Inside Bangladesh (Note 10.1)                                           | 6,175,673,065            | 5,571,061,010            |
| Outside Bangladesh                                                      | -                        | -                        |
|                                                                         | <b>6,175,673,065</b>     | <b>5,571,061,010</b>     |
| <b>10.1 Inside Bangladesh</b>                                           |                          |                          |
| <b>a Secured Short-term &amp; long-term loans:</b>                      |                          |                          |
| Eastern Bank Limited                                                    | 800,000,000              | -                        |
| Standard Chartered Bank                                                 | 1,300,000,000            | 250,000,000              |
| Citi Bank, NA                                                           | 290,000,000              | 290,000,000              |
| Dhaka Bank Limited                                                      | 500,000,000              | -                        |
| Commercial Bank of Ceylon PLC.                                          | -                        | 750,000,000              |
|                                                                         | <b>2,890,000,000</b>     | <b>1,290,000,000</b>     |
| <b>b Unsecured long-term loan:</b>                                      |                          |                          |
| Bangladesh Bank (Housing refinance)                                     | 1,470,263,573            | 1,708,865,014            |
|                                                                         | <b>1,470,263,573</b>     | <b>1,708,865,014</b>     |
| <b>c Bank overdraft:</b>                                                |                          |                          |
| Commercial Bank of Ceylon PLC                                           | 1,373,084                | 245,418                  |
| Woori Bank                                                              | 146,642,878              | 111,131,186              |
| Pubali Bank Limited                                                     | 8,243,694                | 150,450,201              |
| Standard Chartered Bank                                                 | 6,115,816                | 20,369,191               |
| IFIC Bank Limited                                                       | 38                       | -                        |
|                                                                         | <b>162,375,510</b>       | <b>282,195,996</b>       |
| <b>d Call loans:</b>                                                    |                          |                          |
| Agrani Bank Ltd.                                                        | -                        | 700,000,000              |
| Uttara Bank Ltd.                                                        | -                        | 200,000,000              |
| The Trust Bank Ltd.                                                     | -                        | 290,000,000              |
| Mutual Trust Bank Ltd.                                                  | -                        | 300,000,000              |
| Community Bank Bangladesh Ltd.                                          | -                        | 400,000,000              |
| United Finance Ltd.                                                     | -                        | 200,000,000              |
| NRB Bank Ltd.                                                           | -                        | 200,000,000              |
| United Commercial Bank Ltd.                                             | 500,000,000              | -                        |
| Janata Bank Ltd.                                                        | 400,000,000              | -                        |
|                                                                         | <b>900,000,000</b>       | <b>2,290,000,000</b>     |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 31 December 2021<br>Taka | 31 December 2020<br>Taka |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| <b>e Zero Coupon Bond:</b>                                                                                                                                                                                                                                                                                                                                                                                                                         |                          |                          |
| Mr. Shahriar Kamal                                                                                                                                                                                                                                                                                                                                                                                                                                 | 3,542,468                | -                        |
| Concord Real Estate & Development Ltd.                                                                                                                                                                                                                                                                                                                                                                                                             | 248,015,838              | -                        |
| A.K. Khan & Company Ltd.                                                                                                                                                                                                                                                                                                                                                                                                                           | 402,648,492              | -                        |
| UCB Asset Management                                                                                                                                                                                                                                                                                                                                                                                                                               | 98,827,184               | -                        |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>753,033,982</b>       | <b>-</b>                 |
| Total inside Bangladesh(a+b+c+d+e)                                                                                                                                                                                                                                                                                                                                                                                                                 | 6,175,673,065            | 5,571,061,010            |
| <b>10.2 Security against borrowings from other banks, financial institutions and agents</b>                                                                                                                                                                                                                                                                                                                                                        |                          |                          |
| Secured                                                                                                                                                                                                                                                                                                                                                                                                                                            | 3,052,375,510            | 1,572,195,996            |
| Unsecured                                                                                                                                                                                                                                                                                                                                                                                                                                          | 3,123,297,555            | 3,998,865,014            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>6,175,673,065</b>     | <b>5,571,061,010</b>     |
| The aforesaid secured short term & long term loans (10.1 a) are secured by first charge on company's all present and future movable and immovable assets including book debts ranking pari-passu security charges with other lenders of the company. Bank overdraft from Commercial Bank of Ceylon plc and Pubali Bank Ltd are secured by pari-passu security charges and overdraft from Standard Chartered bank and Woori bank is secured by FDR. |                          |                          |
| <b>10.3 Maturity grouping of borrowings from other banks, financial institutions and agents</b>                                                                                                                                                                                                                                                                                                                                                    |                          |                          |
| Payable on demand                                                                                                                                                                                                                                                                                                                                                                                                                                  | 900,000,000              | 2,290,000,000            |
| Up to 1 month                                                                                                                                                                                                                                                                                                                                                                                                                                      | 1,312,364,987            | 12,710,556               |
| Over 1 month but within 3 months                                                                                                                                                                                                                                                                                                                                                                                                                   | 1,136,333,974            | 337,288,472              |
| Over 3 months but within 1 year                                                                                                                                                                                                                                                                                                                                                                                                                    | 1,046,640,902            | 1,460,830,205            |
| Over 1 year but within 5 years                                                                                                                                                                                                                                                                                                                                                                                                                     | 1,296,308,032            | 836,116,318              |
| Over 5 years                                                                                                                                                                                                                                                                                                                                                                                                                                       | 484,025,170              | 634,115,459              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>6,175,673,065</b>     | <b>5,571,061,010</b>     |
| <b>11 Deposits and other accounts</b>                                                                                                                                                                                                                                                                                                                                                                                                              |                          |                          |
| Fixed deposits (Note: 11.1)                                                                                                                                                                                                                                                                                                                                                                                                                        | 43,978,360,429           | 43,826,874,936           |
| Other deposits                                                                                                                                                                                                                                                                                                                                                                                                                                     | -                        | -                        |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>43,978,360,429</b>    | <b>43,826,874,936</b>    |
| <b>11.1 Fixed deposits</b>                                                                                                                                                                                                                                                                                                                                                                                                                         |                          |                          |
| Opening balance                                                                                                                                                                                                                                                                                                                                                                                                                                    | 43,826,874,936           | 43,411,284,633           |
| Addition during the year                                                                                                                                                                                                                                                                                                                                                                                                                           | 91,403,586,210           | 93,372,242,271           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 135,230,461,146          | 136,783,526,904          |
| Repayment made during the year                                                                                                                                                                                                                                                                                                                                                                                                                     | 91,252,100,717           | 92,956,651,968           |
| Closing balance                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>43,978,360,429</b>    | <b>43,826,874,936</b>    |
| <b>11.2 Group-wise break-up of deposits and others accounts</b>                                                                                                                                                                                                                                                                                                                                                                                    |                          |                          |
| Government                                                                                                                                                                                                                                                                                                                                                                                                                                         | 235,392,591              | 785,892,144              |
| Bank                                                                                                                                                                                                                                                                                                                                                                                                                                               | 8,650,000,000            | 6,550,000,000            |
| Other institutions                                                                                                                                                                                                                                                                                                                                                                                                                                 | 16,496,814,658           | 18,013,916,031           |
| Individuals                                                                                                                                                                                                                                                                                                                                                                                                                                        | 18,596,153,180           | 18,477,066,761           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>43,978,360,429</b>    | <b>43,826,874,936</b>    |
| <b>11.3 Maturity analysis of deposits</b>                                                                                                                                                                                                                                                                                                                                                                                                          |                          |                          |
| Payable on demand                                                                                                                                                                                                                                                                                                                                                                                                                                  | -                        | -                        |
| Up to 1 month                                                                                                                                                                                                                                                                                                                                                                                                                                      | 3,426,424,121            | 2,243,781,910            |
| Over 1 month but within 6 months                                                                                                                                                                                                                                                                                                                                                                                                                   | 9,336,497,062            | 6,738,744,443            |
| Over 6 months but within 1 year                                                                                                                                                                                                                                                                                                                                                                                                                    | 3,006,567,378            | 4,908,942,206            |
| Over 1 year but within 5 years                                                                                                                                                                                                                                                                                                                                                                                                                     | 63,391,321               | 108,336,504              |
| Over 5 years but within 10 years                                                                                                                                                                                                                                                                                                                                                                                                                   | 22,661,743,972           | 24,233,989,748           |
| Over 10 years                                                                                                                                                                                                                                                                                                                                                                                                                                      | 5,483,736,575            | 5,593,080,125            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>43,978,360,429</b>    | <b>43,826,874,936</b>    |



|                                                                     | 31 December 2021<br>Taka | 31 December 2020<br>Taka |
|---------------------------------------------------------------------|--------------------------|--------------------------|
| <b>12 Other liabilities</b>                                         |                          |                          |
| Provision for loans & investment (Note: 12.1)                       | 1,145,835,843            | 949,565,925              |
| Provision for income tax (Note: 12.2)                               | 434,838,135              | 389,870,891              |
| Interest suspense (Note: 12.3)                                      | 80,549,336               | 57,660,952               |
| Other payables (Note:12.4)                                          | 1,217,648,984            | 1,374,468,216            |
| Deferred tax liability (Note:12.5)                                  | 1,576,001                | 6,057,948                |
|                                                                     | <b>2,880,448,299</b>     | <b>2,777,623,932</b>     |
| <b>12.1 Provision for loans and investment</b>                      |                          |                          |
| Opening balance                                                     | 949,565,925              | 822,857,899              |
| Provision written off                                               | -                        | -                        |
| Provision recovered for the year                                    | -                        | -                        |
| Provision charged/ (released) for the year                          | 196,269,918              | 126,708,026              |
| Provision no longer required written back.                          | -                        | -                        |
| Recoveries of amounts previously written off                        | -                        | -                        |
| Closing balance                                                     | <b>1,145,835,843</b>     | <b>949,565,925</b>       |
| <b>12.1.1 General provision</b>                                     |                          |                          |
| Opening balance                                                     | 427,529,459              | 445,647,916              |
| Charged during the year                                             | 18,034,918               | (18,118,457)             |
| Closing balance                                                     | <b>445,564,377</b>       | <b>427,529,459</b>       |
| <b>12.1.2 Specific provision</b>                                    |                          |                          |
| Opening balance                                                     | 451,982,220              | 282,257,926              |
| Provision written off                                               | -                        | -                        |
| Provision recovered during the year                                 | -                        | -                        |
| Provision charged/ (released) for the year                          | 208,253,557              | 169,724,294              |
| Provision no longer required written back                           | -                        | -                        |
| Recoveries of amounts previously written off                        | -                        | -                        |
| Closing balance                                                     | <b>660,235,777</b>       | <b>451,982,220</b>       |
| <b>12.1.3 Provision for diminutions in the value of investments</b> |                          |                          |
| Opening balance                                                     | 70,054,246               | 94,952,057               |
| Provision charged/(released) during the year                        | (30,018,557)             | (24,897,811)             |
| Closing balance                                                     | <b>40,035,689</b>        | <b>70,054,246</b>        |
| <b>12.1.A Provision on loans and advances</b>                       |                          |                          |
| General Provision charged during the year                           | 18,034,918               | (18,118,457)             |
| Specific Provision charged/(released) during the year               | 208,253,557              | 169,724,294              |
|                                                                     | <b>226,288,475</b>       | <b>151,605,837</b>       |
| <b>12.2 Provision for income tax</b>                                |                          |                          |
| <b>Provision</b>                                                    |                          |                          |
| Opening balance                                                     | 5,273,987,857            | 4,669,315,012            |
| Less: Adjustment during the year for completed tax assessment       | -                        | -                        |
| Less: Excess/(Short) provision adjustment                           | -                        | -                        |
|                                                                     | <b>5,273,987,857</b>     | <b>4,669,315,012</b>     |
| Add: Provision made during the year                                 | 691,404,197              | 604,672,845              |
| Closing balance                                                     | <b>5,965,392,054</b>     | <b>5,273,987,857</b>     |
| <b>Advance tax</b>                                                  |                          |                          |
| Opening balance                                                     | 4,884,116,966            | 4,393,079,881            |
| <b>Add: Payment made during the year</b>                            |                          |                          |
| Under Section 64 and 74 of ITO, 1984                                | 539,956,350              | 400,408,669              |
| Deduction at source                                                 | 106,480,603              | 90,628,416               |
| Others                                                              | -                        | -                        |
|                                                                     | <b>5,530,553,919</b>     | <b>4,884,116,966</b>     |
| Less: Adjustment during the year for completed tax assessment       | -                        | -                        |
| Closing balance                                                     | <b>5,530,553,919</b>     | <b>4,884,116,966</b>     |
| Net balance                                                         | <b>434,838,135</b>       | <b>389,870,891</b>       |

**12.3 Interest suspense**

|                                                | 31 December 2021<br>Taka | 31 December 2020<br>Taka |
|------------------------------------------------|--------------------------|--------------------------|
| Opening balance                                | 57,660,952               | 45,584,084               |
| Interest suspended during the year             | 22,888,384               | 12,076,868               |
| Written off suspended interest during the year | -                        | -                        |
| Closing balance                                | 80,549,336               | 57,660,952               |

**12.4 Other payables**

|                                      |               |               |
|--------------------------------------|---------------|---------------|
| Interest payable on deposits & loans | 841,316,818   | 1,009,350,822 |
| Lease liability                      | 40,432,025    | 52,009,007    |
| Sundry creditors                     | 119,254,967   | 102,334,226   |
| Unclaimed instruments                | 11,622,588    | 12,792,463    |
| Unclaimed dividend account           | 2,904,251     | 4,112,147     |
| Payable to clients                   | 83,359,530    | 71,726,552    |
| Loan under litigation                | 19,852,812    | 17,908,244    |
| Privileged creditors                 | 94,327,673    | 99,974,097    |
| Other Assets Provision               | 330,000       | -             |
| Liability for expenses               | 4,248,320     | 4,260,658     |
|                                      | 1,217,648,984 | 1,374,468,216 |

As per the BSEC directive No. BSCE/CMRRCD/2021 dated 14/1/2021, a separate line item is required to be presented in the Statement of Financial Position for Unclaimed dividend account. DBH, being a financial institution, is required to prepare and present financial statements as per DFIM Circular No. 11, dated 23 December 2009 and there is no scope of such presentation. Therefore, a separate line item for Unclaimed dividend account is presented in notes to the financial statements.

**12.5 Calculation of deferred tax liability**

|                                                     |             |             |
|-----------------------------------------------------|-------------|-------------|
| Carrying amount of Fixed Assets (excluding land)    | -           | 219,104,442 |
| Tax base value of Fixed Assets                      | -           | 208,059,114 |
| A) Taxable temporary difference                     | -           | 11,045,328  |
| Right-of-use Asset -Carrying amount                 | 44,634,695  | 57,118,206  |
| Right-of-use Asset -Tax base                        | -           | -           |
| Taxable temporary difference                        | 44,634,695  | 57,118,206  |
| Lease liability- ROU -carrying amount               | 40,432,025  | 52,009,007  |
| Lease liability-ROU-Tax base                        | -           | -           |
| Deductible temporary difference                     | 40,432,025  | 52,009,007  |
| B) Net taxable temporary difference -ROU asset      | 4,202,670   | 5,109,199   |
| Total taxable temporary difference (A+B)            | 4,202,670   | 16,154,527  |
| Applicable tax rate                                 | 37.50%      | 37.50%      |
| Total deferred tax liability                        | 1,576,001   | 6,057,948   |
| Deferred tax liability at the beginning of the year | 6,057,948   | 3,681,830   |
| Deferred tax Expense/(income)                       | (4,481,947) | 2,376,118   |

**13 Share capital****13.1 Authorized capital**

|                                            |               |               |
|--------------------------------------------|---------------|---------------|
| 199,950,000 Ordinary shares of Tk. 10 each | 1,999,500,000 | 1,999,500,000 |
| 5,000 Preference shares of Tk. 100 each    | 500,000       | 500,000       |
|                                            | 2,000,000,000 | 2,000,000,000 |

**13.2 Issued, subscribed, called and paid-up capital****Ordinary shares**

|                                                                  |               |               |
|------------------------------------------------------------------|---------------|---------------|
| Opening                                                          | 1,541,425,810 | 1,340,370,270 |
| 20,105,554 Ordinary shares of Taka 10 each issued as bonus share | -             | 201,055,540   |
| 23,121,387 ordinary shares of Tk 10 each issued as bonus share   | 231,213,870   | -             |
|                                                                  | 1,772,639,680 | 1,541,425,810 |

### 13.3 Capital of the Company is held by the following shareholders

#### Ordinary shares

##### Local shareholders:

BRAC  
Delta Life Insurance Company Ltd  
Green Delta Insurance Company Ltd  
General shareholders

##### Foreign shareholders:

General shareholders

| 31 December 2021   |                      |
|--------------------|----------------------|
| No of shares       | Taka                 |
|                    |                      |
| 32,596,016         | 325,960,160          |
| 31,247,046         | 312,470,460          |
| 27,130,814         | 271,308,140          |
| 52,032,237         | 520,322,370          |
| <b>143,006,113</b> | <b>1,430,061,130</b> |
|                    |                      |
| 34,257,855         | 342,578,550          |
| <b>34,257,855</b>  | <b>342,578,550</b>   |
|                    |                      |
| <b>177,263,968</b> | <b>1,772,639,680</b> |

### 13.4 Break-up of Paid-up capital:

| Date of Issue                 | Number of Shares | 31 December 2021 |                      |
|-------------------------------|------------------|------------------|----------------------|
|                               |                  | Face Value       | Amount               |
| 11 May, 1996 to 28 June, 1998 | 2000000          | 100              | 200,000,000          |
| 12-Dec-06                     | 200000           | 100              | 20,000,000           |
| 9-Apr-08                      | 500000           | 100              | 50,000,000           |
| 2-Dec-08                      | 810000           | 100              | 81,000,000           |
| 23-Nov-09                     | 526500           | 100              | 52,650,000           |
| 8-Dec-10                      | 1009125          | 100              | 100,912,500          |
| 22-Nov-11                     | 5045625          | 100              | 504,562,500          |
| <b>Total</b>                  | <b>10091250</b>  | <b>100</b>       | <b>1,009,125,000</b> |
| Face Value Change (2011)      | 100912500        | 10               | 1,009,125,000        |
| 14-Nov-12                     | 15136875         | 10               | 151,368,750          |
| 24-Nov-16                     | 5802468          | 10               | 58,024,680           |
| 31-Mar-19                     | 12185184         | 10               | 121,851,840          |
| 17-Jun-20                     | 20105554         | 10               | 201,055,540          |
| 17-May-21                     | 23121387         | 10               | 231,213,870          |
| <b>Total paid-up capital</b>  | <b>177263968</b> | <b>10</b>        | <b>1,772,639,680</b> |

| 31 December 2021<br>Taka | 31 December 2020<br>Taka |
|--------------------------|--------------------------|
|--------------------------|--------------------------|

### 13.5 Capital adequacy ratio - As per BASEL-II

#### 1. Tier-1 (Core Capital)

|                                                      |                      |                      |
|------------------------------------------------------|----------------------|----------------------|
| 1.1 Fully Paid-up Capital/Capital Deposited with BB  | 1,772,639,680        | 1,541,425,810        |
| 1.2 Statutory Reserve                                | 1,693,914,189        | 1,486,425,811        |
| 1.3 Non-repayable Share premium account              | 55,000,000           | 55,000,000           |
| 1.4 General Reserve                                  | 2,875,040,000        | 2,575,040,000        |
| 1.5 Retained Earnings                                | 597,537,221          | 523,564,368          |
| 1.6 Minority interest in Subsidiaries                | -                    | -                    |
| 1.7 Non-Cumulative irredeemable Preferences shares   | -                    | -                    |
| 1.8 Dividend Equalization Account                    | 250,000,000          | 250,000,000          |
| 1.9 Others (if any item approved by Bangladesh Bank) | -                    | -                    |
| <b>1.10 Sub-Total (1.1 to 1.9)</b>                   | <b>7,244,131,090</b> | <b>6,431,455,989</b> |

|                                                                                                                                           | 31 December 2021<br>Taka | 31 December 2020<br>Taka |
|-------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| <b>Deductions from Tier-1 (Core Capital )</b>                                                                                             |                          |                          |
| 1.11 Book value of Goodwill and value of any contingent assets which are shown as assets                                                  | -                        | -                        |
| 1.12 Shortfall in provisions required against classified assets                                                                           | -                        | -                        |
| 1.13 Shortfall in provisions required against investment in shares                                                                        | -                        | -                        |
| 1.14 Remaining deficit on account of revaluation of investments in securities after netting off from any other surplus on the securities. | -                        | -                        |
| 1.15 Any investment exceeding the approved limit.                                                                                         | -                        | -                        |
| 1.16 Investments in subsidiaries which are not consolidated                                                                               | -                        | -                        |
| 1.17 Increase in equity capital resulting from a securitization exposure                                                                  | -                        | -                        |
| 1.18 Other (if any)                                                                                                                       | -                        | -                        |
| <b>1.19 Sub Total (1.11-1.18)</b>                                                                                                         | -                        | -                        |
| <b>1.20 Total Eligible Tier-1 Capital (1.10-1.19)</b>                                                                                     | <b>7,244,131,090</b>     | <b>6,431,455,989</b>     |
| <b>2 .Tier-2 (Supplementary Capital)</b>                                                                                                  |                          |                          |
| 2.1 General Provision (Unclassified loans up to specified limit + SMA + off Balance Sheet exposure)                                       | 309,491,921              | 300,858,748              |
| 2.2 Assets Revaluation Reserves up to 50%                                                                                                 | -                        | -                        |
| 2.3 Revaluation Reserve for Securities up to 45%                                                                                          | -                        | -                        |
| 2.4 Revaluation reserve for equity instrument up to 10%                                                                                   | -                        | -                        |
| 2.5 All other preference shares                                                                                                           | -                        | -                        |
| 2.6 Other (if any item approved by Bangladesh Bank)                                                                                       | -                        | -                        |
| 2.7 Sub-Total (2.1 to 2.6)                                                                                                                | <b>309,491,921</b>       | <b>300,858,748</b>       |
| 2.8 Applicable Deductions (if any)                                                                                                        | -                        | -                        |
| <b>2.9 Total Eligible Tier-2 Capital (2.7-2.8)</b>                                                                                        | <b>309,491,921</b>       | <b>300,858,748</b>       |
| <b>Total capital</b>                                                                                                                      | <b>7,553,623,011</b>     | <b>6,732,314,737</b>     |
| Total risk weighted assets                                                                                                                | 29,116,280,979           | 27,799,006,174           |
| Required capital based on risk weighted assets(10%)                                                                                       | 2,911,628,098            | 2,779,900,617            |
| Surplus                                                                                                                                   | 4,641,994,913            | 3,952,414,120            |
| Capital Adequacy Ratio:                                                                                                                   |                          |                          |
| On core capital                                                                                                                           | 24.88%                   | 23.14%                   |
| On actual capital (against standard of minimum 10%)                                                                                       | 25.94%                   | 24.22%                   |
| Supplementary Capital to risk weighted assets                                                                                             | 1.06%                    | 1.08%                    |
| <b>14 Share premium account</b>                                                                                                           |                          |                          |
| Ordinary shares                                                                                                                           | 55,000,000               | 55,000,000               |
|                                                                                                                                           | <b>55,000,000</b>        | <b>55,000,000</b>        |
| <b>15 Statutory reserve</b>                                                                                                               |                          |                          |
| Opening balance                                                                                                                           | 1,486,425,811            | 1,340,370,271            |
| Add: addition during the year                                                                                                             | 207,488,378              | 146,055,540              |
| Closing balance                                                                                                                           | <b>1,693,914,189</b>     | <b>1,486,425,811</b>     |
| This reserve has been created as per the provision of Financial Institution Act-1993 and Financial Institution Rules-1994.                |                          |                          |
| <b>16 Other reserves</b>                                                                                                                  |                          |                          |
| Contingency Reserve (Note 16.1)                                                                                                           | 1,275,000,000            | 1,275,000,000            |
| General Reserve (Note 16.2)                                                                                                               | 1,600,000,000            | 1,300,000,000            |
| Dividend equalization reserve (Note 16.3)                                                                                                 | 250,000,000              | 250,000,000              |
| Capital redemption reserve                                                                                                                | 40,000                   | 40,000                   |
|                                                                                                                                           | <b>3,125,040,000</b>     | <b>2,825,040,000</b>     |

An amount of Tk. 40,000/- was transferred in FY 2013-14 out of profit to "Capital redemption reserve" in redeeming 400 no's of preference share @ Tk. 100 each as per section 154(1)(C) of Companies Act 1994.

|                                                                                                                                                                                                                                                                                                                                                                                            | 31 December 2021<br>Taka | 31 December 2020<br>Taka |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| <b>16.1 Contingency reserve</b>                                                                                                                                                                                                                                                                                                                                                            |                          |                          |
| Opening balance                                                                                                                                                                                                                                                                                                                                                                            | 1,275,000,000            | 1,275,000,000            |
| Add: addition during the year                                                                                                                                                                                                                                                                                                                                                              | -                        | -                        |
| Closing balance                                                                                                                                                                                                                                                                                                                                                                            | 1,275,000,000            | 1,275,000,000            |
| <b>16.2 General reserve</b>                                                                                                                                                                                                                                                                                                                                                                |                          |                          |
| Opening balance                                                                                                                                                                                                                                                                                                                                                                            | 1,300,000,000            | 1,050,000,000            |
| Add: addition during the year                                                                                                                                                                                                                                                                                                                                                              | 300,000,000              | 250,000,000              |
| Closing balance                                                                                                                                                                                                                                                                                                                                                                            | 1,600,000,000            | 1,300,000,000            |
| <b>16.3 Dividend equalization reserve</b>                                                                                                                                                                                                                                                                                                                                                  |                          |                          |
| Opening balance                                                                                                                                                                                                                                                                                                                                                                            | 250,000,000              | 250,000,000              |
| Add: addition during the year                                                                                                                                                                                                                                                                                                                                                              | -                        | -                        |
| Closing balance                                                                                                                                                                                                                                                                                                                                                                            | 250,000,000              | 250,000,000              |
| <b>17 Business commitments and contingencies</b>                                                                                                                                                                                                                                                                                                                                           |                          |                          |
| <b>17.1 Contingent liabilities</b>                                                                                                                                                                                                                                                                                                                                                         | -                        | 54,040,388               |
| Contingent liability of Taka 54.04 million disclosed last year (as of 31 December 2020) was ascertained against the uncertain tax liability of different assessment years. The company has adequate provision against such liability. Therefore, there is no contingent liability during the year to disclose.                                                                             |                          |                          |
| <b>17.2 Other commitments</b>                                                                                                                                                                                                                                                                                                                                                              | -                        | 578,220,000              |
| In the normal course of business, the company makes various commitments, contracts and disbursements. No material losses are anticipated as a result of these transactions.                                                                                                                                                                                                                |                          |                          |
| During the year 2020 the company disclosed undisbursed sanctioned loan amount of Taka 578,220,000/- as off balance sheet item under the head of other commitment. No such amount is disclosed as off balance sheet item during the current year as such commitment does not meet the criteria of off balance sheet exposure and its' failure will not create any liability to the company. |                          |                          |
| <b>17.3 Capital expenditure commitments</b>                                                                                                                                                                                                                                                                                                                                                |                          |                          |
| a) Contracted and incurred but not provided for in the accounts                                                                                                                                                                                                                                                                                                                            | Nil                      | Nil                      |
| b) Approved by the Board but not contracted for                                                                                                                                                                                                                                                                                                                                            | Nil                      | Nil                      |
| <b>17.4 Unacknowledged debts</b>                                                                                                                                                                                                                                                                                                                                                           |                          |                          |
| The Company had no claim, legal or other against it, which has not been acknowledged as debt at the balance sheet date.                                                                                                                                                                                                                                                                    |                          |                          |
| <b>18 Interest income</b>                                                                                                                                                                                                                                                                                                                                                                  | <b>2021<br/>Taka</b>     | <b>2020<br/>Taka</b>     |
| Interest on loans                                                                                                                                                                                                                                                                                                                                                                          | 4,105,008,064            | 4,987,198,382            |
| Interest on placement with other banks & BB FX deposits                                                                                                                                                                                                                                                                                                                                    | 948,066,609              | 921,590,915              |
| Interest on short term investment                                                                                                                                                                                                                                                                                                                                                          | 500,000                  | -                        |
|                                                                                                                                                                                                                                                                                                                                                                                            | <b>5,053,574,673</b>     | <b>5,908,789,297</b>     |
| <b>19 Interest paid on deposits and borrowings etc.</b>                                                                                                                                                                                                                                                                                                                                    |                          |                          |
| Interest on term loans                                                                                                                                                                                                                                                                                                                                                                     | 79,638,758               | 92,225,547               |
| Interest on deposits                                                                                                                                                                                                                                                                                                                                                                       | 2,591,734,206            | 3,648,186,900            |
| Interest on short-term borrowing                                                                                                                                                                                                                                                                                                                                                           | 202,709,189              | 203,795,316              |
| Interest on overdraft                                                                                                                                                                                                                                                                                                                                                                      | 3,204,044                | 9,976,946                |
| Interest on Zero Cupon Bond                                                                                                                                                                                                                                                                                                                                                                | 5,436,756                | -                        |
| Finance cost                                                                                                                                                                                                                                                                                                                                                                               | 3,437,438                | -                        |
| Interest expense-lease                                                                                                                                                                                                                                                                                                                                                                     | 3,741,585                | 5,999,771                |
|                                                                                                                                                                                                                                                                                                                                                                                            | <b>2,889,901,976</b>     | <b>3,960,184,480</b>     |

|                                                                                                                                                                               | 2021<br>Taka       | 2020<br>Taka       |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| <b>20 Income from investments</b>                                                                                                                                             |                    |                    |
| Gain/(loss) on sale of marketable securities                                                                                                                                  | 80,105,172         | 14,002,868         |
| Dividend income                                                                                                                                                               | 44,968,368         | 10,090,710         |
| Interest on Treasury Bond                                                                                                                                                     | 37,541             | 57,253             |
|                                                                                                                                                                               | <b>125,111,081</b> | <b>24,150,831</b>  |
| <b>21 Commission, exchange and brokerage</b>                                                                                                                                  |                    |                    |
| Loan fees                                                                                                                                                                     | 101,991,972        | 82,391,672         |
| Other charges and fees                                                                                                                                                        | 75,528,535         | 73,472,425         |
|                                                                                                                                                                               | <b>177,520,507</b> | <b>155,864,097</b> |
| <b>22 Other operating income</b>                                                                                                                                              |                    |                    |
| Property service income                                                                                                                                                       | 15,745,630         | 9,288,888          |
| Gain on sale of fixed assets                                                                                                                                                  | 183,140            | 1,051,048          |
| Miscellaneous income                                                                                                                                                          | 435,255            | 562,856            |
| Forfeited Provident fund income                                                                                                                                               | 105,010            | 8,771,999          |
|                                                                                                                                                                               | <b>16,469,035</b>  | <b>19,674,791</b>  |
| <b>23 Salary and allowances</b>                                                                                                                                               | <b>364,346,554</b> | <b>354,075,491</b> |
| Salary and allowances include annual contribution of Tk. 11,455,805 to DBH Staff Provident Fund and Tk. 8,325,088 to DBH Employees Gratuity Fund which are recognised by NBR. |                    |                    |
| <b>24 Rent, taxes, insurance, electricity etc.</b>                                                                                                                            |                    |                    |
| Rent, rates & taxes(Note 24.1)                                                                                                                                                | 26,496,550         | 21,758,659         |
| Insurance                                                                                                                                                                     | 4,005,371          | 3,969,921          |
| Electricity                                                                                                                                                                   | 6,647,818          | 5,775,709          |
| Water                                                                                                                                                                         | 476,124            | 502,940            |
|                                                                                                                                                                               | <b>37,625,863</b>  | <b>32,007,229</b>  |
| <b>24.1 Disclosure related to Rent, rates and taxes</b>                                                                                                                       |                    |                    |
| Actual expenses                                                                                                                                                               | 52,816,036         | 46,665,397         |
| Less: Re-classification of rent expenses as per IFRS-16                                                                                                                       | 26,319,486         | 24,906,738         |
|                                                                                                                                                                               | <b>26,496,550</b>  | <b>21,758,659</b>  |
| <b>25 Legal and professional expenses</b>                                                                                                                                     |                    |                    |
| Law charges                                                                                                                                                                   | 13,273,484         | 9,809,777          |
| Other professional charges                                                                                                                                                    | 2,503,516          | 2,757,777          |
|                                                                                                                                                                               | <b>15,777,000</b>  | <b>12,567,554</b>  |
| <b>26 Postage, stamp, telecommunication etc.</b>                                                                                                                              |                    |                    |
| Postage & courier service                                                                                                                                                     | 623,066            | 542,273            |
| Stamp expenses                                                                                                                                                                | 3,750,231          | 2,704,132          |
| Telephone & internet                                                                                                                                                          | 4,299,772          | 3,636,519          |
|                                                                                                                                                                               | <b>8,673,069</b>   | <b>6,882,924</b>   |
| <b>27 Stationery, printing, advertisements etc.</b>                                                                                                                           |                    |                    |
| Printing                                                                                                                                                                      | 1,456,100          | 1,529,667          |
| Stationery                                                                                                                                                                    | 2,064,339          | 1,402,986          |
| Publicity and advertisement                                                                                                                                                   | 7,789,302          | 4,484,098          |
|                                                                                                                                                                               | <b>11,309,741</b>  | <b>7,416,751</b>   |



|                                                                                                                                                                                                                                 | 2021<br>Taka       | 2020<br>Taka       |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| <b>27.1 Managing Director's salary and fees</b>                                                                                                                                                                                 | <b>13,000,000</b>  | <b>7,050,000</b>   |
| Ex. Managing Director of the company, Q. M. Shariful Ala, retired from his service with effect from 30 June 2020. Therefore, Salary of Managing Director was accounted for six months only for the year ended 31 December 2020. |                    |                    |
| <b>28 Directors' fees and expenses</b>                                                                                                                                                                                          |                    |                    |
| Fees for attending meeting                                                                                                                                                                                                      | 968,000            | 832,000            |
| Incidental meeting expenses                                                                                                                                                                                                     | 101,840            | 124,897            |
|                                                                                                                                                                                                                                 | <b>1,069,840</b>   | <b>956,897</b>     |
| <b>29 Statutory annual audit fees (including VAT)</b>                                                                                                                                                                           | <b>546,250</b>     | <b>517,500</b>     |
|                                                                                                                                                                                                                                 | <b>546,250</b>     | <b>517,500</b>     |
| <b>30 Depreciation/Amortization, repairs &amp; maintenance</b>                                                                                                                                                                  |                    |                    |
| <b>Depreciation/Amortization:</b>                                                                                                                                                                                               |                    |                    |
| Freehold assets                                                                                                                                                                                                                 | 23,692,840         | 28,139,624         |
| Right-of-use Asset                                                                                                                                                                                                              | 23,015,594         | 20,457,615         |
| Intangible assets                                                                                                                                                                                                               | 1,122,512          | 1,156,801          |
|                                                                                                                                                                                                                                 | <b>47,830,946</b>  | <b>49,754,040</b>  |
| <b>Repairs &amp; maintenance:</b>                                                                                                                                                                                               |                    |                    |
| Vehicle                                                                                                                                                                                                                         | 1,406,362          | 1,702,033          |
| Office equipment & premises                                                                                                                                                                                                     | 12,802,797         | 7,090,259          |
| Computer hardware & software                                                                                                                                                                                                    | 4,087,887          | 2,404,120          |
|                                                                                                                                                                                                                                 | <b>18,297,046</b>  | <b>11,196,412</b>  |
|                                                                                                                                                                                                                                 | <b>66,127,992</b>  | <b>60,950,452</b>  |
| <b>31 Other expenses</b>                                                                                                                                                                                                        |                    |                    |
| Staff training & recruitment expense                                                                                                                                                                                            | 192,223            | 251,549            |
| Office security                                                                                                                                                                                                                 | 3,399,667          | 3,074,963          |
| Transportation, traveling & conveyance                                                                                                                                                                                          | 25,667,950         | 22,576,788         |
| Canteen expense                                                                                                                                                                                                                 | 1,497,759          | 1,309,783          |
| Business promotion & entertainment                                                                                                                                                                                              | 804,077            | 781,766            |
| Car fuel                                                                                                                                                                                                                        | 1,582,006          | 1,149,129          |
| Books and papers                                                                                                                                                                                                                | 13,975             | 25,492             |
| Bank charges                                                                                                                                                                                                                    | 5,163,449          | 3,829,261          |
| Recovery expenses                                                                                                                                                                                                               | 2,307,904          | 1,847,673          |
| Donation, subscription and Fees                                                                                                                                                                                                 | 4,561,824          | 4,060,993          |
| Public relation & AGM expense                                                                                                                                                                                                   | 348,480            | 535,645            |
| Outsource agency charges                                                                                                                                                                                                        | 368,004            | 337,337            |
| Brokerage                                                                                                                                                                                                                       | 208,046            | 146,454            |
| Staff welfare expense                                                                                                                                                                                                           | 536,519            | 1,074,699          |
|                                                                                                                                                                                                                                 | <b>46,651,883</b>  | <b>41,001,532</b>  |
| <b>32 Provision for tax</b>                                                                                                                                                                                                     |                    |                    |
| <b>Current tax</b>                                                                                                                                                                                                              |                    |                    |
| Provision for income tax                                                                                                                                                                                                        | 691,404,197        | 604,672,845        |
| Less: Excess/(Short) provision adjustment                                                                                                                                                                                       | -                  | -                  |
|                                                                                                                                                                                                                                 | <b>691,404,197</b> | <b>604,672,845</b> |

|                                                                                                                                             | 2021<br>Taka  |        | 2020<br>Taka  |        |
|---------------------------------------------------------------------------------------------------------------------------------------------|---------------|--------|---------------|--------|
| Deferred tax                                                                                                                                |               |        |               |        |
| Expense/(income) on taxable temporary differences (Note-9.3 a)                                                                              | (9,766,013)   |        | 185,807       |        |
| Expense/(Income) on taxable temporary differences (Note-12.5)                                                                               | (4,481,947)   |        | 2,376,118     |        |
|                                                                                                                                             | (14,247,960)  |        | 2,561,925     |        |
| Reconciliation of effective tax rate                                                                                                        | 2021          |        | 2020          |        |
|                                                                                                                                             | Taka          | %      | Taka          | %      |
| Tax using the company's tax rate                                                                                                            | 645,391,954   | 37.50% | 561,810,068   | 37.50% |
| Tax effect of:                                                                                                                              |               |        |               |        |
| Provision for non-deductible expenses                                                                                                       | 1,502,720     | 0.09%  | 957,953       | 0.06%  |
| Adjustment/provision released during the year                                                                                               | 73,723,874    | 4.28%  | 47,515,510    | 3.17%  |
| Other components of tax as per ITO 1984                                                                                                     | (30,058,495)  | -1.75% | (13,242,550)  | -0.88% |
| Difference between accounting and tax depreciation                                                                                          | 844,144       | 0.05%  | 7,631,864     | 0.51%  |
| Effective tax rate                                                                                                                          | 691,404,197   | 40.17% | 604,672,845   | 40.36% |
| 33 Retained earnings                                                                                                                        | 2021<br>Taka  |        | 2020<br>Taka  |        |
| Opening balance                                                                                                                             | 523,564,368   |        | 497,824,092   |        |
| Add: Profit after tax for the year transferred from Profit & Loss Account                                                                   | 1,043,888,973 |        | 890,925,410   |        |
| Accumulated profit available for distribution                                                                                               | 1,567,453,341 |        | 1,388,749,502 |        |
| Less: Appropriations                                                                                                                        |               |        |               |        |
| Transferred to statutory reserve                                                                                                            | 207,488,378   |        | 146,055,540   |        |
| Transferred to general reserve                                                                                                              | 300,000,000   |        | 250,000,000   |        |
| Transferred to contingency reserve                                                                                                          | -             |        | -             |        |
| Issue of bonus shares for previous year                                                                                                     | 231,213,870   |        | 201,055,540   |        |
| Cash dividend paid for last year                                                                                                            | 231,213,872   |        | 268,074,054   |        |
|                                                                                                                                             | 969,916,120   |        | 865,185,134   |        |
| Closing balance                                                                                                                             | 597,537,221   |        | 523,564,368   |        |
| 34 Earnings per share                                                                                                                       |               |        |               |        |
| Profit after Tax                                                                                                                            | 1,043,888,973 |        | 890,925,410   |        |
| Profit available for ordinary shareholders                                                                                                  | 1,043,888,973 |        | 890,925,410   |        |
| Number of shares outstanding for calculating basic EPS                                                                                      | 177,263,968   |        | 177,263,968   |        |
| Basic earnings per share                                                                                                                    | 5.89          |        | 5.03          |        |
| No diluted earning per share is required to be calculated for the year as there was no convertible securities for dilution during the year. |               |        |               |        |
| 35 Net asset value (NAV) per share                                                                                                          |               |        |               |        |
| Shareholders' Equity                                                                                                                        | 7,244,131,090 |        | 6,431,455,989 |        |
| Number of Share                                                                                                                             | 177,263,968   |        | 177,263,968   |        |
| Net asset value (NAV) per share (As at 31 December)                                                                                         | 40.87         |        | 36.28         |        |
| 36 Net operating cash flows per share (NOCFPS)                                                                                              |               |        |               |        |
| Net cash from operating activities                                                                                                          | (7,938,943)   |        | 2,777,116,999 |        |
| Number of Share                                                                                                                             | 177,263,968   |        | 177,263,968   |        |
| Net operating cash flows per share (NOCFPS)                                                                                                 | (0.04)        |        | 15.67         |        |

**37 Reconciliation of net profit with cash flows from operational activities on direct method:**

| Particulars                                       | Amount in Taka     |                      | Remarks                  |
|---------------------------------------------------|--------------------|----------------------|--------------------------|
|                                                   | 2021               | 2020                 |                          |
| Profit after tax                                  | 1,043,888,973      | 890,925,410          |                          |
| Provision for income tax                          | 677,156,237        | 607,234,770          | Non cash item            |
| Depreciation                                      | 47,830,946         | 49,754,040           | Non cash item            |
| Provision for Loans and advances                  | 226,618,475        | 151,605,837          | Non cash item            |
| Provision for Diminution in value of investment   | (30,018,557)       | (24,897,811)         | Non cash item            |
| Interest Suspense                                 | 22,888,384         | 12,076,868           | Non cash item            |
| Gain/loss on sale of fixed assets                 | (183,140)          | (1,051,048)          | Non-operating item       |
| ZCB interest accrued                              | 5,436,756          | -                    | Non cash item            |
| Accrual for dividend, LAD and interest receivable | 20,800,279         | (83,508,556)         | Changes in accrual       |
| Accrual for expenses                              | (151,125,601)      | (523,996,131)        | Changes in accrual       |
| Purchase & sale of trading securities             | (208,993,187)      | (28,954,013)         | (Inc)/Dec of assets      |
| Loans and advances                                | (1,082,426,820)    | 1,771,166,576        | (Inc)/Dec of assets      |
| Other Assets                                      | (78,836,599)       | (5,919,874)          | (Inc)/Dec of assets      |
| Loan and deposit from Banks and Customer          | 151,485,493        | 415,590,305          | Inc/(Dec) of liabilities |
| Other liabilities                                 | (6,023,629)        | 38,127,711           | Inc/(Dec) of liabilities |
| Income tax paid                                   | (646,436,953)      | (491,037,085)        |                          |
| <b>Net cash flows from operating activities</b>   | <b>(7,938,943)</b> | <b>2,777,116,999</b> |                          |

**37A Cash and cash equivalents (net off overdraft) at the end of the period**

|                                                     | 31 December 2021<br>Taka | 31 December 2020<br>Taka |
|-----------------------------------------------------|--------------------------|--------------------------|
| In hand                                             | 101,102                  | 132,671                  |
| Balance with Bangladesh Bank and its agent Bank     | 557,965,870              | 575,108,250              |
| Balance with other banks and financial institutions | 14,725,958,032           | 14,338,776,037           |
| Bank Overdraft                                      | (162,375,510)            | (282,195,996)            |
|                                                     | <b>15,121,649,494</b>    | <b>14,631,820,962</b>    |

**38 Dividend on ordinary shares**
**Proposed dividend:**

The Board of Directors in its 128<sup>th</sup> meeting held on 28 February 2022 has recommended cash dividend @ 15% (i.e. Taka 1.5 per ordinary share) and stock dividend @ 10% (i.e. 1 bonus shares for every 10 ordinary shares held) for the year ended 31 December 2021 for placement before the shareholders for approval at 26<sup>th</sup> AGM of the company.

**39 Foreign currency inward/outward remittance**

During this year no such transaction occurred that should be reported.

#### 40 Related party transactions

The company has entered into transactions with other entities in normal course of business that fall within the definition of related party as per International Accounting Standard-24 "Related Party Disclosures". The terms of related party transaction are not significantly different from those that could have been obtained from third parties. The significant related party transactions are as follows:

| Name of the related parties                   | Relationship | Particulars       | Expenses incurred during the year (Taka) |
|-----------------------------------------------|--------------|-------------------|------------------------------------------|
| Delta Life Insurance Company Limited (DLIC)   | Shareholder  | Insurance premium | 2,752,808                                |
| Green Delta Insurance Company Limited (GDICL) | Shareholder  | Insurance premium | 1,252,563                                |

| Name of the related parties | Relationship        | Share Buy   | Share Sale  | Balance    |
|-----------------------------|---------------------|-------------|-------------|------------|
| Green Delta Securities Ltd. | Subsidiary of GDICL | 459,297,489 | 455,481,221 | 17,520,317 |
| Delta Life Securities Ltd.  | Subsidiary of DLICL | 22,009,915  | 22,065,561  | 69,112     |

| Name of the related parties                   | Relationship | Deposits Received (Taka) | Interest & Principal Paid during the period (Taka) | Balance (Taka) |
|-----------------------------------------------|--------------|--------------------------|----------------------------------------------------|----------------|
| Delta Life Insurance Company Limited (DLIC)   | Shareholder  | 60,000,000               | -                                                  | 281,989,652    |
| Green Delta Insurance Company Limited (GDICL) | Shareholder  | -                        | -                                                  | 23,307,943     |
| BRAC                                          | Shareholder  | 100,000,000              | 47,683                                             | 101,761,814    |

| Name of the related parties | Relationship                        | Invested amount | Dividend received | Balance    |
|-----------------------------|-------------------------------------|-----------------|-------------------|------------|
| Vanguard AML                | Close family member of the Chairman | 10,000,000      | 1,142,421         | 10,000,000 |

| Name of the related party   | Relationship                                                           | Investment in Preference share (opening balance) | Received during the year | Balance receivable (including dividend) as of 31 Dec 2021 |
|-----------------------------|------------------------------------------------------------------------|--------------------------------------------------|--------------------------|-----------------------------------------------------------|
| Union Capital Limited (UCL) | One of the Directors of UCL is the close family member of the Chairman | 8,000,000                                        | 2,000,000                | 9,777,129                                                 |

In the year 2021 (Jan'21 – Dec'21) Taka 46,026,117 was paid as salary and allowances to the top 5 employees of the company. The amount includes short-term employee benefits of Taka 43,666,917/- and post-employment benefits of Taka 2,359,200/-

- 41 During the year under audit, there were 293 (2020: 237) employees employed for the full period and 105 (2020: 33) employees for less than full period at a remuneration of Taka 3,000 and above per month.

## 42. General Disclosure

### 42.1 Name of Directors and entities in which they have interest as Director as at 31 December 2021:

| Name                                  | Position at DBH      | Involvement in other organization                    |                                                                     |
|---------------------------------------|----------------------|------------------------------------------------------|---------------------------------------------------------------------|
|                                       |                      | Name of the Organization in which they have interest | Position                                                            |
| Mr. Nasir A. Choudhury                | Chairman             | Green Delta Insurance Company Ltd.                   | Advisor                                                             |
|                                       |                      | Nascom (Pvt.) Ltd.                                   | Managing Director                                                   |
|                                       |                      | United Hospital (Pvt) Ltd.                           | Director (Representing GDIC)                                        |
|                                       |                      | Green Delta Securities Ltd.                          | Chairman                                                            |
|                                       |                      | Green Delta Capital Ltd.                             | Chairman                                                            |
|                                       |                      | GD Assist Ltd.                                       | Chairman                                                            |
|                                       |                      | Professional Advancement Bangladesh                  | Chairman                                                            |
| Dr. A M R Chowdhury                   | Vice Chairman        | BRAC University                                      | Member, Board of Trustees                                           |
| Ms. Mehreen Hassan, Bar-at-Law        | Director             | Nil                                                  | Nil                                                                 |
| Mr. Md. Mujibur Rahman                | Director             | Shanta Holdings Limited                              | Executive Director                                                  |
|                                       |                      | Shanta Securities Limited                            | Director                                                            |
|                                       |                      | Centre for Women and Child Health (CWCH)             | Member of the Board of Trustees and General Secretary and Treasurer |
| Mr. Syed Moinuddin Ahmed              | Director             | Green Delta Insurance Co. Ltd                        | AMD & Company Secretary                                             |
|                                       |                      | GD Assist Ltd.                                       | Managing Director                                                   |
|                                       |                      | Green Delta Dragon AMC                               | Director (Representing GDIC)                                        |
|                                       |                      | Professional Advancement Bangladesh                  | Director (Representing GDIC)                                        |
| Mr. M. Anisul Haque                   | Director             | Shanta Holdings Limited                              | Executive Director Group Finance                                    |
|                                       |                      | Delta Life Securities Ltd                            | Director                                                            |
|                                       |                      | Shanta Securities Limited                            | Director                                                            |
| Mr. Mohammad Anisur Rahman            | Director             | BRAC                                                 | Senior Director Enterprises                                         |
| Ms. Rasheda K. Choudhury              | Independent Director | Campaign for Popular Education (CAMPE)               | Executive Director                                                  |
| Major General Syeed Ahmed BP, (Retd.) | Independent Director | Nil                                                  | Nil                                                                 |

Mr. Nasir A. Choudhury and Mr. Syed Moinuddin Ahmed are the Representative Directors of Green Delta Insurance Company Ltd. Dr. A. M. R. Chowdhury and Mr. Mohammad Anisur Rahman are the Representative Directors of BRAC. Ms. Mehreen Hassan, Bar-at-law, Mr. Md. Mujibur Rahman and Mr. M. Anisul Haque, FCMA are the Representative Directors of Delta Life insurance company Ltd.

#### 42.2 Audit committee

The Audit Committee consists of the following Directors of the Board as at 31 December 2021:

| Name                              | Status with the Company | Status with the Committee | Educational Qualification  |
|-----------------------------------|-------------------------|---------------------------|----------------------------|
| Major General Syeed Ahmed (Retd.) | Independent Director    | Chairman                  | BA (Honours), BP, awc, psc |
| Mr. Md. Mujibur Rahman            | Director                | Member                    | M.COM                      |
| Ms. Rasheda K. Choudhury          | Independent Director    | Member                    | MA                         |
| Mr. Syed Moinuddin Ahmed          | Director                | Member                    | MBA                        |
| Mr. M. Anisul Haque               | Director                | Member                    | FCMA                       |

During the period from January to December 2021, the audit committee of the Board conducted 4 (four) meetings.

| Sl. No. | Meeting No | Meeting Date |
|---------|------------|--------------|
| 1       | 55         | 22-Mar-21    |
| 2       | 56         | 6-May-21     |
| 3       | 57         | 28-Jul-21    |
| 4       | 58         | 28-Oct-21    |

The Committee discussed among others, the following issues:

Review of Internal Compliance Report.

Review of the un-audited quarterly financial statements and the audited financial statements.

Appointment / Re-appointment of Statutory Auditors.

#### 42.3 Events after the Balance Sheet date

The Board of Directors in its 125<sup>th</sup> meeting held on 28/10/2021 approved to increase its authorized capital to Taka 400 crore from existing Taka 200 crore subject to completion of further regulatory requirements. Other than that there is no material adjusting or non-adjusting events after the balance sheet date.

#### 42.4 Disclosure as required by FRC

Ref no.-178/FRC/APR/2021/28(7) dated 22 Dec 2021 with further reference of DFIM Circular no.-08 dated 17 August 2021.

DBH has very fewer number of corporate clients or Public Interest Entities in its loan portfolio. As of 31 December 2021 it had 19 nos corporate clients and their portfolio was Taka 30.10 crore (0.68% of total portfolio) only. The company did not disburse or renew any loan in favor of any company or public interest entity after issuance of the said DFIM circular.

#### 42.5 Comparative information

Comparative figures have been re-arranged wherever considered necessary to ensure better comparability with the current period without causing any impact on the profit and value of assets and liabilities as reported in the financial statements.



## Schedule of Fixed assets and Intangible assets:

For the year 2021

Annexure-A

| Particulars                      | Cost                         |                           |                           |                                | Depreciation/Amortization    |                      |                         |                                | Written down value as at 31 December 2021 |
|----------------------------------|------------------------------|---------------------------|---------------------------|--------------------------------|------------------------------|----------------------|-------------------------|--------------------------------|-------------------------------------------|
|                                  | Balance as on 1 January 2021 | Additions during the year | Disposals during the year | Balance as at 31 December 2021 | Balance as on 1 January 2021 | Charged for the year | Adjustment on disposals | Balance as at 31 December 2021 |                                           |
| Furniture & fixtures             | 67,571,775                   | 3,917,099                 | 531,862                   | 70,957,012                     | 49,995,445                   | 6,465,275            | 527,398                 | 55,933,322                     | 15,023,690                                |
| Office Equipment                 | 32,285,503                   | 2,462,114                 | 657,627                   | 34,089,990                     | 25,782,452                   | 2,817,648            | 652,122                 | 27,947,978                     | 6,142,012                                 |
| Computer and computer equipments | 56,718,630                   | 513,907                   | 3,643,317                 | 53,589,220                     | 42,257,767                   | 5,508,325            | 3,524,809               | 44,241,283                     | 9,347,937                                 |
| Vehicles                         | 41,767,205                   | 623,580                   | 351,000                   | 42,039,785                     | 36,829,174                   | 2,973,043            | 350,998                 | 39,451,219                     | 2,588,566                                 |
| Building                         | 198,480,625                  | -                         | -                         | 198,480,625                    | 25,115,893                   | 5,928,549            | -                       | 31,044,442                     | 167,436,183                               |
| Land                             | 13,658,300                   | -                         | -                         | 13,658,300                     | -                            | -                    | -                       | -                              | 13,658,300                                |
| Right of use asset               | 97,810,612                   | 9,979,639                 | -                         | 107,790,251                    | 40,692,406                   | 23,015,594           | 552,446                 | 63,155,554                     | 44,634,697                                |
|                                  | <b>508,292,650</b>           | <b>17,496,339</b>         | <b>5,183,806</b>          | <b>520,605,183</b>             | <b>220,673,137</b>           | <b>46,708,434</b>    | <b>5,607,773</b>        | <b>261,773,798</b>             | <b>258,831,385</b>                        |
| <b>Intangible asset:</b>         |                              |                           |                           |                                |                              |                      |                         |                                |                                           |
| Software                         | 8,012,936                    | 2,610,750                 | -                         | 10,623,686                     | 5,751,501                    | 1,122,512            | -                       | 6,874,013                      | 3,749,673                                 |
| <b>Total 2021</b>                | <b>516,305,586</b>           | <b>20,107,089</b>         | <b>5,183,806</b>          | <b>531,228,869</b>             | <b>226,424,638</b>           | <b>47,830,946</b>    | <b>5,607,773</b>        | <b>268,647,811</b>             | <b>262,581,058</b>                        |

## Schedule of Fixed assets and Intangible assets:

For the year 2020

| Particulars                      | Cost                         |                           |                           |                                | Depreciation/Amortization    |                      |                         |                                | Amount in Taka                            |  |
|----------------------------------|------------------------------|---------------------------|---------------------------|--------------------------------|------------------------------|----------------------|-------------------------|--------------------------------|-------------------------------------------|--|
|                                  | Balance as on 1 January 2020 | Additions during the year | Disposals during the year | Balance as at 31 December 2020 | Balance as on 1 January 2020 | Charged for the year | Adjustment on disposals | Balance as at 31 December 2020 | Written down value as at 31 December 2020 |  |
| Furniture & fixtures             | 62,783,958                   | 5,249,212                 | 461,395                   | 67,571,775                     | 43,396,292                   | 7,034,867            | 435,714                 | 49,995,445                     | 17,576,330                                |  |
| Office Equipment                 | 32,394,564                   | 1,030,277                 | 1,139,338                 | 32,285,503                     | 23,742,150                   | 3,171,235            | 1,130,933               | 25,782,452                     | 6,503,051                                 |  |
| Computer and computer equipments | 46,469,271                   | 12,432,834                | 2,183,475                 | 56,718,630                     | 38,641,789                   | 5,731,689            | 2,115,711               | 42,257,767                     | 14,460,863                                |  |
| Vehicles                         | 41,896,336                   | 230,720                   | 359,851                   | 41,767,205                     | 30,915,738                   | 6,273,284            | 359,848                 | 36,829,174                     | 4,938,031                                 |  |
| Building                         | 198,480,625                  | -                         | -                         | 198,480,625                    | 19,187,344                   | 5,928,549            | -                       | 25,115,893                     | 173,364,732                               |  |
| Land                             | 13,658,300                   | -                         | -                         | 13,658,300                     | -                            | -                    | -                       | -                              | 13,658,300                                |  |
| Right of use asset               | 57,438,081                   | 40,484,585                | 112,054                   | 97,810,612                     | 20,234,791                   | 20,457,615           | -                       | 40,692,406                     | 57,118,206                                |  |
|                                  | <b>453,121,135</b>           | <b>59,427,628</b>         | <b>4,256,113</b>          | <b>508,292,650</b>             | <b>176,118,104</b>           | <b>48,597,239</b>    | <b>4,042,206</b>        | <b>220,673,137</b>             | <b>287,619,513</b>                        |  |
| <b>Intangible asset:</b>         |                              |                           |                           |                                |                              |                      |                         |                                |                                           |  |
| Software                         | 7,295,936                    | 717,000                   | -                         | 8,012,936                      | 4,594,700                    | 1,156,801            | -                       | 5,751,501                      | 2,261,435                                 |  |
| <b>Total 2020</b>                | <b>460,417,071</b>           | <b>60,144,628</b>         | <b>4,256,113</b>          | <b>516,305,586</b>             | <b>180,712,804</b>           | <b>49,754,040</b>    | <b>4,042,206</b>        | <b>226,424,638</b>             | <b>289,880,948</b>                        |  |

## NOTE

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

**NOTE**

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

## NOTE

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



**DELTA BRAC HOUSING FINANCE  
CORPORATION LIMITED**

**Head Office:** Landmark Building (9<sup>th</sup> Floor)  
12-14 Gulshan North C/A, Gulshan-2,  
Dhaka-1212, PABX: 09612 334455,  
+880(2) 222282374, 58816001, 222289112,  
Fax: +880(2) 222282110  
E-mail: dbh@deltabrac.com  
Web: www.deltabrac.com

## Proxy Form

I/We .....  
of ..... being a member of Delta Brac Housing  
Finance Corporation Limited and a holder of ..... shares do hereby appoint  
Mr./Ms ..... of ..... as my/our proxy to vote for me/us and on my/  
our behalf at the **26<sup>th</sup> Annual General Meeting (Virtual)** of the Company to be held on **April 17, 2022 (Sunday)** and  
any adjournment thereof.

Signed this ..... day of ..... 2022.

Signature .....

Name .....

Folio/BO ID No. ....

Member

Revenue  
Stamp

Signature .....

Name .....

Folio/BO ID No. ....

Proxy

**NOTES:**

- 1) This form of proxy, duly completed, must be deposited at least 48 hours before the meeting at the registered office. Proxy is invalid if not duly signed and stamped.
- 2) Signature of the Shareholders should agree with the Specimen Signature registered with the Company and Depository Register.



**DELTA BRAC HOUSING FINANCE  
CORPORATION LIMITED**

**Head Office:** Landmark Building (9<sup>th</sup> Floor)  
12-14 Gulshan North C/A, Gulshan-2,  
Dhaka-1212, PABX: 09612 334455,  
+880(2) 222282374, 58816001, 222289112,  
Fax: +880(2) 222282110  
E-mail: dbh@deltabrac.com  
Web: www.deltabrac.com

## Attendance Slip

I/We hereby record my/our attendance at the **26<sup>th</sup> Annual General Meeting (Virtual)** of **Delta Brac Housing Finance Corporation Limited** on **April 17, 2022 (Sunday)** at 11.30 a.m. by using online digital platform as a holder of ..... shares of the Company.

Signature .....

Name .....

(Member/Proxy)

Folio/BO ID No. ....







# ডিবিএইচ হোম লোন

## সবারই হোক নিজের ঠিকানা



১৬৫৬২

[www.deltabrac.com](http://www.deltabrac.com) | [vivr.deltabrac.com](https://vivr.deltabrac.com) | [dbhfinance](https://fb.com/dbhfinance)

**DBH**  
The Specialist in Housing Finance



 **16562**

 [www.deltabrac.com](http://www.deltabrac.com) |  [vivr.deltabrac.com](https://vivr.deltabrac.com) |  [dbhfinance](https://dbhfinance)