

Annual
Report
2020



**Strong
Trusted
Moving Forward**



STRONG TRUSTED MOVING FORWARD

ANNUAL REPORT 2020



DELTA BRAC HOUSING FINANCE
CORPORATION LIMITED



TABLE OF CONTENTS

Letter of Transmittal	4
Notice of the 25 th AGM	5
Core Values, Corporate Profile & Corporate Responsibility	6
Mission, Vision, 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
Directors' Report	37
Management Discussion and Analysis	56
Report on Corporate Governance	70
Declaration on Financial Statements by CEO & CFO	86
Certificate on Corporate Governance	87
Status of Compliance with the Corporate Governance Code	88
Statement of compliance with the good governance guidelines issued by Bangladesh Bank	99
Report on Internal Control	102
Audit Committee Report	104
Green Banking Activities	106
Report on National Integrity Strategy	107
Corporate Social Responsibility	108
Disclosures on Capital Adequacy & Market Discipline	110

Report on Going Concern	117
Directors' Responsibility Statement	119
Report on Human Resources	120
Stakeholders Analysis	122
Statement on Protection of Minority Shareholders' Interest	124
Auditor's Report	129
Balance Sheet	136
Profit & Loss Account	137
Cash Flow Statement	138
Statement of Changes in Equity	139
Liquidity Statement	140
Notes to the Financial Statements	141
Proxy Form & Attendance Slip	177





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, 2020.

We are pleased to enclose a copy of the Annual Report together with the audited financial statements including balance sheet as at December 31, 2020, 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 25TH ANNUAL GENERAL MEETING (VIRTUAL MEETING)

Notice is hereby given that the 25th Annual General Meeting (AGM) of Delta Brac Housing Finance Corporation Ltd. will be held on Thursday, May 6, 2021 at 11:00 a.m. (Dhaka Time). The AGM will be held virtually by using digital platform through the following link: <https://dbh.bdvirtualagm.com> to transact the following businesses:

1. Consideration and adoption of Directors' Report, Audited Financial Statements for the year ended December 31, 2020 and the Auditors' Report thereon.
2. Declaration of dividend for the year ended December 31, 2020.
3. Appointment/re-appointment of Directors.
4. (a) Appointment of statutory auditors and fixation of their remuneration;
(b) Appointment of a professional to provide the certificate on compliance on the Corporate Governance Code of BSEC for the year 2021, as well as fixation of their remuneration.

By order of the Board

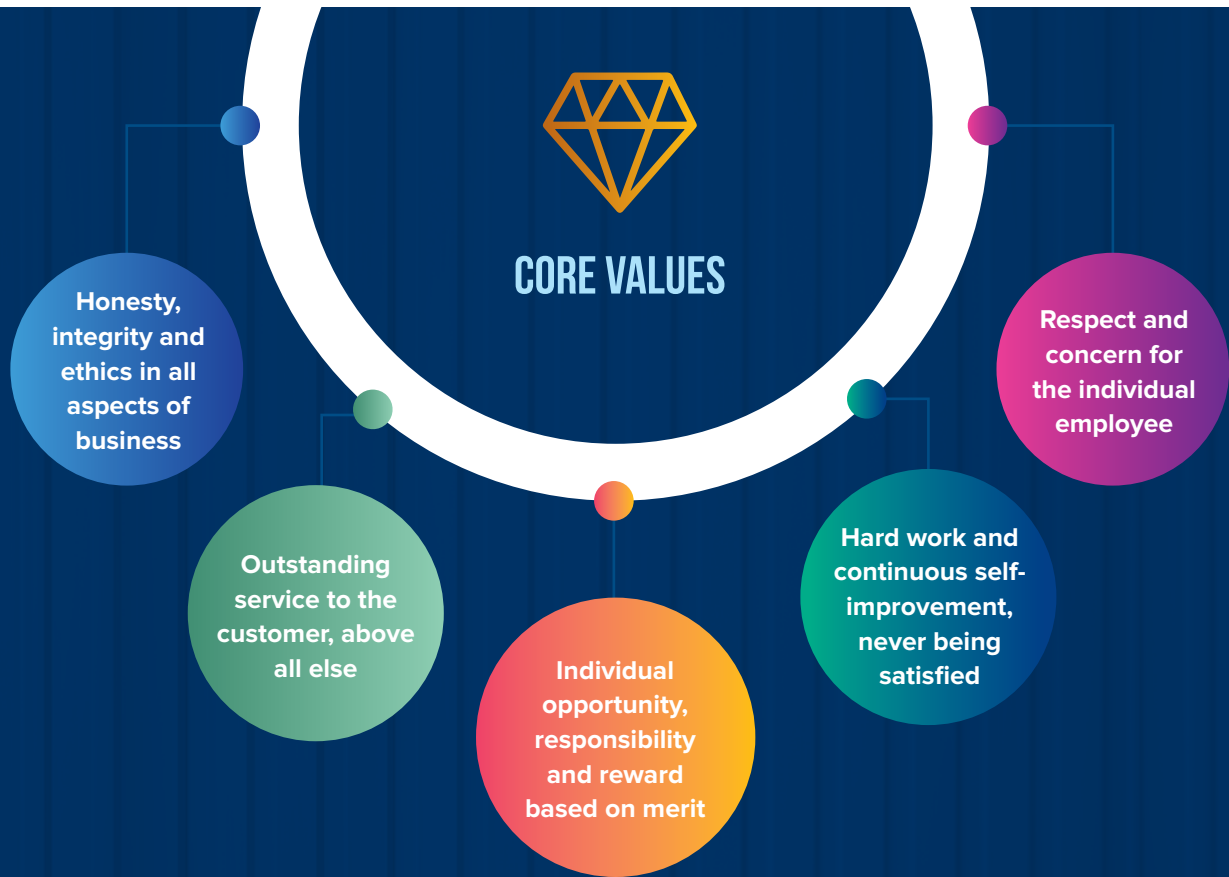
April 15, 2021

Sd/-

Jashim Uddin, FCS
Company Secretary

Notes:

- The Shareholders whose names appeared on the Shareholders/Depository Register as on the "Record Date" i.e. **April 13, 2021** are eligible to participate in the 25th Annual General Meeting (AGM) and receive 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 virtual meeting of the Shareholders, which will be conducted via live webcast by using 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 credential as proof of their identity by visiting the link: <https://dbh.bdvirtualagm.com>.
- We encourage the Shareholders to login to the system prior to the meeting start time at 11:00 a.m. (Dhaka time) on **May 06, 2021**. Shareholders may contact +8801614072145 for any technical difficulties in accessing the virtual meeting.
- 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-2020 (link) has already been 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-2020 will also be available on the Company's website at: www.deltabrac.com.



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 fifteen 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 (9th Floor)
12-14 Gulshan North C/A, Gulshan-2, Dhaka-1212
PABX: 09612 334455, +880(2) 02222282374, 58816001, 02222289112, Fax: +880(2) 02222282110
Corporate Website: www.deltabrac.com, Corporate e-mail: dbh@deltabrac.com
DBH Customer Center: 16562 or 09612222888

BRANCHES

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

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
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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 Sponsor 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. Mushtaque 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 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. Dr. Chowdhury has published over 150 articles in peer-reviewed international journals including the International Journal on Education, the Lancet, the Social Science & Medicine, The Scientific American and the New England Journal of Medicine.

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).

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



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.

He has been a Director of DBH, nominated by Delta Life Insurance Company Limited, since December 2017.



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 07, 2014. Beside regular academic education, he participated in various professional courses and seminars at home and abroad. His area of work experience ranges from Management and Administration in Accounts, Finance, Internal Audit, Procurement and Supply Chain and Contract and Commercial 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 provider “Centre for Woman and Child Health (CWCH)”, a Specialized Hospital dedicated for the treatment of mostly under privileged women & children, operating at EPZ Bypass Road, Ashulia, Savar, Dhaka.

He has been a Director of DBH, nominated by Delta Life Insurance Company Limited, 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 in 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 - Rahimafrooz, 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 (ret), 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, Defta 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 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 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.



BOARD COMMITTEES



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

Ms. Mehreen Hassan, Bar-at-law

Chairperson

Dr. A M R Chowdhury

Mr. Nasimul Baten



EXECUTIVE COMMITTEE



MANAGEMENT & OTHER COMMITTEES



Mr. Nasimul Baten
 Mr. Tanvir Ahmad
 Mr. A.K.M. Tanvir Kamal
 Mr. Hassan I Yussouf
 Mr. Saiyaf Ejaz
 Mr. Jashim Uddin, FCS
 Mr. Md. Zakaria Eusuf
 Mr. Md. Abdul Wadud, FCA

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



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



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

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. Md. Abdul Wadud, FCA
Mr. Sabed Bin Ahsan
Mr. Siddartho Kirtonia
Mr. Md. Mamun-ur-Rashid
Mr. Shihabuddin Mahmud



Mr. Hassan I Yussouf
Mr. Saiyaf Ejaz
Mr. Md. Abdul Wadud, FCA
Mr. Sabed Bin Ahsan
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

Head of Credit

Tanvir Ahmad

Head of Human Resources

Md. Hassan Iftekhar Yussouf

Head of Information Technology

Saiyaf Ejaz

Head of Recovery & Administration

Md. Zakaria Eusuf

Head of Loan Operations

Md. Golam Rosul

Head of Loan Sales

Md. Fakrul Amin

Head of Legal

Jashim Uddin, FCS

Company Secretary & Head of Corporate Affairs

Md. Abdul Wadud, FCA

Head of Finance

Moahedul Mowla

Head of Branch - Nasirabad

Khandaker Satil Sayeed

Financial Controller

Md. Ariful Bari Rumi

Head of Branch – Motijheel

Mir Md. Mukhlesur Rahman

VP - Credit

Nahid Ahmed

Head of Treasury

Sabed Bin Ahsan

Head of Deposits, Customer Experience & Business Planning

A.H.M. Mostofa Kamal

VP – Technical & Property Services

Kazi Hasanul Islam

Head of Branch - Dhanmondi

Md. Mamunur Rashid Bhuiyan

SAVP – Recovery & Legal

Mohammad Manjurul Alam

SAVP - Sales

Siddartha Sangkor Kirtonia

SAVP – Information Technology

Bidhan Krishna Ghosh

SAVP – Sales & Regional Branches

Md. Ferdous Hossain Polash

SAVP - Regional Sales

Imtiaz Elahi Sohel

AVP - Brand & Communications

Md. Mamun-Ur-Rashid

AVP – Information Technology

Md. Mustaquimur Rashid

AVP - Human Resources

Md. Rasel Sarker

AVP – Information Technology

Muhammad Abdullah Al Razee

Branch Manager – Uttara

A.K.M. Zahidul Hassan Choudhury

Branch Manager – Savar

Khairul Alam

Branch Manager – Gazipur

Md. Jubraj Hossain

Senior Manager - Treasury

Shihabuddin Mahmud

Head of Internal Audit

Md. Abdullah Al Mamun

Senior Branch Sales Manager

Md. Moshior Rahman

Senior Branch Sales Manager

Mohammed Atiqur Rahman Akand

Senior Manager – Sales

Sabbir Mahamud

Senior Manager - Human Resources

Mir Mohammad Ariful Islam

Senior Manager - Customer Services



OPERATIONAL AND FINANCIAL HIGHLIGHTS

(Million Taka)

Operational Highlights	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19	31-Dec-20
Loan approvals	6,230	15,198	8,632	8,934	7,527
Loan disbursement	6,157	14,711	10,273	10,112	7,028
Cumulative disbursement	78,290	93,001	103,274	113,386	120,414
Cumulative sanction	81,950	97,148	105,780	114,714	122,241

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

Financial Highlights	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19	31-Dec-20
Profit before tax	*602.91	1,492	1,607	1,555	1,498
Profit after tax	*330.81	949	1,048	1,073	891
Shareholders' fund	3,591	4,358	5,040	5,809	6,431
Total deposit	34,394	41,188	43,319	43,411	43,827
Long term borrowing	3,109	2,610	2,219	1,954	1,709
Housing loan portfolio	35,552	42,041	43,427	44,296	42,614
Total balance sheet size	46,472	54,581	57,499	59,280	58,607
NPL ratio (%)	0.36%	0.27%	0.30%	0.45%	0.41%
Return on equity (average equity)	18.38%	23.88%	22.30%	19.79%	14.56%
Earnings per share	**5.43	7.79	8.60	8.04	5.78
Earnings per share (restated)	**4.94	7.08	7.82	6.96	5.78
Book value per share	29.47	35.76	41.36	43.36	41.72
Dividend cover ratio	1.81	2.60	2.46	2.30	1.93

Loan sanction and loan disbursement figures against 31/12/2016 represents 6 months figures commencing from July 1, 2016 to December 31, 2016.

* Profit before tax and profit after tax represents profit for the period from July 1, 2016 to December 31, 2016.

Return on average equity on December 31, 2016 calculated annualising profit after tax of Tk. 330.81 million.

** Annualized EPS



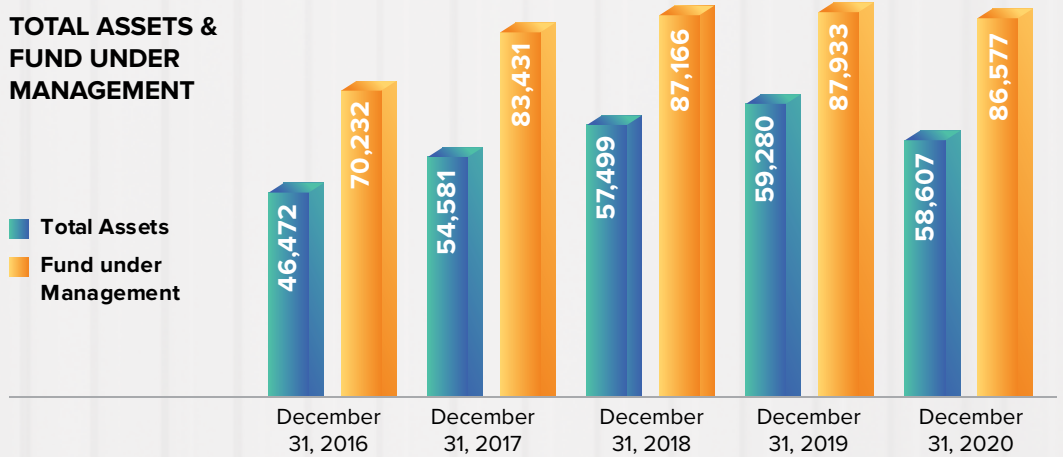
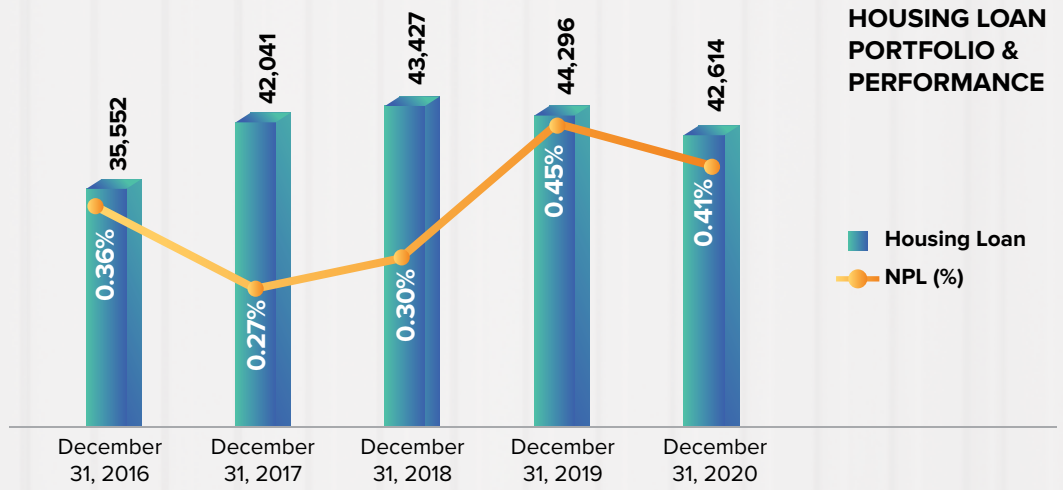
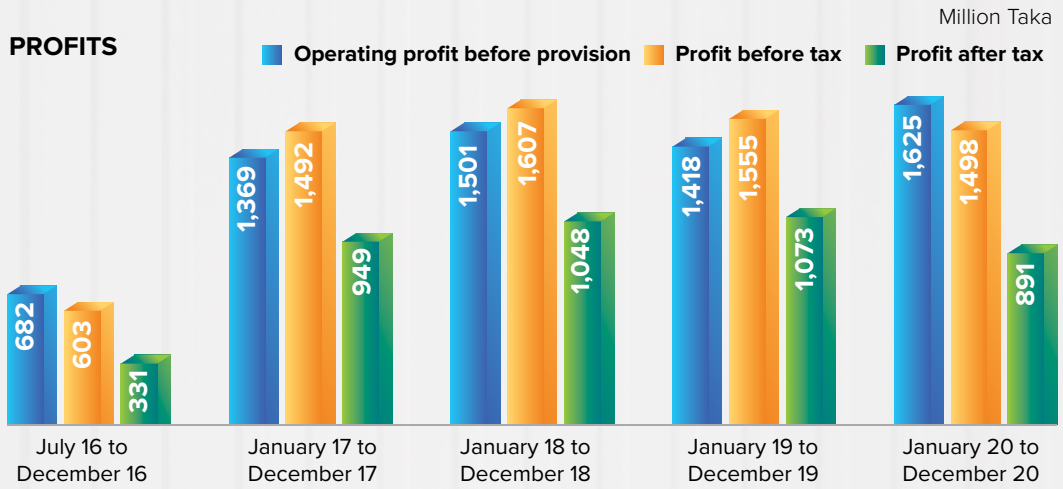
FINANCIAL HIGHLIGHTS AS REQUIRED BY BANGLADESH BANK

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

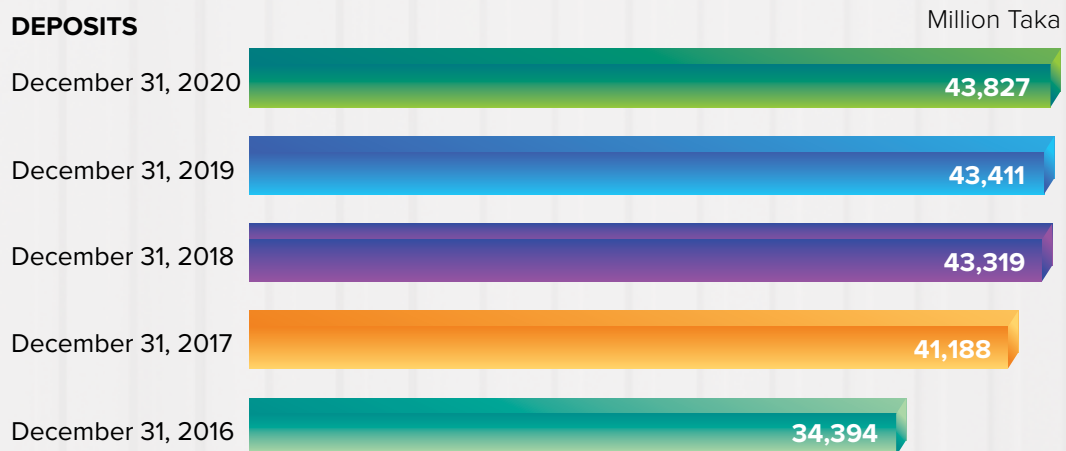
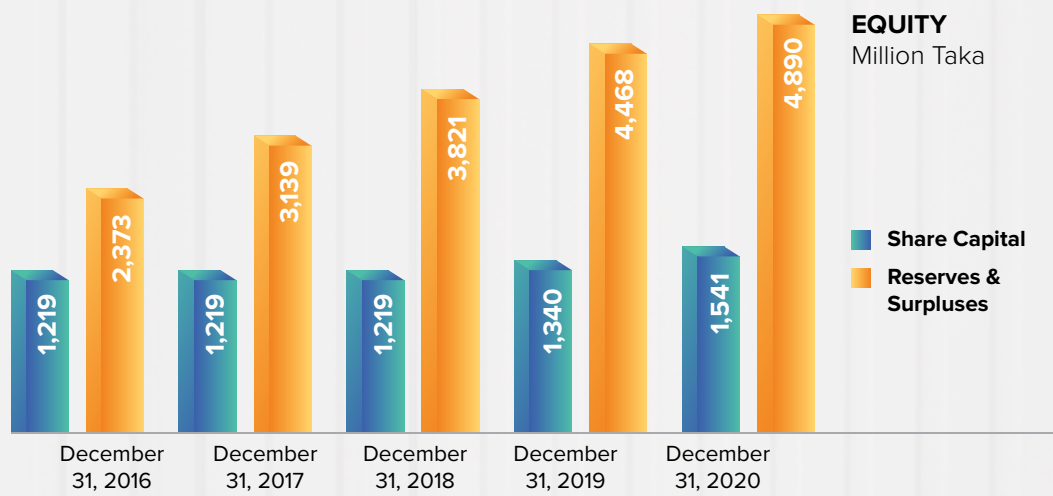
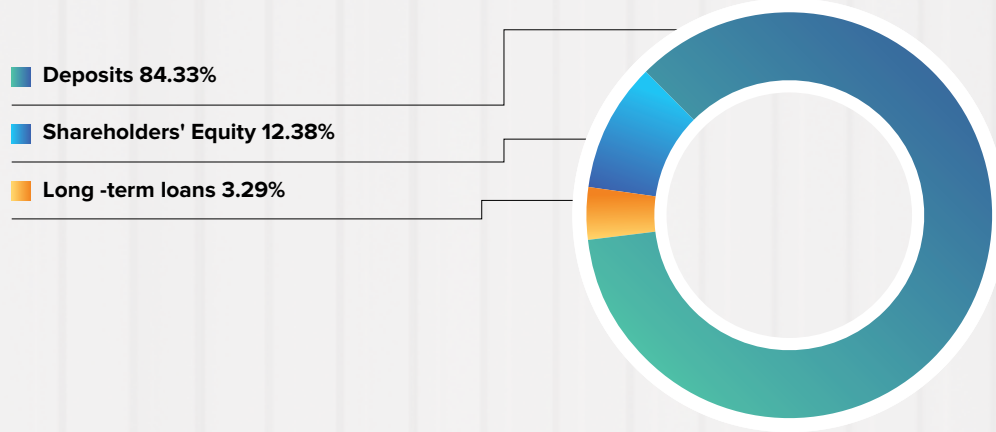
Financial Highlights	31-Dec-20	31-Dec-19
Paid up Capital	1,541	1,340
Total Capital	6,431	5,809
Capital Surplus/(Deficit)	541	340
Total Assets	58,607	59,280
Total Deposits	43,827	43,411
Total Loans & Advances	42,750	44,522
Total Contingent Liabilities and Commitments	632	472
Credit Deposit Ratio (times)	0.98	1.03
Percentage of Classified Loans against total loans and advances	0.41%	0.45%
Profit after Tax & Provision	891	1,073
Amount of Classified Loans during current year	174.09	201.61
Provision kept against Classified Loans	174.09	201.61
Provision Surplus/ Deficit	435.07	264.52
Cost of Fund	8.13%	9.30%
Interest Earning Assets	57,038	57,525
Non Interest Earning Assets	1,569	1,755
Return on equity (ROE)	14.56%	19.79%
Return on Asset (ROA)	1.51%	1.84%
Income from Investment	24	27
Earnings per Share	5.78	8.04
Earnings per Share (Restated)	5.78	6.96
Net Income per Share	10.54	10.58
Price Earning Ratio	16.02	14.23



GRAPHICAL PRESENTATION OF FINANCIAL PERFORMANCES



FUND EMPLOYED





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 (Tk.)	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)



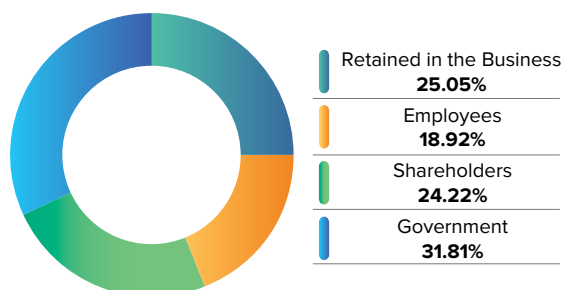
VALUE ADDED STATEMENT

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.

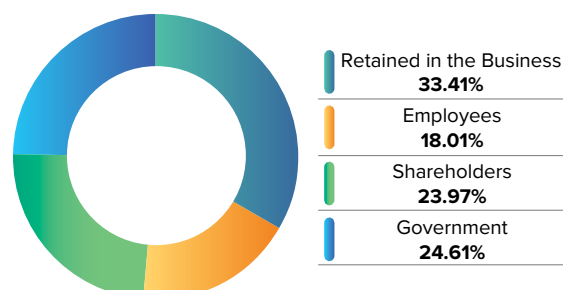
Figures in BDT

	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%
Value added				
Net interest income	1,948,604,817	102.07%	1,707,923,379	87.26%
Fees earned	155,864,097	8.17%	199,772,398	10.21%
Investment Income	24,150,831	1.27%	26,835,187	1.37%
Other income	19,674,791	1.03%	6,795,002	0.34%
Operating expense except salary & allowances, depreciation & amortization	(112,546,799)	-5.90%	(121,153,786)	-6.19%
Provision for loan, advances & investments	(126,708,026)	-6.64%	137,209,413	7.01%
Total value added by the company	1,909,039,711	100%	1,957,381,593	100%
Distribution of value added				
Employees				
As Salary & Allowances	361,125,491	18.92%	352,605,438	18.01%
Provider of Capital				
Dividend to Ordinary shareholders	462,427,743	24.22%	469,129,595	23.97%
Government				
Income tax	607,234,770	31.81%	481,615,402	24.61%
Retained for business growth				
Earning retained in the business	428,497,667	22.44%	604,125,399	30.86%
Depreciation and amortization	49,754,040	2.61%	49,905,760	2.55%
Total distribution	1,909,039,711	100%	1,957,381,593	100%

December 31, 2020



December 31, 2019





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 are 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, 2020 and for the year ended December 31, 2019.

Particulars	Amount in BDT	
	December 31, 2020	December 31, 2019
Market value of shares outstanding	14,273,603,001	15,320,432,186
Book value of share outstanding	1,541,425,810	1,340,370,270
Market value added	12,732,177,191	13,980,061,916





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:

$EVA = \text{Net operating Profit} - \text{Taxes} - \text{Cost of Capital}$

Particulars	Amount in BDT	
	December 31, 2020	December 31, 2019
Net operating profit	1,624,868,206	1,417,660,982
Provision for taxes	607,234,770	481,615,402
Net operating profit after tax (NOPAT)	1,017,633,436	936,045,580
Charges for capital		
Capital employed	7,006,242,223	6,315,491,152
Cost of equity (%)	6.64%	10.97%
Capital charge	465,214,484	692,809,379
Economic Value added	552,418,952	243,236,201
Capital employed		
Shareholders' equity	6,431,455,989	5,808,604,633
Accumulated provision for doubtful accounts and future losses	949,565,925	822,857,899
Total capital employed	7,381,021,914	6,631,462,532
Average capital employed	7,006,242,223	6,315,491,152

* Cost of equity reflects the shareholders' expected return. Interest rate on 5 years Government Treasury Bond issued latest in December 2020 plus standard risk premium 2% has been assumed to be the cost of equity.



MESSAGE FROM THE CHAIRMAN

NASIR A. CHOUDHURY
CHAIRMAN

Dear Stakeholders,

2020 marks the 25th year of our remarkable 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 significantly. 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 esteemed colleagues who made this success a reality.

However, presently we are living in unprecedented times with COVID-19 claiming millions of lives globally including Bangladesh and destroying the livelihoods due to extended lockdowns and impacted economic activity. My heart goes out to the families of all those who have lost their family members. Let me also on behalf of our Company salute our healthcare workers and frontliners who have risked their lives in this battle against a raging pandemic. Let us find strength in the hope of a better future, riding out the health crisis and recovering from the financial predicaments.

Amidst such harsh socioeconomic surroundings, the strength and resilience of DBH have been truly tested this year. 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.

During this period, we adopted our Business Continuity Plan (BCP) which has helped us to continue functioning in the 'new normal'. We embraced several new practices along the way that helped us to serve our clients during the period under lockdown. These include working efficiently from home and equipping ourselves to prepare for the future through accessing digital platforms and leveraging this opportunity to foster the prospects of "digital finance".

Against the backdrop of the uncertainty prevailing in the financial market owing to the pandemic, DBH has been relatively cautious in its approach during 2020. At the close of December 31, 2020 the housing loan portfolio of DBH stands at Tk. 42.61 billion. 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 half percent.

At the close of December 31, 2020, the profit after tax of the Company was 890.93 million. The Company posted an operating profit of Tk. 1624.87 million for the same period. The Board has recommended 15 percent cash and 15 percent stock dividend out of profit for the year ended December 31, 2020. Company has strong reserve of undistributed earnings worth Tk. 523.56 million.

I am pleased to inform you that DBH has retained its highest credit rating of 'AAA' (triple A) for the 15th 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. Also the Company won Gold award in ICSB National Award for Corporate Governance Excellence for consecutive years. This reflects the financial strength and steadfastness of the Company.

Moving forward, our main aim should be fostering growth of core business operations while ensuring heightened profitability. Asset quality of lending portfolio, connectivity with clients, innovation of service and financially viable funding will remain our focus. From the macro perspective it may be added that overall investment scenario seems unsure as the global pandemic continues to impact lives and businesses. 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 have firm faith in our expertise and motivation to work harder which will propel us to cross over all the predicaments of future.

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,

This is my first letter to you since assuming the role of Managing Director & CEO of Delta Brac Housing Finance Corporation Ltd. I am honored and humbled to be leading our great company. DBH has a strong 25 years of legacy and I am proud to be associated in this journey for the last 23 years to see the company starting from the scratch to be considered now as one of the best financial institutions of the country with market leadership in housing finance, non performing loan less than half percent, which is lowest in the industry and achieving highest credit rating AAA for 15 consecutive years, a rare feat which no other financial institution of the country could achieve so far.

I must begin by acknowledging the contribution of my predecessor Mr. Q. M. Shariful Ala, who decided to retire after leading the company for 23 long years. He played a big role in making DBH what it is today. Under his leadership and with support from our visionary Board, we built an exceptionally strong foundation. We are grateful for his service and contribution to the Company.

The year 2020 will be marked as unprecedented year with the outbreak of COVID-19 as a global pandemic. It hit the world so hard that it literally brought the world to stand still. Besides, the toll this outbreak has had on human life, it has also disrupted the social, economic and financial structures of the entire world, nothing like that was ever experienced in the modern history.

In Bangladesh, the government declared general holiday from March 26, 2020 which continued till May 31, 2020. Thus almost a quarter was ticked off from the business calendar where survival and protections of human lives were the utmost priorities. Though the lockdown restrictions were gradually lifted later but the uneasiness and effects still remain and the possibilities of second wave always remained in the horizon. So it is priority for us to remain alert and take health and safety protocols for savings lives of all our stakeholders.

Like all other businesses, in DBH also business was seriously affected by COVID-19 pandemic, particularly during the first half of the year. Offices were physically closed during the lockdown, though all employees were working from home using the IT platform of the company to ensure any support and services required by our existing customers and providing them services in earliest possible time in virtual platforms. But new business mobilizations came to a standstill as we prioritized the health safety and well beings of the employees and customers and stopped all types of physical interaction with the customers. As a result, loan sourcing and disbursement during first half of the year were reduced by 44% and 56% respectively.

Also during the lockdown, we analyzed the entire undisbursed portfolio and identified the possible

impact of COVID-19 on the sanctioned files. We took required steps to mitigate the risks and prepared ourselves to go back to normalcy at the earliest once the lockdown is lifted. Because of our proactive action, business started to pick up from July 2020 onwards and the trend continued throughout the remaining months of the year. During the second half of 2020, our loan sourcing increased by 12% and disbursement almost reached at the same level of the same period of 2019.

We managed enough liquidity and kept high level of capital adequacy throughout the year. We kept cost of fund and operational cost at low level. As a result, though our disbursement and portfolio reduced but both our net interest income and operating profit marked healthy growth compared to previous year. Our cost to income ratio remained below 25%, which is one of the lowest in the industry. We follow strict provision rules in line with international best practices and always keep more than required provisions against our loans and advances. Though Central Bank relaxed provision requirements for 2020 due to COVID-19, but we kept additional provisions against loans and advances to cope with any uncertainty related to COVID-19 on Loan repayments. Our net profit and EPS reduced from last year but that is only because of our precautionary approach of keeping additional provisions to safeguard the interest of the company from any future uncertainty due to COVID. Despite all challenges, we finished the year 2020 strongly and our Board proposed maximum allowable dividend of 15% cash and 15% stock for our shareholders.

Our strategies for going forward can be termed in one phrase, that is “Looking back, looking ahead”. We’ll continue to do the good works that has helped us to create the strong platform for the company.

Going forward, we intend to:

Focus on our core strengths to generate growth:

The success story of DBH can be mainly attributed to 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 customers. We'll not deviate from this strategy for the sake of quick portfolio growth, of course we'll take steps for our portfolio growth, but we want to achieve that without compromising with asset qualities and financial budget.

Disciplined Business Management:

In order to realize sustainable growth in bottom line profit and return on equity, we'll bolster profitability by placing even greater emphasis on capital, asset and cost efficiencies. At the same time, we'll continue to promote healthy risk taking and sound credit cost control. We'll maximize returns through the optimized allocation of the management resources by adopting a disciplined approach to management, investment expenses/ cost and business operations.

Improving Productivity and Efficiency through investment in Technology:

The digitalization of society is advancing at a rapid pace. COVID-19 has increased the pace even faster and digitalization of all business operations has become new normal. DBH actively adopting new technologies and promoting digitalization in various areas of its business so that we may enhance the customer experience, generate new business, improve productivity and efficiency and upgrade management control and infrastructure.


Process Re-Engineering

In addition to invest in technology to improve productivity and efficiency, we are also actively working on business process re-engineering to make the customer experiences more rewarding and faster for our loan and deposit customers.

Increase our Geographical Footprint

With the advancement of the mega projects, the connectivity of Dhaka city with other areas are improving. This will also increase the economic activities in those areas. Housing development works hand in hand with economic developments. So far our business was limited to Dhaka and outskirts areas, Chattogram, Cumilla and Sylhet. But with the improved connectivity, we are anticipating rapid developments in other parts of the country and want to increase our geographical footprint in those parts of the country.

The events of 2020 were unprecedented and the pandemic is not over. It had an enormous impact on every aspect of our lives and we don't know how long it will continue and how long lasting the impacts will remain. But one thing we learnt from this pandemic is resilience. Nothing is more important than human lives. Whereas we'll strive for growth, but safety for our employees, customers and all stakeholders will remain our primary responsibility. I want to take this opportunity to thank our employees for their outstanding commitment and hard work. I thank our loan customers, depositors and business partners for their support. I thank our honorable Chairman and Board Members for their wonderful support and guidance. And last but not the least, I thank you, our shareholders for your confidence in us. We are committed to increase the housing stocks of the country and build a sustainable future for our community.



Nasimul Baten
Managing Director & CEO



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, 2020.

Macroeconomic Performance of Bangladesh Economy

The year 2020 began with a cloud of uncertainty hanging over the horizon. The novel coronavirus was spreading in Europe, the destination of over 60 percent exports from Bangladesh, after wreaking havoc in China, its largest trading partner. COVID-19 pandemic continued to spread and impacted Bangladesh economy since March 2020, reflecting in a sharp decline in growth rate of real gross domestic product (GDP) to 5.24 percent in FY20 as compared to a record high of 8.15 percent growth in FY19. In response to combat against the possible economic disruptions because of the pandemic, Bangladesh has been taking extensive fiscal measures.

To protect the people and the economy, the government rolled out a massive Tk. 120,000-crore stimulus package. It capped bank interest rates below single digit to help firms and businesses borrow at a low rate. But the biggest support came from farmers who continue to feed the country and the migrant workers who proved the grim forecasts wrong, sending home a record amount of remittance. The robust flow of remittance lifted the country's foreign exchange reserves to record highs and put the country on a firm footing.

Despite economic slowdown, growth rate of Bangladesh in 2020 was projected to be the highest among all South Asian countries as estimated by the International Monetary Fund (IMF), World Bank (WB) and Asian Development Bank (ADB) (Table 1). Table 1 shows that only Bangladesh, Bhutan and Nepal will manage positive growth rates in 2020, where Bangladesh's performance would be much better than others.

Table 1: Growth outlook for South Asian countries

	IMF			World Bank			ADB		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Afghanistan	3.9	-5.0	4.0	3.9	-5.5	2.5	3.0	-5.0	1.5
Bangladesh	8.2	3.8	4.4	8.1	2.0	1.6	8.2	5.2	6.8
Bhutan	3.8	0.6	-0.5	3.8	1.5	1.8	4.4	2.4	1.7
India	4.2	-10.3	8.8	4.2	-9.6	5.4	4.2	-9.0	8.0
Maldives	5.7	-18.6	12.7	5.9	-19.5	9.5	5.9	-20.5	10.5
Nepal	7.1	0.0	2.5	7.0	0.2	0.6	7.0	2.3	1.5
Pakistan	1.9	-0.4	1.0	1.9	-1.5	0.5	1.9	-0.4	2.0
Sri Lanka	2.3	-4.6	5.3	2.3	-6.7	3.3	2.3	-5.5	4.1

Sources: World Economic Outlook, October 2020; World Bank, October 2020; Asian Development Bank Outlook, September 2020.

A broad-based recovery in economic activities started in Q1FY21 which is reflected in key macroeconomic indicators well supported by fiscal and monetary measures in response to COVID-19 pandemic. The recovery was evidenced in resilient agriculture, robust industry and fairly performed service sectors. Exports turned around registering a 2.58 percent growth in Q1FY21, reflecting strengthened external demand. A strong growth in remittance inflows by 48.60 percent helped boost domestic demand, particularly consumption in Q1FY21. Although headline CPI inflation (p-t-p)

remained broadly stable, it nudged slightly up in Q1FY21, reaching 5.97 percent in September 2020, driven by food inflation. Food inflation picked up to 6.50 percent in September 2020, triggered mainly by supply disruptions because of floods in the north-western part of the country and rising food prices in the global markets, among other factors. On the other hand, non-food inflation declined to 5.12 percent in September 2020 on account of subdued demand of many non-food items in the face of COVID-19.

Table: 2 The key economic indicators of Bangladesh:

Table I.I: Macroeconomic Framework: Key Economic Indicators

Indicators	FY15	FY16	FY17	FY18	FY19	FY20
Real GDP	6.6	7.1	7.3	7.9	8.2	5.2
GDP deflator	5.8	6.8	5.3	5.6	4.2	4.5
CPI Inflation (average)	6.4	5.5	5.9	5.8	5.5	5.6
CPI Inflation (point to point)	6.3	5.9	5.4	5.5	5.7	6.0
<i>In percent of GDP</i>						
Gross domestic Savings	22.1	25.0	25.3	22.8	25.0	25.3
Gross domestic investment	28.9	29.7	30.5	31.2	31.6	31.8
Total revenue	10.9	10.5	10.5	10.8	10.1	9.0
Tax	9.0	9.0	8.8	9.2	8.8	8.1
Nontax	1.5	1.2	1.4	1.3	1.0	0.9
Total expenditure	13.8	13.9	13.5	14.7	14.6	13.9
Current expenditure	8.0	7.5	6.5	6.8	7.0	7.0
Annual development program	4.7	5.0	5.5	6.6	6.6	5.8
Other expenditure (residual)	1.1	1.4	1.4	1.3	1.1	1.0
Overall balance (excluding grants)	-2.9	-3.4	-2.9	-3.9	-4.5	-4.9
Financing (net)	2.9	3.4	2.9	3.9	4.5	4.9
Domestic financing	1.8	2.2	1.9	2.1	2.8	3.0
Banking System	-0.5	0.2	-0.9	-0.1	0.7	2.2
Non-Bank	2.3	2.0	2.7	2.1	2.1	0.8
Current account balance	1.8	1.9	-0.6	-3.6	-1.8	-1.5
Overall balance	2.2	2.3	1.3	-0.3	0.0	1.1
<i>Growth in Percent</i>						
Money and credit						
Private sector credit	13.2	16.6	15.7	17.0	11.3	8.6
Broad money (M2)	12.4	16.4	10.9	9.2	9.9	12.6
External Sector						
Exports, f.o.b.	3.1	8.9	1.7	6.4	9.1	-17.1
Imports, f.o.b.	3.0	5.9	9.0	25.2	1.8	-8.6
<i>In million USD</i>						
Exports, f.o.b.	30,697	33,441	34,019	36,285	32,830	32,830
Imports, f.o.b.	37,662	39,901	43,491	54,463	50,691	50,691
Gross official reserves	25,021	30,176	33,407	32,944	36,037	36,037
In terms of month of imports	6.5	7.2	6.6	6.0	5.5	5.4
Memorandum items:						
Nominal GDP (in billion Taka)	15,158	17,329	19,758	22,505	25,425	27,964

Source: Bangladesh Bank; Ministry of Finance and Bangladesh Bureau of Statistics.

The current account balance turned into a surplus of USD 3534 million in Q1FY21 led by hefty remittance inflows in tandem with a rebound in export growth. Consequently, the overall balance of payment resulted in a surplus of USD 3098 million in Q1FY21. Despite the large surplus in BOP, nominal exchange rate of BDT against USD remained broadly stable as a consequence of BB's net purchase of USD 2427 million during the quarter under review. M2 growth edged up to 13.92 percent (y/y) at the end of Q1FY21, hinging upon a robust Net Financial Asset (NFA) growth on the back of inflows of huge remittance and foreign loan. Although the growth of credit to the private sector recovered slightly to 9.48 percent in September 2020 with the favor of easy monetary policy, lower than the target for December 2020. On the other hand, the growth of public sector credit moderated somewhat because of a large inflow of foreign loans, and a rise in the sale of national saving certificates.

The downward revision of policy rates pulled interest rates down in the inter-bank money markets and retail markets. The weighted-average interest rate on lending moderated further to 7.79 percent in September 2020, remaining well below the ceiling of 9.0 percent. The overall banking sector performance improved in Q1FY21, reflected in a decline in ratio of non-performing loan aided by the loan moratorium facility, a rise in capital adequacy, and an enhancement of provision to be maintained against classified loans. Favored by the expansionary monetary policy and appropriate capital market policy supports, the capital market bounced back during the period under review, which is visible in rising share prices, turnover, and market capitalization.

UK-based Centre for Economics and Business Research in their recent publications said that the reopening of the economy in June was a very bold move and proved to be a judicious one, as the virus did not go out of control. The food production, remittance, the stimulus package, the reopening, and the uptick in domestic demand and exports put the country on the path of recovery. "Despite the Covid-19 pandemic, Bangladesh was able to escape a contraction in 2020,"

*Source: BB quarterly July-Sept, 2020
Daily Star Bangladesh*

Performance of Financial Sector in 2020

Bangladesh Bank (BB) has released monetary policy review assessing the central bank's monetary policy stance for the current fiscal year (FY21), accommodating growth supportive needs while attaining the targeted inflation. Against the backdrop of the COVID-19 pandemic, the government of Bangladesh and BB undertook a series of timely and appropriate initiatives such as stimulus packages of more than BDT1.21 trillion, policy relaxations, low cost refinance schemes, etc., among others, to support weaker segments of the economy, to ensure sufficient liquidity in the banking system and to enhance private sector credit growth. Aided by those prompt policy initiatives, the economic recovery of Bangladesh remained at the forefront among the neighboring South Asian economies and attained a 5.2 percent growth rate in FY20. In December, 2020, the outstanding loans in the private sector stood at Tk. 11,41,342 crore and the year-on-year credit growth stood at 8.37% against the target of 11.5%.

Initiatives of Bangladesh Bank:

The central bank undertook a number of initiatives to protect the financial sector from the adverse impact of COVID-19 pandemic. Simultaneously, BB has also aligned itself with the government's effort on implementing stimulus package to revive the economy from the COVID-19 fallout. A number of the important policy initiatives are highlighted briefly below:

Fixation of Interest Rate Cap: Bangladesh Bank fixed the cap of interest rate of all loans to be given by the banks (except credit card) at 9% effective from April 1, 2020.

Reduction of Cash Reserve Ratio (CRR): The cash reserve ratios were re-fixed at 4% from 5.5% for all the scheduled banks and at 1.5% from 2.5% for all the NBFIs. This allowed the financial entities to utilize around Tk. 350 crore, kept as CRR with the BB. Moreover, BB reduced the bank rate from 5.00 to 4.00 percent in July 2020, which had remained unchanged at 5.00 percent since 2003, rationalizing it with the current interest rate regime.

Reduction in Repo Rate: BB also slashed its repo rate from 6.00 to 4.75 percent in three stages during March - July 2020, aimed at infusing more liquidity in the banking system and enabling banks to extend more credit to the priority sectors at lower rate of interest during the pandemic period. Consequently, the interest rate in the call

money market and interbank repo rate continued to decline from 5.14 and 5.96 percent in March 2020 to 2.12 and 0.75 percent in December 2020, respectively, reflecting an expansionary monetary policy stance.

Increase in Advance to Deposit ratio (ADR):

The ADR was increased with a view to enhance the lending capacity of the banks and facilitate implementation of the stimulus packages announced by the government. The ADR was increased to 87% for conventional banks and to 92% for the Islamic Shariah-Based banks from 85% and 90% respectively.

Stimulus Package: Government responded with an expansionary fiscal policy and approved 23 stimulus packages worth a total of Tk. 1,24,053 crore (as of January, 2021) to combat the deceleration of economic growth and expedite the private sector credit growth. Banks and NBFIs are the key channels of the disbursement of these packages.

Payment Deferrals: A moratorium facility on loan installments payments was announced by BB from 1st January to 31st December, 2020. As per the directive, default of payment of installments by the borrower will not downgrade the classification of the loans and the banks and FIs will also not impose any late fee or penalty on the borrowers against the overdue loan installments.

Dividend Policy: Bangladesh Bank has restricted all the banks to disburse any cash dividend above 17.5% and also capped total dividend payment at 35%. 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 per cent on non-bank financial institutions (NBFIs) of which the NBFIs can pay maximum 15% as cash dividend.

Banking Sector:

The banking sector was feared to face a two-fold blow, stemming from Covid-19 and lending rate cap. But the end of 2020 showed a rather positive picture with two major performance indicators - profitability and loan recovery - being better than expected. Total operating profits in the banking sector declined by only 7.16% last year from the previous year when industry insiders had

assumed that the 9% lending rate cap will erode profits by 40%. Non-performing loans (NPLs) stood at Tk. 88,734 crore as of December 2020, down 5.93% year-on-year. This decline has resulted the provisioning shortfall against loan's in the country's banking system to fall by over 98% in the last quarter of the year 2020. However, with the anticipation that there will be spike in the gross NPLs as soon as the regulatory forbearance issued for the year 2020 would be over, BB directed all the banks to maintain an additional 1% provisioning against loans which have enjoyed deferral/time extension.

NPL by Type of Banks (In Billion)

Type of Banks	Dec. 19	Dec. 20
State-Owned Commercial Banks	439.94	422.74
Private Commercial Banks	441.74	399.16
Foreign Commercial Banks	21.04	20.32
Development Finance Institutions	40.62	40.62
Total	943.34	882.84

The growth of bank deposits rose from 10.5 percent at the end of Q4FY20 to 12.4 percent (from BDT 13,054.73 billion to BDT 13,454.36 billion) at the end of Q1FY21 amid COVID-19 pandemic, reflecting mainly higher remittance inflows (49.05 percent year-on-year). Moreover, the growth of advances also witnessed a slight increase from 9.0 percent at the end of Q4FY20 to 9.6 percent (from BDT 10,647.13 billion to BDT 10,655.7 billion) at the end of Q1FY21; loan disbursement from the stimuli packages might help such acceleration. As the bank deposits grew at a faster pace than bank advances, the overall ADR fell from 76.2 percent at the end of Q4FY20 to 74.0 percent at the end of Q1FY21.

Lower credit demand, cautious lending behavior of the banks, stable deposit growth, money injection by the central bank for the stimulus packages, policy relaxation by the central bank and upward trend of remittance, accelerated the liquidity in the banking sector by 95% year-on-year to Tk 204,700 crores in December, 2020.

In response to the interest cap on lending rate, a gap between lending and deposit interest rates both in nominal and real terms has started to narrow down since April 2020 but widened slightly in December 2020 as the banks have gradually declined their interest rates on deposit products

as compared to that for financing or investment products. This move left the savers at distress, mostly the small ones. The weighted average interest rate spread stood at 3.07% in December. As banks preferred to invest their excess funds in the risk-free government securities, T-bills and bond markets experienced a precipitous plunge of yields. This further induced the net sales of savings certificates to register around four-time rise year-on-year in the first six months of the fiscal 2020-21, exceeding the target fixed for the whole fiscal year. In July-December, the net sales of savings Instruments Increased to Tk. 20,487 Crore in contrast to only Tk. 5,433 Crore over the same period a year ago. It may be mentioned that the government's net borrowing from the state-sponsored savings instruments stood at Tk. 257.02 billion in the first seven months of fiscal year (FY) 2020-21. The amount is 28.51 percent or Tk. 57.02 billion higher than the total target set for the current FY.

Interest Rate Movement (In Percent)

Instruments	Dec.20	Dec.19
T- Bills:		
91- day	0.53	7.01
182- day	1.12	7.61
364- day	1.91	8.04
Call Money Rate	2.12	4.50
Lending Rate (All Banks)	7.61	9.68
Deposit Rate (All Banks)	4.54	5.70

NBFI Sector:

Country's Non-Bank Financial Institutions (NBFIs) also performed better in the indicators such as the deposits and the loan collections despite the Covid-19 pandemic. The plunge in the deposit rate in the banking sector and availability of comparatively better rates in NBFIs increased the amount of deposits in the country's NBFIs by 3.28% or Tk. 1420.46 crore quarter-on-quarter in July-September, 2020. The number of accounts in NBFIs also increased to 6.81 lakh from 6.64 lakh at the end of June, 2020. This prove to have a very positive effect in restoring the confidence of the depositors which was seriously hampered in 2019 following the government's move to liquidate People's Leasing and Financial Services Limited.

Loan disbursement by the NBFIs during the period slightly dropped by 0.83% to Tk. 68,931 Crore. Industries are the top borrowers to the NBFIs who

got one-third of the total loans disbursed in July-September quarter. Compared to the previous quarter, credit disbursements to the industrial sector rose by more than 23% in the third quarter. On the other hand, the July-September quarter saw a sharp rise in construction and consumer loan disbursements. During the period, loan disbursement to construction sector surged 599% compared to the second quarter to Tk. 355 crore, while consumer loan disbursement spiked by 163% to Tk. 835 crore. Though the loan disbursement in the third quarter was less than the previous quarter, loan collections by the entities increased by more than 39%. The total collection during this period was Tk. 6,717 crore, up from Tk. 4,820 crore in April-June quarter.

NBFIs' classified loans and leases significantly increased by 26.61 percent in April 20 - June 20 quarter from the previous quarter. It stood at Tk. 89.06 billion at end June 2020 from Tk. 70.34 billion at end of March 2020. The ratio of classified loans and leases increased to 13.29 percent at end June 2020, which is 2.78 percentage points higher than the previous quarter and 2.32 percentage points higher from June 2019.

Policy relaxation by Bangladesh Bank to restore resilience in the shock absorbing capacity of the FIs during the COVID-19 pandemic has induced most of the FIs to earn higher profitability in April 20 - June 20 quarter though the aggregated asset quality has deteriorated from the last quarter as well as from the same quarter of the last year. The Return on Assets (ROA) and Return on Equity (ROE) at end June 2020 stood at 0.57 percent and 5.32 percent respectively compared to 0.14 percent and 1.27 percent respectively recorded in the last quarter and 0.21 percent and 1.75 percent in the same quarter of 2019.

Therefore, shortcoming such as the sectoral image crisis resulted from 5-6 ailing NBFIs, loan scams, soaring non-performing loans (NPLs), problems with interest rates and low demand for funds from the private sector that caused a substantial decline in the growth of the NBFIs. In this regard, Bangladesh Leasing and Finance Companies Association (BLFCA), a forum of the NBFIs, has sought a refinancing scheme of Tk. 10,000 crore from BB to save the ailing financial sector.

NBFIs were categorized as "A", "B" and "C" instead of "green", "yellow" and "red" as an indication of

their financial health in accordance with the results of the stress testing. At end - June 2020, out of 33 Fls, 4, 18, and 11 were positioned in Green, Yellow, and Red zones respectively on the basis of stress test result.

Bangladesh's capital market yielded the highest returns in 2020 among Asia's emerging economies. DSEX, the benchmark index of the Dhaka Stock Exchange, gained 21.3 per cent, the highest among its peers, despite the 66-day recess for the countrywide general shutdown to slow the spread of coronavirus. DSEX closed 2020 at 5,402 points despite being on a free fall between January and March as investors all over the world panic sold as the novel coronavirus was putting down its roots everywhere. Meanwhile, in 2020 the Dhaka bourse also saw the fourth lowest price-to-earnings (P/E) ratio, which measures a company's current share price relative to its per-share earnings. The P/E ratio of shares on DSE stood at 19.18 at the end of last year.

Overview of the Real Estate Sector of Bangladesh

The COVID-19 pandemic has put the global economy to a standstill. Although most countries are trying to find a way to recover and salvage their economy, the pandemonium of COVID-19 is something that almost all the countries are struggling to recover from. Bangladesh, a developing country with huge economic potential, boasting an 8.2 percent GDP growth rate in FY19 have also been struck quite badly with the economic aftershocks of the pandemic. According to Bangladesh Bureau of Statistics (BBS), the GDP growth rate has surpassed the 5.24 percent mark, however, the World Bank has given a much more conservative estimate of 2 percent GDP growth rate for FY20. The stringent lockdowns have affected the entire economy of South Asia, with its output contracting by an estimated 6.7 percent in 2020. Despite such dire circumstances, Bangladesh's economy is currently 41st out of 193 Countries according to the UK's Centre for Economics and Business Research (CEBR). The organization has also predicted that our annual rate of GDP will accelerate to an average of 6.8 percent within 2025 and our economy will become the 28th largest in the world by 2030. This optimistic outlook of our economy has also been reflected in our real estate sector also.

The real estate and housing sector has been quite stagnant in the early 2010. The real estate prices were soaring during that time and hence the demand fell as the general population of our country were unable to keep up with such high prices. Hence the prices subsided or remained stagnant over the majority of the decade due to the reduced demand. Only in the recent couple of years has the sector started to recuperate, recording a 9 percent growth in the year 2019. The sector accounted for 7.8 percent of the country's GDP. There were high ambitions for growth in this sector for the year 2020 but it all seemed bleak once the pandemic began. The sector was struggling to pick up pace in the first half of the year, however, after the budget announcement, various policy measures like scope of investing undisclosed income in real estate and reduction of registration cost helped the industry get back on track and the demand for real estate increased.

A sudden spike has been detected in the demand trend for the real estate industry since September of 2020. The industry's performance was plummeting and was in the risk of having much lower business in the following time. However, with the new policies and facilities extended by the government of Bangladesh, the industry has not only been obviated from the sudden downfall but also stood back on the track of growth it had been since 2018. During the preparation of the budget for the FY 2020-21, the government made special considerations for the real estate industry, which was among the worst affected in the country. The reason behind the decision to boost the industry was the huge employment (35 lacs workers) in this sector and the dependency of the linked industries that comprise 260 sectors.

The first move made by the government was providing amnesty to invest undisclosed income without investigation of the sources in the purchase of apartments and a flat 10% tax to invest in the capital market, deposit in banks, and invest in other securities. Over the last eight months, Tk. 5000 crores of untaxed income has been invested in this sector. This provision is for only one year which expires in June 30, 2021. However, this facility may be extended for the purchase and development of land in the following fiscal year. Taxes ranging from Tk. 500 to Tk. 20,000 per square meter on the purchased lands and Tk. 500 to Tk. 4,000 per square meter for buying buildings or apartments

will be payable depending on the locations. The lowest tax rate will be applicable for remote village areas, while the highest rate will be applicable for Gulshan and Banani areas of the capital. The holders of such income do not want to waste this opportunity to invest the black money without any legal repercussions. This is what mostly triggered the spike in demand for ready apartments but the sudden halt in construction in the first half of 2020 is not allowing this demand to be entertained entirely. The real estate businesses are requesting the government to extend more facilities regarding the abatement of regulations set by the RAJUK for construction so that this massive demand can be catered to within the time frame of this policy.

Another incentive for investors to put their eggs in the basket of real estate is the demotivation arising from the low deposit rates in different financial institutions, which is 4.5% percent on an average, and the bearish nature of the stock market. Moreover, the loan rates for housing finance have come down to single digit in 2021 from 12%-13% prevailing a couple of years ago. The prices of real estate assets have steadily increased from 2018 due to the increase in price of land and raw materials involved in construction and a healthy increase is foreseeable in the future as well. Hence, the current rise in demand for this secured asset that can be availed against lower financial costs. Adding to that is the discounting of registration costs for land and apartments, which was a significant discouraging factor for middle-income investors. Clients are preferring apartments that cost between TK. 1.2 to 2 crores since the passing of the budget for the current fiscal year. The registration costs for purchasing apartments have been reduced to help the real estate industry stand back up. The stamp fee and local government tax have each been reduced by 0.5 percent, registration fee by 1 percent, and the VAT for apartments with a size up to 1600 sft. is set at 2 percent which was 3 percent earlier.

Although the borrowing rates in financial institutions are very low, the effects of the home loan subsidy for the government employees in 2018 are still being felt in the real estate sector. The government has extended the facility of borrowing at 9 percent from government banks and House Building Finance Corporation Limited (HBFC) with a subsidy of 4.5%. This boosted the demand for real estate assets among that category of investors. However,

this has created a harder field to compete for the private financial institutions.

Another factor of the real estate demand is the secondary market for apartments. Due to rising prices of new apartments, the middle-income investors are preferring used apartments from brokers. Supply side of secondary market is also expanding rapidly. Large segments of first time apartment buyers purchased a property in past based on financial capacity and need now willing to upgrade by replacing existing property. The capital raised from existing property sales is being commonly utilized to purchase an upgraded property with addition of home loan facility or own savings.

Moreover, readily available units with utility connections in secondary market is more attractive for some due to prospect of instant return on investments either by renting or living.

Buyers are showing an increasing interest in the secondary property market in the capital city as the properties are cheaper and spacious and come with utility services, especially gas connection, according to realtors and home loan providers. There is no reliable data about the market size of the secondary flat segment. The demand in the segment is around 20 per cent of the total demand for the properties in Dhaka. There are two reasons: they can be bought at lower prices, and they are roomy. According to the new regulations on buildings, owners cannot use around 20% -25% of a flat although they have to pay the price. But, the owners of used flats can use the entire available floor space and rooms were spacious.

There is a significantly large secondary market in digital platform which is growing day by day as demand is on the rise. There are also number of secondary market broker organizations in operation with massive promotional activities boosting transactions in secondary market. A significant portion of people looking for secondary market properties looks for houses in Mirpur, Uttara, Dhanmondi and Bashundhara residential area. More and more people are showing interest in Mohammadpur, Badda, Banasree and Dakshin Khan. Even though there hasn't been an adequate supply of secondary properties compared to demand, popular areas such as Mirpur, Uttara and Mohammadpur have plenty of ready flats available.

One of the major reasons people search for homes in Mirpur, Badda or Dakshin Khan is affordability. Even, some parts of Uttara can be great locations to find affordable secondary properties. The average price of ready flats in Mirpur in the last six months was Tk. 5,000 per square feet, with certain places such as Pirebag and Section 11 offering flats at Tk. 3,500 per square feet. As for Uttara, the average price of ready flats in the last six months was Tk. 6,500 per square feet, though the inner sectors are more affordable than the outer ones. Dhanmondi can be complex in terms of the price of ready flats. The average price of recently added properties can be Tk. 10,000 per square feet. Properties in West Dhanmondi and Shankar were, on average, are sold at Tk. 6,500 per square feet. At present the registration cost for new flats and used flats are same. REHAB had urged the National Board of Revenue to reduce the registration cost for secondary flats to help expand the segment of the housing market.

Moreover, there is a change in investment behavior of the high net worth individuals, they are more prone towards investing in real estate properties as a safe haven for their assets rather than investing overseas as it entails scrutiny from the regulators. Hence this change in investment habit is also driving up the demand and prices for high-end residential real estates.

The evidence of a booming real estate sector can be found from the fact that major players in the real estate sector have reported a boom in business of nearly 10 to 15 percent in the last six months of 2020 as compared to the same period in 2019.

Real estate prices have always been on the rise in our country till 2010. The prices reached a high in 2010, this was mainly due to the sharp increase in the cost of land over the years. It is estimated that between 1972 and 2010, land prices in Dhaka city grew by an average of nearly 100-125 percent per year, which contributed directly to the increase in apartment prices. Moreover, the cost of construction has also been on the rise over the years due to the ever increasing cost of raw material. The middle-income families could not cope up with such a price hike and hence demand for real estate ownership subsided quite significantly during the period of 2010 to 2018. The price per square

foot of land in 2010 was stupendously high. The average price per square foot in the affluent areas such as Dhanmondi and Gulshan rose to 15,000 BDT in 2010, which subsided greatly by nearly 20 percent within 2015. For less affluent areas the prices remained more or less the same over the years. However, since 2018, the prices were on the rise again and the recent influx in demand, coupled with the increase in cost of raw materials has increased the price manifolds. The prices of raw materials like cement has increased by around 5 to 10 percent in recent times. The price of steel rods has also increased by nearly 17 percent by the end of the year. The increase in raw materials prices is expected to raise prices per square feet by nearly BDT 400 to 500. The different steps taken by the government as mentioned previously have increased demand manifolds and played a role in the sudden hike in prices. Although many people are calling this price hike an anomaly and a reason for concern, some experts are calling this price-hike a justified market correction from the stagnant prices in the 2010 decade.

With the upward movement in prices of real estate in different locations of Dhaka City, it is time for housing development companies to look into the prospects of developing lower end assets affordable to mass of the clients. The communication facilities all around the country are going to have a new and developed face in the near future which will open multiple economic opportunities, especially in the southern side of the country. The connectivity that will be achieved from the Dhaka-Chittagong Express Railway and the Padma Bridge will allow commuters to work in the city while residing in other districts. Also the ongoing mega projects like Metro rail and express ways will improve the connectivity of city center with the outskirts and will significantly reduce the commuting time. The average per square feet price of apartments in the outskirts is low in comparison to that of the city. Hence, if the city is expanded and access to the city is made easy from areas like Savar, Gazipur, Narayanganj, Mawa, Cumilla, Mymensingh, Manikganj, Munshigonj and those locations can become profitable prospects for both the real estates and the housing finance industry of the country. Another notable prospect is the development of high-tech buildings that ensure more security and convenience and the

construction of condominium apartments that come with a wide range of social and lifestyle facilities. Protected by the government from a hard fall due to COVID-19, the real estate sector of Bangladesh is continuing to grow at a healthy rate and can explore the opportunities across the country.

Product wise Performance

■ Performance of Home Loan Operations

Though the private sector credit growth was low during 2020, but demand and supply for housing loan was quite high, particularly in the second half of the year. The transactions in real estate market increased because of some fiscal measure taken by government in the budget. Along with that, low rate of interest encouraged many clients to purchase flats with the assistance of housing loans. Most of the banks and NBFIs were quite active in housing loan.

Also the interest rate cap of 9% imposed by central bank for all types of loans for the banks except credit card also played a role to increase focus in housing loan as the ticket sizes of housing loans are relatively higher than other retail loans and also the loan is secured in nature as it is normally backed by mortgage.

Though the cap was fixed at 9% by Bangladesh Bank, but because of excess liquidity in the market resulted from increased money supply made the cost of funds cheaper and prompted competitions to offer even lower rate than the cap. The increased number of transactions in the secondary market also played a role to increase the number of home loans.

DBH kept its market leadership in housing loan market. As a specialized housing finance company with exclusive focus in home loans, DBH edged ahead of its competitions in terms of loan disbursement. Major competitions in home loan market in terms of disbursements were IDLC, Standard Chartered Bank, IFIC Bank, Dutch Bangla Bank, City Bank, IPDC, National Housing, House Building Finance Corporation, etc. The disbursements of top 10 players were appx 5000 million per month for the second half of the year and DBH retained appx. 20% market share in terms of new disbursements. DBH's loan portfolio stood

at appx 42,750 million as on December 31, 2020 which is highest among banks, NBFIs (including House Building Finance Corporation) engaged in residential housing finance to individual clients.

DBH is always focused for home loans to individual clients for their residential purpose. Almost 100% of our loan portfolio (i.e. 99.30%) is to finance the individual clients. Unlike our major competitions, we have less geographical reach so far and only operating in Dhaka, Chattogram, Cumilla, Sylhet, Gazipur and Narayangong districts. Most of our competitions, particularly the banks (except Standard Chartered Bank) have much bigger reach through their nationwide branch network.

In 2020, our total loan disbursement was Tk. 702 crore, which is 30% less than the disbursement of previous year. The main reason for reduction in disbursement is the prolonged general holidays declared by government from March 26, 2020 to May 31, 2020. Though the lockdown was lifted in June, but the effects and uneasiness still remained and business was slow to pick. But from July onwards home loan business started to rebound. More than 65% of our loan disbursement took place in the second half of the year. The disbursement for the second half was only 1.5% negative from same period of previous year.

The rate of interest of loans continued to reduce throughout the year. The weighted average Rate of Interest of our home loan portfolio was 11.95% in January 2020 which came down to 10% in January 2021. We managed to efficiently manage our cost of fund, so that net interest income of home loan increased from previous year despite reduction in loan portfolio.

The non-performing loan dropped to 0.41% from 0.45% of 2019. DBH historically maintained a very low level of NPL in its loan book and it continued. But Covid affected many segments of clients as some lose employment, business affected for some and also rental income got hit. We provided payment deferral facilities to clients as per guidelines of Bangladesh Bank till December 2020. The actual impact of Covid 19 can be assessed after the payment deferral facility is lifted. We kept additional provisions against loans and advances to cope up with any adverse effects of Covid 19 on loan repayments of our customers.

Our loan portfolio stood at Tk. 42,750 million as on December 31, 2020, a reduction of appx. 4% from that of December 31, 2019. The reduction of disbursements is the main reason for the reductions in loan portfolio. Though disbursements reduced, but loan prepayment through early settlement remained at almost same level, which contributed to portfolio decline. Because of health uncertainty due to covid and lower rate of interest on bank savings, the tendency of prepayment increased among the borrowers.

■ Performance of Deposit Portfolio

Over the years DBH has established itself as one of the leading depository institution 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, Monthly Income Deposit, Quarterly Income Deposit, Cumulative Deposit, Flexible Fixed Deposit, Easy Way Deposit, Children's Deposit, Easy Home Deposit, DBH Platinum Deposit and Day-wise Deposit. 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, 2020 the deposit portfolio of DBH stands at Taka 43,826.87 million with an interest payable worth another Taka 994.41 million. As the deposit portfolio experienced a growth of 0.96% in FY 2020, 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, 2020, the LAD portfolio of DBH stood at Taka 85.34 million.

Recovery

Defaulted loans at non-bank financial institutions

(NBFIs) escalated 26.51 percent in the first half of 2020. Non-performing loans (NPLs) in the 33 NBFIs in Bangladesh stood at Tk. 8,905.62 crore in June, which are 13.29 per cent of the outstanding loans. It was Tk. 6,399 crore, or 9.53 percent of the total loans as of December last year. 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.

Classified loan of DBH reached to BDT 174 million with NPL ratio of 0.41% at the end of 2020. While aggregate NPL ratio for both Banks and FIs has 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. Credit goes to company's management, showing company's commitment to its stakeholders. 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. Presently DBH's deposit product line consists of Annual Income Deposit, Monthly Income Deposit, Quarterly Income Deposit, Cumulative Deposit, Flexible Fixed Deposit, Easy Way Deposit, Children's Deposit, Easy Home Deposit, DBH Platinum Deposit and Day wise Deposit. 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 Taka 43,826.87 million. The funding of our company comprises of both long term and short term sources of fund to manage our cost of fund efficiently. The term loan portfolio of DBH consists of funds received under Housing Loan Refinance Scheme of Bangladesh Bank worth Taka 1,708.86 million and term loans received from local markets worth Taka 1,290.00 million. Apart from that the shareholders' contribution in the funding mix is Taka 6,431.45 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, 2020 is presented below:

Source	Amount in Million Taka
Deposits	43,826.87
Term loans	2,998.86
Equity	6,431.45
Bank overdraft and call loan	2,572.19

Treasury Operations

Money market continued to be liquid round the year. Low private sector credit growth, high foreign currency inflow through remittances amid low import expenditures and high investment in government bills and bonds took excess liquidity in the banking sector to above Tk 2 lakh crore in December last year, the highest in the history. Despite facing lots of challenges in the market, we were able to make significant contribution to the company's profitability, risk mitigation and liquidity management in the year and were able to generate positive return for the stakeholders.

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.

Bangladesh Bank (BB) took a number of initiatives during the year, which have implications to financial system stability. While sufficient liquidity in the banking system to be aligned with the government's effort of implementing stimulus packages to revive

the economy from the COVID-19 fallout is critical, the BB cut its cash reserve ratio (CRR) by 150 basis points from 5.50 to 4.00 percent for Banks in two steps during March – April 2020. Bangladesh Bank (BB) has reduced cash reserve ratio (CRR) by 100 basis points to 1.5 percent from the existing level of 2.5 per cent for non-banking financial institutions (NBFIs). Moreover, BB reduced the bank rate from 5.00 to 4.00 percent in July 2020, which had been remained unchanged at 5.00 percent since 2003, rationalizing it with the current interest rate regime. The BB also slashed its repo from 6.00 to 4.75 percent in three steps during March - July 2020, aiming at easy access for the banks to lend more credit to the priority sectors during the pandemic period. Consequently, the interest rate in the call money market and interbank repo rate continued to decline from 5.14 and 5.96 percent in March 2020 to 2.12 and 0.75 percent in December 2020.

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 attaining stable liquidity during 2020. 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.

Investments in Securities

Volatility was observed in the price index of the Dhaka Stock Exchange (DSE) since the beginning of 2020. The securities regulator introduced floor price of securities on March 19, 2020 to stop the falling share prices. In addition, trading was closed in April and May 2020 due to the novel Coronavirus pandemic. The DSE Broad Index (DSEI) decreased by 26.42 percent from 5,421.62 points at the end of June 2019 to 3,989.09 points at the end of June 2020.

The new Commission of BSEC took several initiatives, e.g. faster approval process of IPO to enhance the market capitalization and listing of more securities in the stock exchanges, to bring transparency and trust in the trading system and starting implementation holding of two percent of total capital for individual director and 30 percent of total capital for all sponsors director of the company which restored the investors confidence in the capital market. In addition, Bangladesh Bank undertook several policy measures under the stimulus packages of the government to boost liquidity in the market which are likely to maintain the uptrend of the performances of the market in the near future.

As a result, the major indicators in the capital market rallied in Q2FY21, after the poor performances in the last quarter of FY20. Synchronized movements between the global equity market and DSE were observed in Q2FY21 because of unprecedented easy monetary and Prudential Financial policies adopted by the major central banks. Market capitalization at DSE climbed 32 % to BDT 4482.30 billion at the end of December 2020.

Positive momentum in the capital market during the 2nd half of 2020 helped us to realize some gains and the annual return from our portfolio was around 32% comparing the DSE return of 17.57%. The total investment of the company reached to Tk. 489 mn at the end of 2020 out of which outstanding investment in the marketable securities was Tk. 390.5 mn.

Human Resources

DBH believes 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.

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. 120 of this report.

Information Technology

Information & Communication Technology (ICT) is helping the financial institutions to improve their efficiency and effectiveness of services offered to customers, and enhancing business processes, managerial decision making, and workgroup collaborations which strengthen their competitive positions in rapidly changing and challenging economies. DBH has established a secured ICT infrastructure, a centralized software system & ICT security control mechanism for its smooth business operation.

The year 2020 was a challenging year due to COVID-19 situation. During the Locked down period, we've partially overcome this challenging situation by arranging home-office environment with necessary technological systems ensuring proper information security mechanism (SSL-VPN). We've enhanced our centralized software system by implementing loan moratorium (payment holiday) system, COVID Approval system and Electronic Payment system to support business operation during pandemic situation.

In the year 2021, we are planning to Implement ISO 27001 Certification to achieve the accepted global benchmark for the effective management and protection of our information assets. Also we are planning to Implement Interactive Voice Response (IVR) and Visual Interactive Voice Response (VIVR) to ease customer interaction and services. Moreover, according to Extranet Connectivity with Bangladesh Bank Guideline, we are implementing Electronic Dealing System for Interbank Money Market (EDSMoney) to transact Overnight Money, Short Notice Money and Term Money in a real-time basis through specific instrument and network of Call money system. Furthermore, we are working to upgrade our Email Server, File Systems and Active Directory to be in-line with updated version.

DBH's IT department is working relentlessly to implement new technologies and to maintain and upgrade its existing infrastructure and software systems as per business demand and technology trend. In the coming years, we'll be more focused on Information security and ease of customer service through online platform.

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 employee 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 15 (fifteen) 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 2019.

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, 2020 amounts to Tk. 42,750 Million. We have extended loan to around 18,057 customers to meet their housing need, which is one of the basic needs of people.

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

Particulars	Taka in Million	
	December 31, 2020	December 31, 2019
Income Tax paid on company's income	491.04	566.17
Tax collected at source on behalf of Government	466.25	472.00
Value Added Tax (VAT)	36.43	41.56
Excise Duty	59.76	56.71
Total	1,053.48	1,136.44

Creating employment has a vital impact on the economy and number of employees of DBH as on December 31, 2020 is 252. Efficient workforce is

very important for the organization as well as for the country. Keeping same in view, DBH has spent Tk.0.25 million for training of its employees. During the period from January 1, 2020 to December 31, 2020, DBH has paid Tk. 361.13 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.

Consequently, during the period we took few projects under CSR fund for the common good of the disadvantaged population segments.

The details of the CSR initiatives have been presented under the head of Corporate Social Responsibility on the page no. 108 of this report.

Highlights on Financial Performance

(Figures in Million Taka)

Particulars	December 31, 2020	December 31, 2019
Operating revenue	6,108	6,586
Interest expenses	3,960	4,645
Operating expenses	523	524
Profit before provisions	1,625	1,418
Profit before tax	1,498	1,554
Net profit after tax	891	1,073

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. 102).
- 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. 117.

Explanations on Significant Deviations from the last year's results

DBH as a pioneer housing finance Company, mainly finances in mortgage sector and its earnings performances are historically growing in each year. During the year 2020, profit before provision and taxes has grown by 14.62% than that of last year. Eventually the profit after tax of the Company decreased by 17% mainly due to higher provision maintained in 2020 compared to previous year. Accordingly, 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 have 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 2020 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 2020 have recommended @ 30% dividend [@ 15% cash i.e. Tk. 1.50 per share and @ 15% stock i.e. 3(three) shares against every 20 (twenty) 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 in page nos. 10 to 19 of the Annual Report.

In accordance with the Articles of Association of DBH, the following Directors will retire in the 25th Annual General Meeting and being eligible for reelection, they are seeking re- election to the Board.

- Mr. Nasir A. Choudhury (representing GDICL)
- Mr. Md. Mujibur Rahman (representing DLICL)
- Mr. Mohammad Anisur Rahman (representing BRAC)

Pursuant to the 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.

- Ms. Rasheda K. Choudhury

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

- a) Brief resume of the Directors have been included in 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 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

Bangladesh Bank vide its letter dated December 27, 2020 cancelled the approval of appointment of the Statutory Auditor, M/S. Aziz Halim Khair Choudhury (AHKC) for the year 2020 and advised the Company to appoint an eligible Audit firm in its place in the casual vacancy of the Statutory Auditor.

Pursuant to the section 210(7) of the Companies Act 1994, the Board of Directors in its meeting held on December 30, 2020 approved the appointment of M/S. ACNABIN, Chartered Accountants for the year 2020 and got the subsequent approval from Bangladesh Bank. Accordingly, they have

successfully completed thorough audit of accounts for the year 2020, which has been presented before the Shareholders with this report.

M/S. ACNABIN an eligible Chartered Accountants firm for auditing the financial institutions as well as listed companies (enlisted with BB, BSEC & FRC) are eligible for re-appointment for the Accounting Year 2021. Subsequent to their request for re-appointment the Board recommended to appoint them for the year 2021 with a fee of Tk. 4,75,000.00 plus VAT, subject to prior approval from Bangladesh Bank.

Hence, the agenda for 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 nine 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 2020	
				Date of Board Acceptance	
				Joining	Leaving
Mr. Nasir A. Choudhury Chairman	Green Delta Insurance Company Ltd.	9	9	-	-
Dr. A M R Chowdhury Vice Chairman	BRAC	9	8	-	-
Ms. Mehreen Hassan, Bar- at- Law	Delta Life Insurance Company Ltd.	9	9	-	-
Mr. Md. Mujibur Rahman	Delta Life Insurance Company Ltd.	9	9	-	-
Mr. Mohammed Irfan Syed	BRAC	2	2	-	25-03-2020 (Resigned)
Mr. Syed Moinuddin Ahmed	Green Delta Insurance Company Ltd.	9	8	-	-
Mr. M. Anisul Haque, FCMA	Delta Life Insurance Company Ltd.	8	8	15-01-2020 (Nominated by DLIC)	-
Mr. Mohammad Anisur Rahman	BRAC	0	0	-	30-12-2020 (Nominated by BRAC)
Ms. Rasheda K. Choudhury	Independent Director	9	9	-	-
Major General Syeed Ahmed, BP (Retd.)	Independent Director	9	9	-	-



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 Chairman	9	72,000	0	0	0	0	72,000
Dr. A M R Chowdhury Vice Chairman	8	64,000	5	40,000	0	0	104,000
Ms. Mehreen Hassan, Bar- at- Law	9	72,000	5	40,000	0	0	112,000
Mr. Md. Mujibur Rahman	9	72,000	0	0	5	40,000	112,000
Mr. Mohammed Irfan Syed (Resigned on 25-03-2020)	2	16,000	0	0	0	0	16,000
Mr. Syed Moinuddin Ahmed	8	64,000	0	0	5	40,000	104,000
Mr. M. Anisul Haque, FCMA	8	64,000	0	0	5	40,000	104,000
Mr. Mohammad Anisur Rahman (Nominated by BRAC on 30-12-2020)	0	0	0	0	0	0	0
Ms. Rasheda K. Choudhury	9	72,000	0	0	5	40,000	112,000
Major General Syeed Ahmed, BP (Retd.)	9	72,000	0	0	5	40,000	112,000
Total	-	5,68,000	-	80,000	-	2,00,000	8,48,000



PATTERN OF SHAREHOLDINGS

As on 31st December 2020

Annexure-iii

(i) Shareholding position of Sponsors:

Name	No. of Shares held	Percent (%)
BRAC	28,344,362	18.39
Delta Life Insurance Company Limited	27,171,345	17.63
Green Delta Insurance Company Limited	23,592,013	15.31
Mr. Kazi Fazlur Rahman	0	0.00
Mr. Faruq A. Choudhury	29	0.00
Dr. Salehuddin Ahmed	29	0.00
Mr. Q. M. Shariful Ala, FCA	0	0.00
Total	79,107,778	51.32

(ii) Shareholding status of Directors/CEO/CS/CFO/CIAC & 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	40,476 (Shares held by her spouse)	0.03
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	5,000	0.00
Mr. Shihabuddin Mahmud	Head of Internal Audit	-	-

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

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, Customer Services & Administration	-	-
Mr. Md. Zakaria Eusuf	Head of Branch	-	-

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

Name of the Shareholders	No. of Share(s) held	Percent (%)
BRAC	28,344,362	18.39
Delta Life Insurance Company Limited	27,171,345	17.63
Green Delta Insurance Company Limited	23,592,013	15.31



MANAGEMENT DISCUSSION AND ANALYSIS

World Economy

Following the devastating health and economic crisis caused by COVID-19, the global economy appears to be emerging from one of its deepest recessions and beginning a subdued recovery. Beyond the short term economic outlook, the Global Economic Prospects makes clear, policymakers face formidable challenges in public health, debt management, budget policies, central banking and structural reforms as they try to ensure that this still-fragile global recovery gains traction and sets a foundation for robust growth and development in the longer run.

OECD projected that after a sharp decline this year, global GDP will rise by around

4½ percent in 2021 and a further 3¾ percent in 2022. Scientific progress, pharmaceutical advances, more effective tracing and isolation as well as adjustments in the behavior of people and firms will help keep the virus in check. They project that the recovery will be uneven across countries, potentially leading to lasting changes in the world economy, where vaccination will be deployed rapidly, are likely to perform relatively well, though the overall weakness of global demand will hold them back. China, which started recovering earlier, is projected to grow strongly, accounting for over one-third of world economic growth in 2021. OECD economies will rebound, growing at 3.3% in 2021.

	Average 2013-2019	2019	2020	2021	2022	2020 Q4	2021 Q4	2022 Q4
Percent								
Real GDP Growth¹								
World ²	3.3	2.7	-4.2	4.2	3.7	-3.0	3.8	3.8
G20 ²	3.5	2.9	-3.8	4.7	3.7	-2.3	3.6	3.9
OECD ²	2.2	1.6	-5.5	3.3	3.2	-5.1	3.7	2.9
United States	2.5	2.2	-3.7	3.2	3.5	-3.2	3.4	2.9
Euro area	1.8	1.3	-7.5	3.6	3.3	-7.3	4.7	2.9
Japan	0.9	0.7	-5.3	2.3	1.5	-3.2	2.0	1.5
Non-OECD ²	4.3	3.6	-3.0	5.1	4.2	-1.2	3.8	4.5
China	6.8	6.1	1.8	8.0	4.9	5.4	4.1	5.4
India ³	6.8	4.2	-9.9	7.9	4.8			
Brazil	-0.5	1.1	-6.0	2.6	2.2			
Unemployment rate⁴	6.5	5.4	7.2	7.4	6.9	7.2	7.3	6.6
Inflation^{1,5}	1.7	1.9	1.5	1.4	1.6	1.2	1.5	1.7
Fiscal balance⁶	-3.2	-3.0	-11.5	-8.4	-5.7			
World real trade growth¹	3.3	1.0	-10.3	3.9	4.4	-9.9	5.1	4.1

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: Organisation for Economic Co-operation and Development (OECD) Economic Outlook 108 database.

Stronger international co-operation remains necessary to help end the pandemic more quickly, speed up the global economic recovery, and build on the G20 efforts to address debt problems of emerging market economies and developing countries. The sharing of knowledge, medical and financial resources, and reductions in harmful bans to trade, especially in healthcare products are essential to address the challenges brought by the pandemic. International co-operation to ensure that a vaccine is available for everyone is necessary to ensure a faster rebound in global activity from the effects of the pandemic. Such preparation should also start now.

The Global Recovery Remains Partial and Uneven

The economic outlook remains very uncertain, with the recovery in activity becoming increasingly hesitant. After the unprecedented sudden shock in the first half of the year with global GDP in the second quarter of 2020, 10% lower than at the end of 2019, output picked up sharply in the third quarter as containment measures became less stringent, businesses reopened and household spending resumed. Despite the welcome upturn, output in the advanced economies remained around 4 ½ percent below pre-pandemic levels in the third quarter, close to the peak decline in output experienced during the global financial crisis.

Figure 1.1.A Evolution of the pandemic

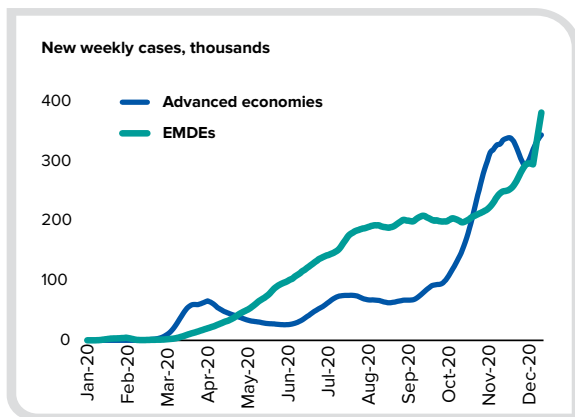
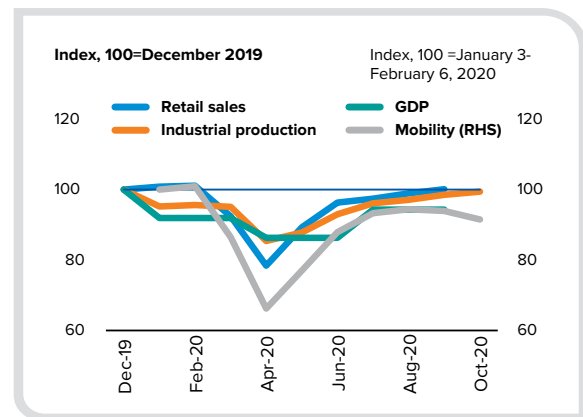


Figure 1.1.B. Global activity indicators



Financial markets

Aggressive policy actions by central banks kept the global financial system from falling into crisis last year. Financial conditions are generally loose, as suggested by low borrowing costs, abundant credit issuance, and a recovery in equity market valuations amid positive news about vaccine developments (figure 1.2.A). This masks rising underlying vulnerabilities, however, including rising debt levels and weakening bank balance sheets. Debt burdens have increased as corporates have faced a period of sharply reduced sales and sovereigns have financed large stimulus packages.

This follows a decade in which global debt had already risen to a record high of 230 percent of GDP by 2019. High debt levels leave borrowers vulnerable to a sudden change in investor risk appetite. This is especially true for riskier borrowers and EMDEs dependent on capital inflows to finance large fiscal and external current account deficits (figure 1.2.B). Capital inflows to many EMDEs remain soft, with significant weakness in both foreign direct investment (FDI) and portfolio flows (figure 1.2.C). This, alongside a collapse of export revenues, has led to substantial currency depreciations and rising borrowing costs in some countries, particularly commodity exporters (figure 1.2.D).

Figure 1.2.A Global financial conditions

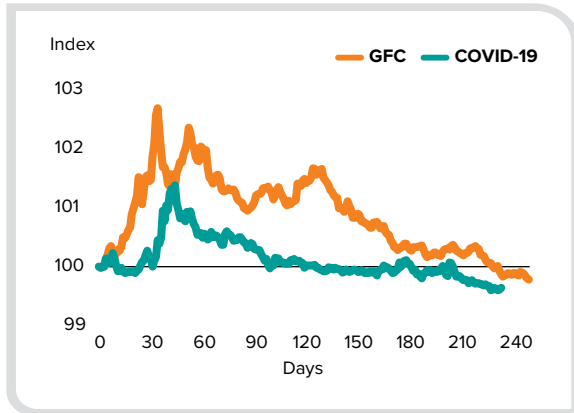


Figure 1.2.B EMDE debt flows and credit spread

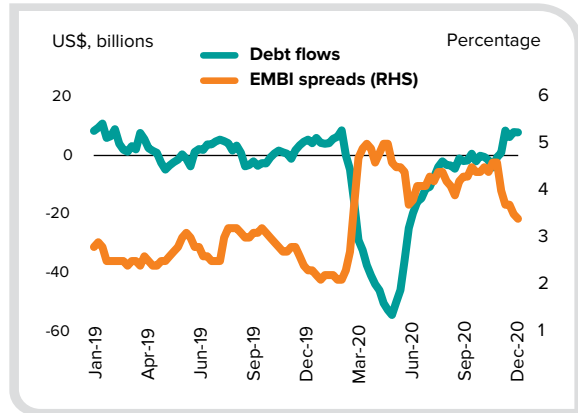


Figure 1.2.C Capital flows to EMDEs

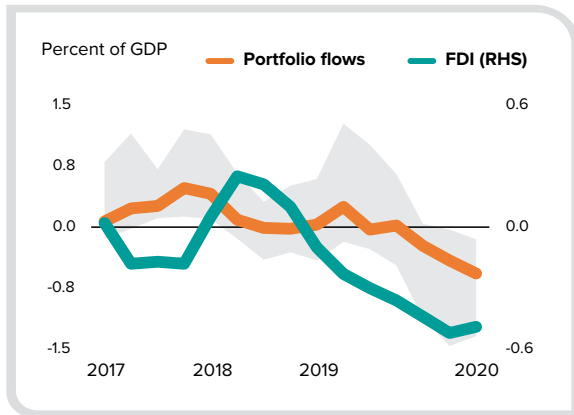
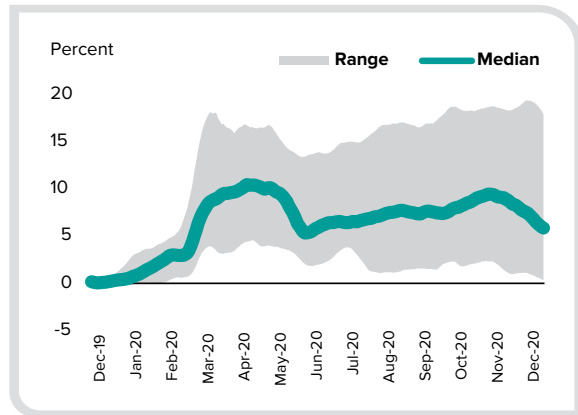


Figure 1.2.D EMDE exchange rate depreciations



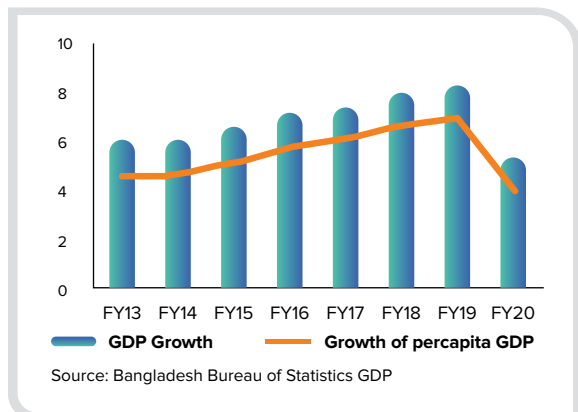
Bangladesh Economy

Available indicators until September 2020 suggest that the economy is likely to be recovered in FY21, which started in July, 2020. During Q1FY21, economic activities gained momentum after COVID-19 pandemic-driven slowdown supported by an upsurge in the industry sector, fairly performed service sector and resilient agriculture sector. Although Gross Domestic Product (GDP) fell to 5.24 percent in FY20 from a record high of 8.2 percent achieved in FY19 as shown in Chart 1.3.

Large and medium scale manufacturing output experienced an upsurge, reflecting strengthened export demand. The service sector achieved robust and fair performance supported by considerable growth in bank credit to trade and commerce and consumer finance along with increased volume of cargo handled through ports. The agriculture sector was resilient despite flooding along major

river systems of the country and impaired supply chain amid COVID-19 situation. On the other hand, strong growth in remittance inflows, rise in imports, recovery in private sector credit growth, and high government spending for implementing the stimulus packages supported domestic demand.

Chart 1.3: Growth of Real GDP (In percent)



Sectoral Growth rate of GDP

Faster recovery of Bangladesh economy as reflected in sector-wise performance for the first quarter of FY21 suggests that the economy will grow at or close to pre pandemic levels for FY21. However, COVID-19 pandemic is still a concern which may disrupt the normal business activities and hamper the growth targets if the adversities of second wave of the pandemic are severe on domestic economy.

Agriculture Sector

The agriculture sector maintained robust activities during Q1FY21 as the sector was less affected by the COVID-19 with fewer cases of infections in rural areas. Production of harvested Aus rice, the first crop of the fiscal year, witnessed a sizable growth of 23.5 percent in FY21, aided by favorable weather conditions and timely availability of finance and inputs. The actual growth is higher than the target as reported by the Department of Agricultural Extension (DAE). It is expected that the

agriculture sector would maintain its robust growth rate in FY21 aided by government’s prompt actions addressing any natural disasters.

Industry Sector

Industry sector turned around from the pandemic deadlock suggested by the faster-than-expected growth in the Quantum Index of Industrial production (QIIP). In Q1FY21, QIIP grew by 9.24 percent after a negative growth (-15.55 percent) in Q4FY20 caused by the pandemic driven disturbances, and reached the levels to the earlier quarters before FY20. This sharp growth in QIIP was mainly led by the manufacturing sector. Available data on July FY21 shows that large and medium scale manufacturing output growth accelerated to 9.80 percent in Q1FY21 from -15.55 percent in Q4FY20 driven by the double-digit growth of textile (15.88 percent), pharmaceuticals (24.76 percent), non-metallic mineral products (10.55 percent), leather production (69.49 percent), and chemical and chemical product (55.62 percent).

Service Sector

Service sector-related activities started climbing out from their pandemic depths as reflected in the significant increase in the growth of bank credit to trade and commerce (15.5 percent) and consumer finance (11.9 percent) in Q1FY21. However, growth

of credit to transport declined to -4.76 percent during July-September 2020, reflecting lower demand after a high growth of 22.7 percent during April – June 2020. Total cargo handled through the port increased in this quarter and reached the level of the same quarter of the previous year.

Banking Sector

The indicators of the banking sector showed some improvements at the end of Q1FY21 amid the COVID-19 pandemic, as reflected by a fall in non-performing loans (NPLs), a rise in capital

adequacy, an improvement in liquidity condition, and betterment of provision maintaining. During Q1FY21, overall NPL edged down facilitated by both state-owned commercial banks (SCBS) and private commercial banks (PCBs).

Chart 1.4: Ratio of Gross NPLs to Total Loans
(In Percent)

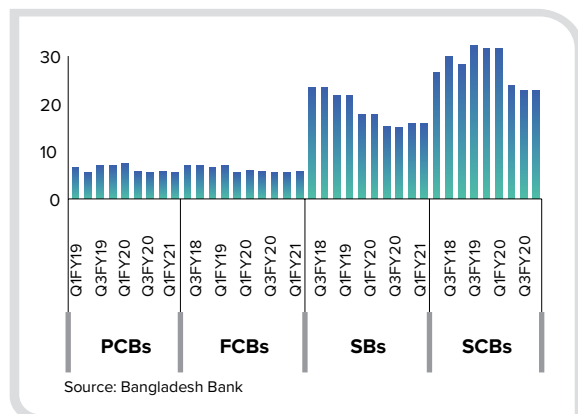
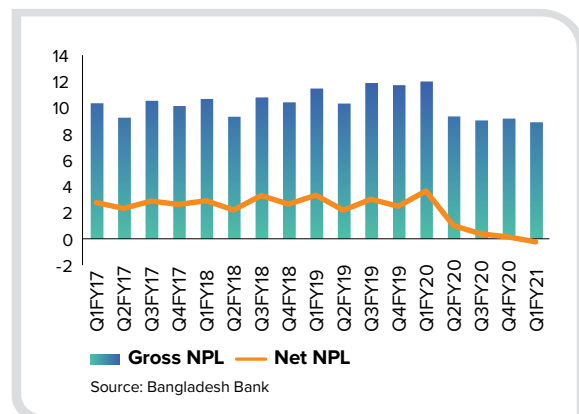


Chart 1.5: Ratio of Gross NPLs and Net NPL to Total loans
(In percent)



The overall NPL ratio of the banking industry reduced to 8.88 percent in Q1FY21 from 9.16 percent in Q4FY20, partly attributed to the loan moratorium facility continued by the Bangladesh Bank. The gross NPL ratio for SCBs dropped to 22.46 percent in Q1FY21 from 22.73 percent in Q4 FY20. Similarly, the gross NPL ratio for PCBs stood at 5.56 percent in Q1FY21, declined by 0.30 percentage points from the preceding quarter (Chart 1.4). Moreover, the system-wide net NPL ratio of the banking industry posted negative growth, the first-ever in the running decade, to -0.22 percent in Q1FY21 in contrast to 0.39 percent in Q4FY20 (Chart 1.5). This decline is facilitated by PCBs reflecting higher interest suspense account balance and actual provision. Moreover, provisioning maintained against classified loans improved at the end of Q1FY21.

The overall capitalization in the banking sector edged up and remained stable at the end of Q1FY21 owing to the improvement in NPLs and provisioning maintained. The capital to risk-weighted asset ratio (CRAR) grew to 11.94 percent in Q1FY21 from that of 11.63 percent in Q4FY20, attributing mainly from SCBs and FCBs. The CRAR

of SCBs went up to 8.25 percent in Q1FY21, from 6.93 percent in Q4FY20. Moreover, the CRAR of FCBs also registered increased growth, rising to 25.59 percent from 24.35 percent in Q4FY20. However, the CRAR of PCBs remained almost unchanged at 13.3 percent in Q1FY21.

The liquidity conditions in the banking sector remained adequate and improved further at the end of Q1FY21, partly due to easing CRR policy, higher remittance inflows, and intervention in the foreign exchange market. Likewise, excess liquidity, the excess of CRR and SLR as a percent of total demand and time liabilities (TDTL), increased to 12.6 percent in Q1FY21 compared to that of 10.7 percent in Q4FY20.

Although overall NPLs have declined, the bad loans are expected to show a rise when the moratorium facility will be lifted. Managing stressed assets and expediting the recovery process would remain a high priority for the banking sector in the post-moratorium era. Moreover, constant supervision and vigilance are required for channeling funds of the stimulus package to the affected large industries, CMSME, and the agriculture sector.

Capital Market

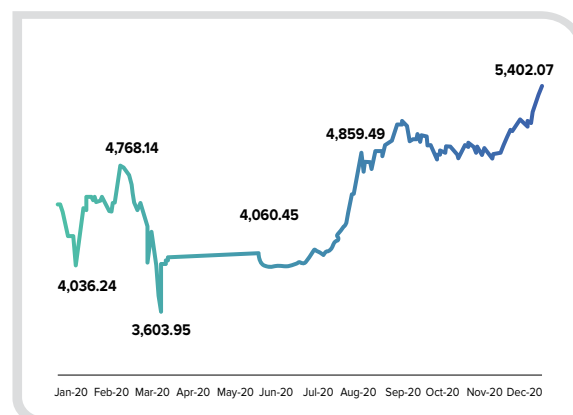
Volatility was observed in the price index of the Dhaka Stock Exchange (DSE) since the beginning of 2020. The securities regulator introduced floor price of securities on March 19, 2020 to stop the falling share prices. In addition, trading was closed in April and May 2020 due to the novel Coronavirus pandemic. The DSE Broad Index (DSEI) decreased by 26.42 percent from 5,421.62 points at the end of June 2019 to 3,989.09 points at the end of June 2020.

The new Commission of BSEC took several initiatives, e.g. faster approval process of IPO to enhance the market capitalization and listing of more securities in the stock exchanges, to bring transparency and trust in the trading system and starting implementation holding of two percent of total capital for individual director and 30 percent of total capital for all sponsors director of the company which restored the investors' confidence in the capital market. In addition, Bangladesh Bank undertook several policy measures under the stimulus packages of the government to boost liquidity in the market which are likely to maintain

the uptrend of the performances of the market in the near future.

As a result, the major indicators in the capital market rallied in Q2FY21, after the poor performances in the last quarter of FY20. Synchronized movements between the global equity market and DSE were observed in Q2FY21 because of unprecedented easy monetary and Prudential Financial policies adopted by the major central banks. Market capitalization at DSE climbed 32% to BDT 4482.30 billion at the end of December 2020.

DSE



Source: *BB quarterly, July-Sep, 2020*
World Bank Report, Jan 2020

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 only. Currently, the Banks are also thinking of starting their lending services through Agent Banking.

Over the period, BB has issued two new letter of intents during the year for opening of new Banks named; (i) Bengal Commercial Bank Limited & (ii) Citizens Bank Plc and accordingly, the number of Banks would become 61 in the Country. The Financial Industry also comprised of 35 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.

At the end of 3rd quarter of 2020 the 34 NBFIs bad loans accounted for about 15.5% to Tk. 10,244 cr. of their total outstanding loans of Tk. 66,215.00.

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

The principle accounting policies had been consistently maintained since inception of the Company except the changes in the Depreciation Method from Reducing Balance Method to Straight Line Method. The Board of Directors approved the changes (Depreciation Method) in the accounting policies on May 26, 2011. Thus, the cost of the fixed asset is recovered through charging in Profit & Loss Account within a reasonable time.

During the year the company has applied IFRS 16, Lease (as issued by IASB in January 2016 and that was effective for annual periods that begin on or after 1 January 2019) with retrospective effect from 2019. Other than that the Company has not adopted any change in the accounting policies and estimates.

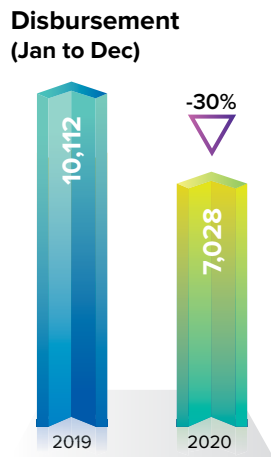
(c) Comparative analysis of financial performance and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof

The financial year 2020 has been challenging one with an operating environment, constrained margins and rate volatility both deposits and loans rate. 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.

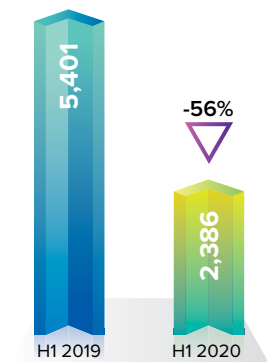
Loan Disbursement and Portfolio:

Loan disbursement for the year 2020 stood at Tk. 7,028 million which is 30% less than same period last year. The prolonged lockdown during March to May, 2020 contributed to the reduction of disbursement. It took time for disbursement to pick up after the lock down is lifted.

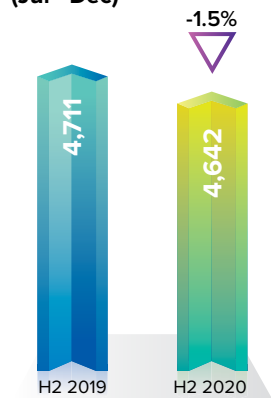


Disbursement in the second half of the year picked up. Though the effect of Covid19 was still in the economy, but disbursement for the second half was Tk. 4,642 million, which is only 1.5% less from same period of

Disbursement (Jan - Jun)

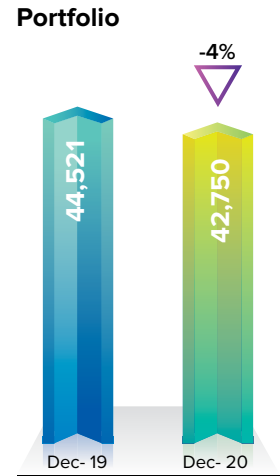


Disbursement (Jul - Dec)



preceding year. Disbursement for the last quarter of the year registered a growth of 11% compared to same quarter last year, indicating a turnaround in terms of disbursement performance and the trend is expected to continue in 2021.

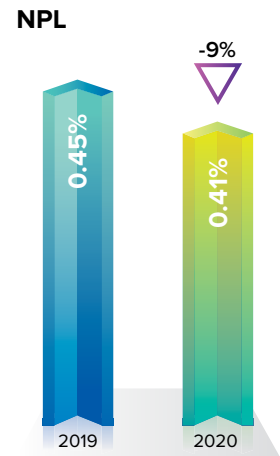
The loan Portfolio reduced by 4% from previous year and stood at Tk. 42,750 million at the end of 2020. Lower level of disbursement compared to previous year accompanied by same level of prepayment caused the portfolio erosion.



Weighted average Rate of Interest at the beginning of 2020 was 11.95% which came down to 10.24% on December 31, 2020 and the declining trend is expected to continue.

Non-Performing Loan (NPL):

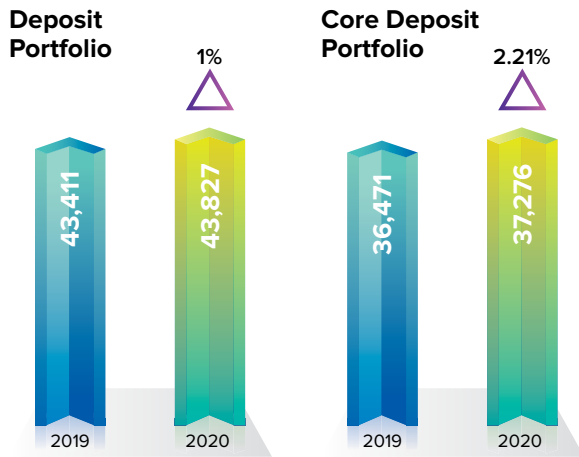
DBH's Non Performing Loan (NPL) reduced to 0.41% from 0.45% of 2019. DBH always kept its NPL within 0.50% of the portfolio without any significant write off. Cumulative written off Loan amount is Tk. 9.3 million only since inception. The lower level of NPL and lower level of written off amount indicate the high quality of DBH loan portfolio.



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 Mobilisation targets are set in relation to fund requirement objective at the targeted price. DBH mobilized Tk. 93,372 million new deposits during 2020 and deposit renewal ratio during the

period was 85%. The deposit portfolio at the end of 2020 stood at Tk. 43,827 million.

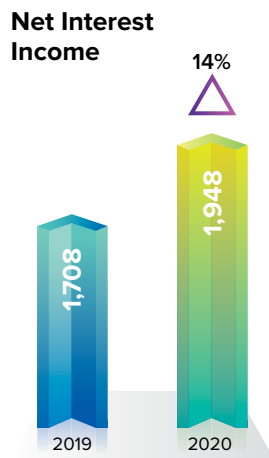


Out of the deposits, Tk. 37,276 million (85%) was core deposits, mobilized from retail and corporate customers and remaining 6,551 million (15%) were bank deposits. In 2019, 83% of our deposits were core deposits and 17% of our deposits were bank deposits.

Weighted average rate of interest of deposit portfolio was 9.43%, which came down to 6.40% on December 31, 2020 and the declining trend is expected to continue.

Net Interest Income:

Interest Income of the company stood at Tk. 5909 million, which was Tk. 6353 million in 2019, which represents a negative growth of 7%. This was caused by the declining trend of the loan interest rate throughout the year. But interest expense of DBH reduced from Tk. 3,960 million from Tk. 4,645 million of previous year, marking a reduction of 14%. As net result, Net Interest Income increased to Tk. 1,948 million from Tk. 1,708 million of 2019, representing a growth of 15%.



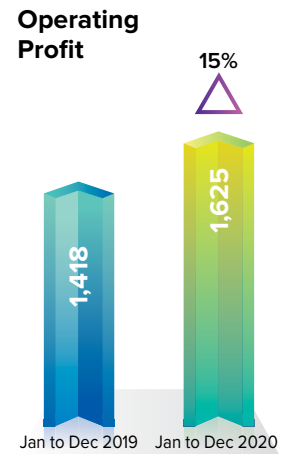
Though the interest income reduced, but DBH was able to reduce cost of fund adequately to maintain desired level of spread, which reflected in the positive growth of Net Interest Income.

Investment Income:

Total investment of DBH was Tk. 489 million and most of all was in marketable securities. As sponsor of Mutual funds a significant amount (appx. 253 million) was tied up in investment in mutual funds. From the investment of appx. 180 million in marketable securities, investment income earned during the year of Tk. 24 million was above the market. DBH did not invest in the money market instruments during 2020.

Operating Profit:

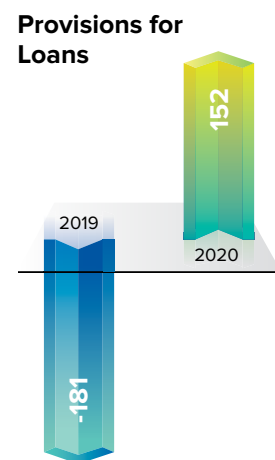
Operating Income of the company increased from 1941 million to Tk. 2148 million, which is a positive variance of 11%. Net Interest Income constituted 91% of the Operating Income and played the major role in the increase of Operating Income. Operating expense



stood exactly at same level of last year, which is Tk. 523 million. As a result, operating profit increased to Tk. 1625 million from Tk. 1418 million of previous year, representing a positive growth of 15%.

Provisions for Loans and Advances:

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. Due to moratorium and payment deferral facilities of Bangladesh Bank, the Non Perming Loan figures did not deteriorate from previous year, rather improved slightly (from 0.45% to 0.41%) because of collection. But due to uncertainty due to Covid-19 and its probable impact on loan repayment of borrowers, particularly for clients who took the payment

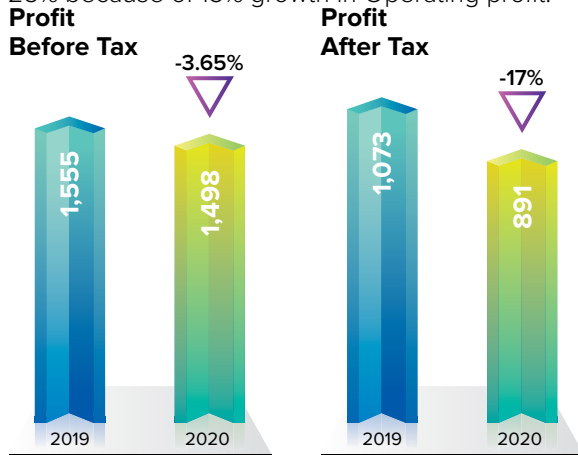


deferral facility, the company provided additional Tk. 152 million as specific provisions for loans and advances.

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

Net Profit Before Tax and Net Profit After Tax:

In 2019, total operating profit was Tk. 1,417 million, but Tk. 181 million was added back to profit from excess provisions, as a result Pre Tax Profit was Tk. 1,555 million. In 2020, Operating profit was Tk. 1,625 million, but as a precaution measure for covid-19 impact, an additional amount of Tk. 152 million was kept in specific provision against loans and advances, as a result profit before tax stood as Tk. 1,498 million, which is 3.65% less than Profit before Tax for last year. As tax is computed based on operating profit, the tax liabilities increased by 25% because of 15% growth in Operating profit.



As a result, net profit after tax stood at 891 million compared to 1,073 million of last year, which is 17% less compared to last year.

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 stood at same level of 2019, but income increased by 15%, as a result cost to income ratio reduced to 24.50% compared to 27% of 2019.

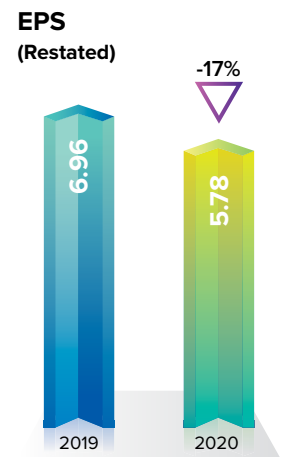
Capital Adequacy Ratio

DBH has been consistently maintaining the healthy CAR since long, much above Bangladesh bank's minimum CAR required. Capital Adequacy Ratio (CAR) stood at 24.22% in 2020 from 21.92% in 2019. 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 decreased to Tk. 5.78 in 2020 compared to Tk. 6.96 in 2019. The reduction is caused by the reduction of net profit, which is a result of subjective provision as a precaution to cope with any adverse effect of Covid-19 on clients' repayment behavior.



Dividend Payout Ratio:

The company consistently paying high level of dividends to its shareholders. In this Covid-19 affected year 2020 also, DBH proposed 15% cash dividend and 15% stock dividend, that is total 30% divided, which is maximum allowed for a financial institution for this year as per circular and guideline from Bangladesh Bank. In last 5 years also DBH paid dividend in the range of 30-35% every year in line with its income and EPS. Dividend payout ratio

for 2020 is 52% and in last 5 years it varies from 40% - 50%.

DuPont Analysis

Net profit after tax of DBH decreased by 17% due to additional provision 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 reduced from previous

year, but stayed at healthy 15.08%. Asset turnover reduced from 10.88% of 2019 to 10.02% in 2020. Declining interest rate on loans caused the reduction in the asset turnover. Equity multiplier reduced to 9.63 in 2020 from 10.76 of 2019. Main reason for that is issue of bonus shares in recent years. Return on Equity which is product of profit margin, asset turnover and financial leverage reduced to 14.56% in 2020 from 19.79% of 2019.

Taka in million

Particulars	2016	2017	2018	2019	2020
A. Interest Income	4209	4573	5855	6353	5909
B. Profit After Tax	829	949	1048	1073	891
C. Average Asset	42821	50526	56040	58389	58943
D. Average Equity	3351	3975	4699	5424	6120
E. Profit Margin (B/A)	19.69%	20.75%	17.90%	16.89%	15.08%
F. Asset Turnover (A/C)	9.83%	9.05%	10.45%	10.88%	10.02%
G. Financial Leverage (C/D)	12.78	12.71	11.93	10.76	9.63
H. Return on Equity (E*F*G)	24.73%	23.88%	22.30%	19.79%	14.56%

Cash Flow Analysis

Taka in million

Particulars	2016*	2017	2018	2019	2020
Net cash flow from operating activities	3,646.27	2,018.39	1,328.14	1,930.06	1,446.73
Net cash flow from investing activities	(18.25)	(170.03)	22.85	42.85	(16.47)
Net cash used in financing activities	(348.15)	(182.78)	(365.56)	(304.63)	(268.07)
Net increase/ (decrease) in cash and cash equivalents	3,279.87	1,665.58	985.43	1,668.28	1,162.19
Cash and cash equivalent at the beginning of the year	5,870.47	9,150.34	10,815.92	11,801.35	13,469.63
Cash and cash equivalent at the end of the year	9,150.34	10,815.92	11,801.35	13,469.63	14,631.82

* Amount for the period from July 1, 2016 to Dec 31, 2016.

Cash Flow from Operating Activities

Net cash generated from operating activities decreased by 25.04% to Tk. 1,446.73 mn in 2020 compared to previous year.

Cash Flow from Financing Activities

The Company paid Tk. 268.07 mn as dividend in the year 2020 against the accounting year 2019.

Overall Scenario

The cash and cash equivalent balance of the company rose to Tk. 14,631.82 mn in 2020 compared to Tk. 13,469.63 mn in 2019.

Key Operating & Financial Highlights

Taka in million

SI #	Financial performance	2016	2017	2018	2019	2020	Growth - YoY	5 years CAGR (%)
1	Loans & Advances	35,838	42,243	43,848	44,522	42,750	-3.98%	4.95%
2	Total Assets	46,472	54,581	57,499	59,280	58,607	-1.14%	7.57%
3	Deposit	34,394	41,188	43,319	43,411	43,827	0.96%	8.81%
4	Total Liabilities	42,880	50,223	52,459	53,471	52,175	-2.42%	7.07%

SI #	Operational Performance	2016*	2017	2018	2019	2020	Growth - YoY	5 years CAGR (%)
1	Net Interest Income	779	1,606	1,793	1,708	1,949	14.11%	2.93%
2	Operational income	885	1,818	1,996	1,941	2,148	10.66%	3.02%
3	Operational expenses	203	449	495	524	523	-0.19%	5.61%
4	Operating Profit	682	1,369	1,501	1,418	1,625	14.60%	2.26%
5	Profit before tax	603	1,492	1,607	1,555	1,498	-3.67%	1.43%
6	Net profit after tax	331	949	1,048	1,073	891	-16.96%	2.54%

SI #	Financial Ratios	2016	2017	2018	2019	2020	Growth - YoY	
1	Debt equity ratio (Times)	11.94	11.53	10.41	9.21	8.11	-11.87%	-
2	Cost to income ratio (%)	22.94	24.70	24.80	27.00	24.35	-9.81%	-
3	Non performing loan (%)	0.36	0.27	0.30	0.45	0.41	-8.89%	-
4	Dividend payout ratio (%)	55.22	38.52	40.69	43.72	51.90	18.71%	-

* Amount represents for the period from July 1, 2016 to Dec 31, 2016.

Horizontal Analysis

Balance Sheet on year end for last five years

Taka in million

	2016*	%	2017	%	2018	%	2019	%	2020	%
Cash	538.11	0%	634.06	18%	798.51	26%	873.00	9%	575.24	-34%
Balance with banks and Fis	5,862.51	10%	10,697.16	82%	11,779.17	10%	13,028.73	11%	14,338.78	10%
Investments	427.70	17%	643.03	50%	607.82	-5%	462.11	-24%	489.02	6%
Loans and advances	33,578.60	15%	42,243.35	26%	43,847.70	4%	44,521.89	2%	42,750.38	-4%
Fixed assets	148.52	28%	178.47	20%	169.52	-5%	279.70	65%	289.88	4%
Other assets	129.07	53%	184.78	43%	296.26	60%	114.50	-61%	163.71	43%
Total Assets	40,684.52	14%	54,580.85	34%	57,498.98	5%	59,279.93	3%	58,607.02	-1%
Borrowing from banks and Fis	6,095.89	15%	6,515.42	7%	6,085.48	-7%	7,051.34	16%	5,571.06	-21%
Deposits and other accounts	28,727.97	16%	41,187.89	43%	43,318.72	5%	43,411.28	0%	43,826.87	1%
Other liabilities	2,251.90	-10%	2,519.91	12%	3,054.80	21%	3,008.70	-2%	2,777.62	-8%
Total Liabilities	37,075.76	14%	50,223.22	35%	52,459.00	4%	53,471.32	2%	52,175.56	-2%
Paid-up capital	1,160.49	0%	1,218.52	5%	1,218.52	0%	1,340.37	10%	1,541.43	15%
Share premium	55.00	0%	55.00	0%	55.00	0%	55.00	0%	55.00	0%
Reserve and surplus	2,393.26	22%	3,084.12	29%	3,766.46	22%	4,413.23	17%	4,835.03	10%
Total Shareholders equity	3,608.75	14%	4,357.64	21%	5,039.98	16%	5,808.60	15%	6,431.46	11%
Total Liabilities and Shareholders' equity	40,684.52	14%	54,580.85	34%	57,498.98	5%	59,279.93	3%	58,607.02	-1%

* Amount as of 30 June 2016.

Horizontal Analysis

Profit and Loss account for last five years

Taka in million

	2016*	%	2017	%	2018	%	2019	%	2020	%
Interest Income	4,323.70	-2%	4,573.38	6%	5,855.19	28%	6,352.77	8%	5,908.79	-7%
Interest Expense	2,636.37	-5%	2,967.58	13%	4,062.41	37%	4,644.85	14%	3,960.18	-15%
Net Interest Income	1,687.33	3%	1,605.80	-5%	1,792.78	12%	1,707.92	-5%	1,948.60	14%
Income from investment	10.31	-21%	43.48	322%	45.91	6%	26.84	-42%	24.15	-10%
Commission, fees & brokerage	132.92	27%	149.92	13%	146.12	-3%	199.77	37%	155.86	-22%
Other operating income	20.37	-27%	18.68	-8%	11.24	-40%	6.80	-40%	19.67	190%
Total operating income	1,850.94	4%	1,817.88	-2%	1,996.04	10%	1,941.33	-3%	2,148.29	11%
Operating expenses	398.12	15%	449.18	13%	495.37	10%	523.66	6%	523.43	0%
Operating profit	1,452.82	1%	1,368.70	-6%	1,500.66	10%	1,417.66	-6%	1,624.87	15%
Provision for Loans and investments	58.25	-67%	(123.77)	-313%	(105.87)	-14%	(137.21)	30%	126.71	-192%
Profit before tax	1,394.57	11%	1,492.48	7%	1,606.54	8%	1,554.87	-3%	1,498.16	-4%
Provision for tax	608.59	6%	543.48	-11%	558.64	3%	481.62	-14%	607.23	26%
Profit after tax	785.98	15%	949.00	21%	1,047.90	10%	1,073.25	2%	890.93	-17%

* Amount for the year 2015-16.

Vertical Analysis

Balance Sheet as at year end for last five years

Taka in million

	2016*	%	2017	%	2018	%	2019	%	2020	%
Cash	558.80	1.2%	634.06	1.2%	798.51	1.4%	873.00	1.5%	575.24	1.0%
Balance with banks and Fis	9,272.86	20.0%	10,697.16	19.6%	11,779.17	20.5%	13,028.73	22.0%	14,338.78	24.5%
Investments	441.26	0.9%	643.03	1.2%	607.82	1.1%	462.11	0.8%	489.02	0.8%
Loans and advances	35,838.37	77.1%	42,243.35	77.4%	43,847.70	76.3%	44,521.89	75.1%	42,750.38	72.9%
Fixed assets	157.51	0.3%	178.47	0.3%	169.52	0.3%	279.70	0.5%	289.88	0.5%
Other assets	202.90	0.4%	184.78	0.3%	296.26	0.5%	114.50	0.2%	163.71	0.3%
Total Assets	46,471.71	100.0%	54,580.85	100.0%	57,498.98	100.0%	59,279.93	100.0%	58,607.02	100.0%
Borrowing from banks and Fis	6,080.58	13.1%	6,515.42	11.9%	6,085.48	10.6%	7,051.34	11.9%	5,571.06	9.5%
Deposits and other accounts	34,393.96	74.0%	41,187.89	75.5%	43,318.72	75.3%	43,411.28	73.2%	43,826.87	74.8%
Other liabilities	2,405.76	5.2%	2,519.91	4.6%	3,054.80	5.3%	3,008.70	5.1%	2,777.62	4.7%
Total Liabilities	42,880.29	92.3%	50,223.22	92.0%	52,459.00	91.2%	53,471.32	90.2%	52,175.56	89.0%
Paid-up capital	1,218.52	2.6%	1,218.52	2.2%	1,218.52	2.1%	1,340.37	2.3%	1,541.43	2.6%
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	2,317.89	5.0%	3,084.12	5.7%	3,766.46	6.6%	4,413.23	7.4%	4,835.03	8.2%
Shareholders equity	3,591.41	7.7%	4,357.64	8.0%	5,039.98	8.8%	5,808.60	9.8%	6,431.46	11.0%
Total Liabilities and Shareholders' equity	46,471.71	100.0%	54,580.85	100.0%	57,498.98	100.0%	59,279.93	100.0%	58,607.02	100.0%

* Amount as of 31 December 2016.

Vertical Analysis

Profit and Loss Account for last five years

Taka in million

	2016*	%	2017	%	2018	%	2019	%	2020	%
Interest Income	4,323.70	233.6%	4,573.38	251.6%	5,855.19	293.3%	6,352.77	327.2%	5,908.79	275.0%
Interest expenses	2,636.37	142.4%	2,967.58	163.2%	4,062.41	203.5%	4,644.85	239.3%	3,960.18	184.3%
Net Interest Income	1,687.33	91.2%	1,605.80	88.3%	1,792.78	89.8%	1,707.92	88.0%	1,948.60	90.7%
Income from investment	10.31	0.6%	43.48	2.4%	45.91	2.3%	26.84	1.4%	24.15	1.1%
Commission, fees and brokerage	132.92	7.2%	149.92	8.2%	146.12	7.3%	199.77	10.3%	155.86	7.3%
Other operating income	20.37	1.1%	18.68	1.0%	11.24	0.6%	6.80	0.4%	19.67	0.9%
Total operating income	1,850.94	100.0%	1,817.88	100.0%	1,996.04	100.0%	1,941.33	100.0%	2,148.29	100.0%
Operating expenses	398.12	21.5%	449.18	24.7%	495.37	24.8%	523.66	27.0%	523.43	24.4%
Operating profit	1,452.82	78.5%	1,368.70	75.3%	1,500.66	75.2%	1,417.66	73.0%	1,624.87	75.6%
Provision for Loans and investments	58.25	3.1%	(123.77)	-6.8%	(105.87)	-5.3%	(137.21)	-7.1%	126.71	5.9%
Profit before tax	1,394.57	75.3%	1,492.48	82.1%	1,606.54	80.5%	1,554.87	80.1%	1,498.16	69.7%
Provision for tax	608.59	32.9%	543.48	29.9%	558.64	28.0%	481.62	24.8%	607.23	28.3%
Profit after tax	785.98	42.5%	949.00	52.2%	1,047.90	52.5%	1,073.25	55.3%	890.93	41.5%

* Amount for the year 2015-16.

(d) Comparative Financial Performances with the Peer Industry

The financial institution industry is marked by high levels of competition with 35 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 NBFIs 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 31st December 2020
(in million Taka except ratios and EPS)

Particulars	IPDC	IDLC	DBH
Loans & Advances	53,610	93,074	42,750
Deposits	52,456	76,273	43,827
Home Loan Portfolio	8,497	26,834	42,614
NPL	1.38%	1.79%	0.41%
ROE	12.10%	17.37%	14.56%
ROA	1.01%	2.08%	1.51%
CAR	18.51%	17.45%	24.22%
EPS	1.90	6.74	5.78
Cost to Income Ratio	40.60%	38.23%	24.50%

(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 2.32 of the Financial Statements on page no. 153 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 2021, where the budgeted disbursement growth is 90% higher than 2020 and forecasted loan portfolio growth is 10%. While preparing the budget, the management considered the assumptions related to interest rate movement during 2021 and also estimated total new provision of Tk. 20.34 crore (less than 0.50% of our portfolio) for the year ending 2020.

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 political 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

Corporate Governance encompasses a set of principles, systems, and practices through which the Board of Directors of the company ensures integrity, transparency, fairness and accountability in the company's relationship with all its stakeholders, viz. regulators, shareholders, creditors, government agencies, bankers, employees, among others. The code of corporate governance is based on the principle of making all the necessary decisions and disclosures, accountability and responsibility towards various stakeholders, complying with all the applicable laws and a continuous commitment of conducting business in a transparent and ethical manner.

A good corporate governance framework incorporates a system of robust checks and balances between key players; namely, the Board, the management, auditors and various stakeholders. We at DBH, have been continuously strengthening the governance practices and have followed a trustworthy, transparent, moral and ethical conduct, both internally and externally, and are committed towards maintaining the highest standards of corporate governance practices and quality of disclosures thereunder, in the best interest of all its stakeholders. 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) 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

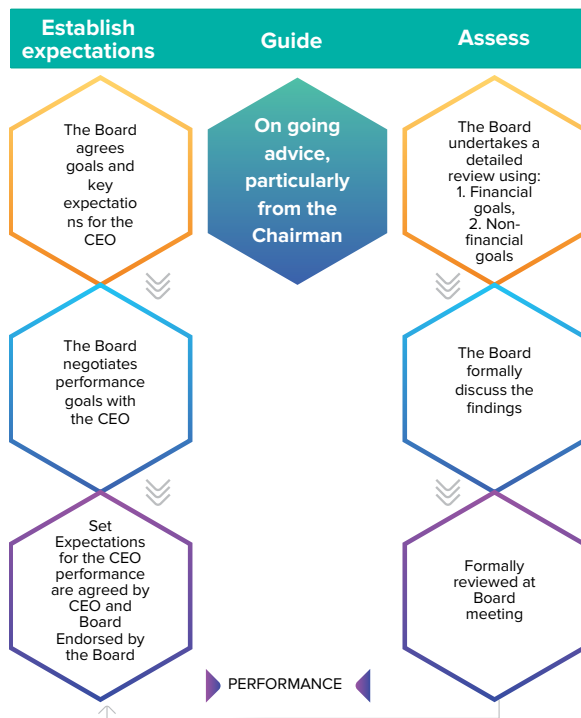
The Companies Act, 1994, requires the Directors to prepare financial statements for each accounting year.

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.

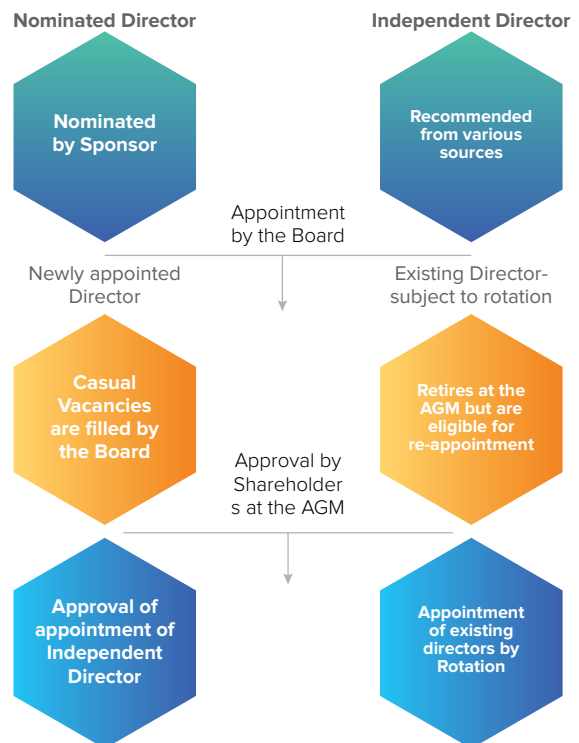
The Board of Directors of the Company is in compliance with Bangladesh Bank's Circular No. 9 dated September 11, 2002 and the condition nos.

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.

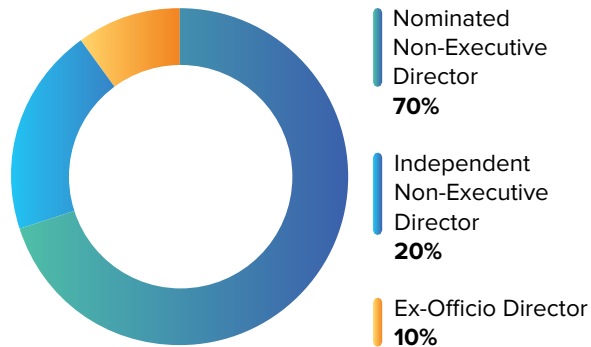
As per DBH's Articles of Association, one-third of the Directors are required to retire from the Board every year, comprising those who have been in office the longest since their last election. A retiring Director shall be eligible for re-election.

The Directors of DBH are:

- **Nominated Non-Executive Directors-** Three Institutional Sponsors of the Company namely; BRAC, Delta Life Insurance Company Ltd., Green Delta Insurance Company Ltd. nominates 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.



Board composition



2. BOARD SYSTEMS AND PROCEDURES

(a) Board Meetings

The Board meets at least four (4) times a year, once in every 3 (three) months, inter-alia, to discuss and review the financial results, business policies, strategies etc. The maximum interval between two Board meetings is not more than 3 months. Additional Board Meetings are held by the Company as and when the Company needs merit oversight and guidance. However, in case of business exigency or an urgent matter, approval of the Board is sought through resolution by circulation, which is noted in the subsequent Board Meeting.

The Company circulates the Board/Committee Meeting agenda and related notes/documents well in advance which provides for quick and easy accessibility. As a practice, the Company Secretary reports the compliance status of all the laws applicable to the Board of Directors on quarterly basis. All significant decisions taken by the Board/Committee Members is communicated to the functional heads of the concerned departments. The Board/Committee Members are apprised of the action taken or proposed to be taken by the Company on the observations/directions given in the previous meeting.

(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

and

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 nine (9) Board Meetings, five (5) Audit Committee Meetings & five (5) Executive Committee Meetings were held and the attendance of the Directors are noted below:

Name of Directors	Attendance at 24 th AGM	Board		Executive Committee		Audit Committee	
		Total Meetings	Meetings Attended	Total Meetings	Meetings Attended	Total Meetings	Meetings Attended
Mr. Nasir A. Choudhury Chairman	✓	9	9	0	0	0	0
Dr. A M R Chowdhury Vice Chairman	✓	9	8	5	5	0	0
Ms. Mehreen Hassan, Bar- at- Law	✓	9	9	5	5	0	0
Mr. Md. Mujibur Rahman	✓	9	9	0	0	5	5
Mr. Mohammed Irfan Syed (Resigned on 25-03-2020)	-	2	2	0	0	0	0
Mr. Syed Moinuddin Ahmed	✓	9	8	0	0	5	5
Mr. M. Anisul Haque, FCMA	✓	8	8	0	0	5	5
Mr. Mohammad Anisur Rahman (Nominated by BRAC on 30-12-2020)	-	0	0	0	0	0	0
Ms. Rasheda K. Choudhury	✓	9	9	0	0	5	5
Major General Syeed Ahmed, BP (Retd.)	✓	9	9	0	0	5	5

(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)

The internal Human Resources & Remuneration Committee of DBH is guided by the top management and through which it is also responsible to the Board of Directors.

As per the Bangladesh Bank DFIM Circular Letter No.-18 dated on 26 October, 2011, Directors of Financial Institutions' (FIs) cannot be part of any committee except for Board Audit Committee and Board Executive Committee. For which the Board was unable to form the committee named Nomination and Remuneration Committee (NRC) in accordance with the Corporate Governance Code -2018. But, the internal HR and Remuneration

committee is fully comprised of the members of the higher Management of DBH. The Head of Human Resources, acting as the Secretary to the Committee.

(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 Financial Institutions in 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- 1987;
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 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 all 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 re-constituted on January 15, 2020 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. 104 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, 5 (five) 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 as its members.

(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 holding 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 reconstituted on January 15, 2020. 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 a Fellow Cost and Management Accountant.

(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 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. 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.

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. 102 and 103 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 January 15, 2020 and the present members of the Committee are:

Name	Status in the Committee
Maj. Gen. Syeed Ahmed, BP, awc, psc (Retd.) Independent Director	Chairman
Mr. Md. Mujibur Rahman	Member
Ms. Rasheda K. Choudhury 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 2020.

(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 (24th) 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 2020.

(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. 170 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 2020 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. 119 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 31st December 2020 are given below:

On the basis of Shareholders types:

Group Name	No. of Share holders	No. of Shares	Percent (%)
Sponsors/ Directors	5	79,107,778	51.32
General Public	7,538	21,073,587	13.67
Financial Institutions & other Companies	225	20,136,611	13.07
Foreign Investors	21	33,824,605	21.94
Total:	7,789	154,142,581	100.00

(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. 55 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. 55 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. 55 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 85 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 2020 stood at Tk. 5.78 in place of Tk. 6.96 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. 122 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 nominated for the highest tax payer certificate from NBR in last year. Company's contribution to the national exchequer has been given on page no. 49 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. 166 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. 108 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, 7th, & 8th ICSB National Award at 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 also won the ICMAB Best Corporate Award-2016 (declared on January 28, 2018). It has also been awarded the Bronze Crest by the ICMAB best Corporate Award-2017 & 2018 (declared on December 2018 & December 2019).

(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 has been given on page no. 7 of this annual report.

(d) Core Values and Code of Conduct/ 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.

There are two sets of code of conducts one for the Chairperson, other Board Members and CEO in accordance with Corporate Governance Code-2018 and a code of conduct of DBH as per the COC issued by Bangladesh Bank for all Banks & NBFIs.

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

The brief resume 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:

24th 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.

23rd Annual General Meeting:

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

Venue: "Delta Life Conference Hall" of Delta Life Tower (13th 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.

22nd Annual General Meeting:

Date & Time: April 19, 2018 (Thursday) at 10.30 AM

Venue: "Delta Life Conference Hall" of Delta Life

Tower (13th floor), Plot- 37, Road-90, Gulshan-2, Dhaka-1212.

Participants: 81 Shareholders which represent 118,853,525 shares being 97.54% 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, 2017 and the Auditors' Report thereon;
- (ii) Dividend @ 30% cash;
- (iii) Appointment/re-appointment of Directors;
- (iv) Appointment of Aziz Halim Khair Choudhury, Chartered Accountants as statutory auditors.

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. 87 of this report.

13. RISK MANAGEMENT

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 2.32 of the Financial Statements on page no. 153 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. 117 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.

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

Aging analysis of unpaid/unclaimed cash dividend (As of December 2020)

	BDT in Taka
Up to 1 year	34,505.60
Over 1 year but within 3 years	653,312.61
Over 3 years but within 4 years	270,502.56
Over 4 years but within 5 years	517,963.35
Above 5 years	2,635,863.04
Total	4,112,147.16

Since Initial Public Offering (IPO) in the year 2008, we have distributed all the Stock dividends through CDBL. But within this period we have failed to distribute the stock dividend against 7 shareholders due to close BO accounts and in one case, non-submission of BO account.

Summary of undistributed stock dividends are given hereunder:

Aging analysis of unpaid/unclaimed stock dividend (As of December 2020)

	Nos. of Shares
Up to 1 year	1,226
Over 1 year but within 3 years	744
Over 3 years but within 4 years	0
Over 4 years but within 5 years	351
Above 5 years	7,097
Total	9,418

Annexure-A

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

Date: March 22, 2021

The Board of Directors
Delta Brac Housing Finance Corporation Ltd.
Landmark Building (9th Floor)
12-14 Gulshan North C/A, Gulshan-2
Dhaka-1212

Subject: Declaration on Financial Statements for the year ended on 31st December, 2020.

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 31st December, 2020 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, 2020 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 Delta Brac Housing Finance Corporation Ltd. for the year ended on 31st December 2020. 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:

- a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;
- b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- d) The Governance of the company is satisfactory.

Dhaka, April 8, 2021



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 (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	BOARD OF DIRECTORS:			
1(1)	Size of the Board of Directors: The total number of members of the company's Board of Directors shall not be less than 5 (five) and more than 20 (twenty)	✓		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 (Put ✓ in the appropriate column)		Remarks (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 Ms. Rasheda K. Choudhury 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.	✓		
1(3)	Qualification of Independent Director:			
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;	✓		
1(3)(b)	Independent director shall have following qualifications:			
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
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer:			
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 (Put ✓ in the appropriate column)		Remarks (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
1(5)	The Directors' Report to Shareholders:			
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 (Put ✓ in the appropriate column)		Remarks (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. 55
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);	✓		
1(5)(xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:-			
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. 56
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 (Put ✓ in the appropriate column)		Remarks (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. 86
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. 87
1(6)	Meetings of the Board of Directors: 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.	✓		
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer:			
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.	✓		
2.	GOVERNANCE OF BOARD OF DIRECTORS OF SUBSIDIARY COMPANY:			
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
3.	MANAGING DIRECTOR (MD) OR CHIEF EXECUTIVE OFFICER (CEO), CHIEF FINANCIAL OFFICER (CFO), HEAD OF INTERNAL AUDIT AND COMPLIANCE (HIAC) AND COMPANY SECRETARY (CS):			

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (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:			
	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.		✓	Pursuant to BB circular letter no. 18 dated on 26-10-2011, FIs cannot form more than 2 Committees (AC & EC)
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;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	✓		
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	✓		
5(2)	Constitution of the Audit Committee:			
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.	✓		
5(3)	Chairperson of the Audit Committee:			
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)	✓		
5(4)	Meeting of the Audit Committee:			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year	✓		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	✓		
5(5)	Role of Audit Committee:			
5(5)(a)	Oversee the financial reporting process;	✓		
5(5)(b)	Monitor choice of accounting policies and principles;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	✓		
5(5)(d)	Oversee hiring and performance of external auditors;	✓		
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	✓		
5(5)(f)	Review along with the management, the annual financial statements before submission to the Board for approval;	✓		
5(5)(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	✓		
5(5)(h)	Review the adequacy of internal audit function;	✓		
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	✓		
5(5)(j)	Review statement of all related party transactions submitted by the management;	✓		
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	✓		
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	✓		
5(5)(m)	Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission			N/A
5(6)	Reporting of the Audit Committee:			
5(6)(a)	Reporting to the Board of Directors:			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	✓		
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board on the following findings, if any:-			
5(6)(a)(ii)(a)	Report on conflicts of interests;			N/A
5(6)(a)(ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;			N/A
5(6)(a)(ii)(c)	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and			N/A
5(6)(a)(ii)(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;			N/A
5(6)(b)	Reporting to the Authorities:			
	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

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
5(7)	Reporting to the Shareholders and General Investors: 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.	✓		
6.	NOMINATION AND REMUNERATION COMMITTEE (NRC):			
6(1)	Responsibility to the Board of Directors:			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a subcommittee of the Board;		✓	Pursuant to BB circular letter no. 18 dated on 26-10-2011, FIs cannot form more than 2 Committees (AC & EC)
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
6(2)	Constitution of the NRC:			
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
6(3)	Chairperson of the NRC:			
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

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders			Do
6(4)	Meeting of the NRC:			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;			Do
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;			Do
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);			Do
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.			Do
6(5)	Role of the NRC:			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;			Do
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:			
6(5)(b)(i)	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:			
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
7.	EXTERNAL OR STATUTORY AUDITORS:			

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:			
7(1)(i)	Appraisal or valuation services or fairness opinions;	✓		
7(1)(ii)	Financial information systems design and implementation;	✓		
7(1)(iii)	Book-keeping or other services related to the accounting records or financial statements;	✓		
7(1)(iv)	Broker-dealer services;	✓		
7(1)(v)	Actuarial services;	✓		
7(1)(vi)	Internal audit services or special audit services;	✓		
7(1)(vii)	Any service that the Audit Committee determines;	✓		
7(1)(viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	✓		
7(1)(ix)	Any other service that creates conflict of interest.	✓		
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company	✓		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	✓		
8.	MAINTAINING A WEBSITE BY THE COMPANY:			
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).	✓		
9.	REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE:			
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 2020 was appointed in the last AGM (24 th 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.	Responsibilities and authorities of the Board of Directors: The Board of Directors should focus mainly on the policy matters and evaluation of the performance of the institution, such as:	
	(a) Work-planning and strategic management:	
	(i) The Board shall determine the Vision/ Mission of the institute. In order to enhance operational efficiency and to ensure business growth, they shall chalk out strategies and work-plans on annual basis. The Board shall review such strategies on quarterly rests and shall modify accordingly, if required. If any structural modification is required, shall bring those changes with consultation with the management.	Complied
	(ii) The Board shall have its analytical review incorporated in the Annual report as regard to the success/failure in achieving the business and other targets as set out in its annual work-plan and shall apprise the shareholders on future plans and strategies.	Complied
	(iii) The Board will set the Key Performance Indicator (KPI)s for the CEO and other senior executives and will appraise those on half yearly basis.	Complied
	(b) Formation of sub-committee:	
	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
	(c) Financial management:	
	(i) Annual budget and statutory financial statements shall be adopted finally with the approval of the Board.	Complied
	(ii) Board shall review and examine in quarterly basis various statutory financial statements such as statement of income-expenses, statement of loan/lease, statement of liquidity, adequacy of capital, maintenance of provision, legal affairs including actions taken to recover overdue loan/lease.	Complied

SL. No.	Particulars	Status of Compliance
	(iii) Board shall approve the Company's policy on procurement and collection and shall also approve the expenditures according to policy. The Board to the maximum extend shall delegate the authority on the Managing Director and among other top executives for approval of expenditure within budget.	Complied
	(iv) The Board shall adopt the process of operation of bank accounts. To ensure transparency in financial matters, groups may be formed among the management to operate bank accounts under joint signatures.	Complied
(d) Management of loan/lease/investments:		
	(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
(e) Risk management:		
	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
(f) Internal control and compliance management:		
	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
(g) Human resource management:		
	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
	(h) Appointment of CEO:	
	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
	(i) Benefits offer to the Chairman:	
	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
	Responsibilities of the Chairman of the Board of Directors:	
	(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
	Responsibilities of Managing Director:	
	(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 polices 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 own code of business conduct. The audit committee on behalf of the Board also strives to implement the business plans and policies, as well as continue its strong vigilance and monitoring on the followings areas:

- Oversee the disclosure of its financial information to ensure that the financial statements is correct, sufficient and credible;
- Recommend 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.

Composition of the Committee

The Board of Directors has been very meticulous in the formation of the Audit Committee, which consist 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 Audit Committee of DBH has been formed pursuant to the Bangladesh Bank's guideline on Internal Control and Compliance (ICC) framework vides their DFIM Circular No.- 13, dated : October 26, 2011 and Bangladesh Securities and Exchange Commission's Corporate Governance Code- 2018.

The current Audit Committee was last reconstituted on January 15, 2020 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, 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.

Activities of the Audit Committee

The Committee normally meets quarterly, but an emergency meeting of the Committee may be called, if required. However, during the period under review, 5 (five) Committee meetings were held. The Committee reviews the financial reporting process, the system of internal control and management of financial & operational risks through the audit process.

Audit Committee reviewed the final accounts for the period of January 1, 2020 to December 31, 2020 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 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 statutory 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 statutory auditors and inspectors of the regulatory authority and inform the board on a regular basis.

(b) Financial Reporting

- (1) Review the 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 statutory auditors to review the financial statements before their finalization;
- (3) The chairman of the audit committee shall be present and answerable to reply the accounting and audit related query in the general meeting.

(c) Internal Audit

- (1) Review the activities and organizational structure of the internal audit function and ensure that no unjustified restrictions or limitations are made;
- (2) Review the efficiency and effectiveness of internal audit function;
- (3) Review that findings and recommendations made by the internal auditors for removing the irregularities detected and also running the affairs of the Institution are duly considered by the management;

- (4) Recommend the Board in case of change of the accounting policies.

(d) External Audit

- (1) Review the auditing performance of the statutory auditors and their audit reports;
- (2) Review that findings and recommendations made by the statutory auditors for removing the irregularities detected and also running the affairs of the institution are duly considered by 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 on periodic basis 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 oversight functions as requested by the Board and evaluate the Committee's own performance on a regular basis.
- (3) Receive and review the report of the internal audit which normally prepares for the higher management.

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 Board 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 : March 22, 2021



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

Jashim Uddin, FCS

Focal Point
DBH, Ethics Committee

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 5 (five) 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 2020-2021, 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 2019-2020 & 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.



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



DBH conducted CSR activities during the period under reporting i.e. from January 1, 2020 to December 31, 2020. The highlights of the activities taken during the reporting period are as follows:

- **Donation to Prime Minister's Relief and Welfare Fund:**

To support the government's efforts in the fight against the Covid-19 pandemic, Bangladesh Leasing and Finance Companies Association (BLFCA) donated Tk. 9.5 crore to the Prime Minister's Relief and Welfare Fund on June 5, 2020. Prime Minister joined the handover ceremony through video conference.

DBH contributed an amount of Tk. 10 lac to build the fund with others.

- **National Integrity:**

Under the National Integrity Strategy (NIS) program of the country, Banks and FIs are playing a tremendous role for creating awareness 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 one rhyme during this period and spent an amount of Tk. 23,000.00 only from its CSR fund.



DISCLOSURES ON CAPITAL ADEQUACY AND MARKET DISCIPLINE (CAMD) – PILLAR III

A) Scope of Application

Qualitative Disclosures:

- These guidelines apply to Delta Brac Housing Finance Corporation Ltd.
- DBH has no subsidiary companies.
- Not Applicable

Quantitative Disclosures:

- Not Applicable

B) Capital Structure

Qualitative Disclosures:

- 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:

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

Conditions for maintaining regulatory capital:

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

Quantitative Disclosures:

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

Particulars	Amount in Crore Taka
Paid up capital	154.14
Non-repayable share premium account	5.50
Statutory reserve	148.64
General reserve & other reserve	257.50
Retained earning	52.36
Dividend equalization account	25.00

Amount in Crore Taka

c) The total amount of Tier 2 capital	30.09
(d) Other deductions from capital	-
(e) Total eligible capital	673.23

C) Capital Adequacy

Qualitative Disclosures

- 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	241.11
(c) Capital requirement for Market Risk	6.33
(d) Capital requirement for Operational Risk	30.56
(e) Total and Tier 1 capital ratio:	
CAR on Total capital basis (%)	24.22
CAR on Tier 1 capital basis (%)	23.14

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	4,236.57
Loan against Deposit	8.53
Staff Loan	14.50
Installment Receivables	11.55
Others	3.88
Total	4,275.04

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

Area	Amount in crore Taka
Dhaka	3,855.86
Chattogram	226.21
Sylhet	22.96
Cumilla	34.48
Gazipur	125.50
Narayangonj	10.02
Total	4,275.04

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

Sector	Amount in crore Taka
Housing & Real Estate	4,261.44
Others	13.60
Total	4,275.04

- (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	11.55
Not more than 3 months	186.48
Over 3 months but not more than 1 year	503.66
Over 1 year but not more than 5 years	1,903.31
Over 5 years	1,670.03
Total	4,275.04

- (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	0.58
Housing loans over 5 years	16.83
Totals	17.41

- 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	17.41
Provision on unclassified loans and advances	70.54
Total	87.95

- 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	(2.75)
Provision on unclassified loans and advances	17.91
Total	15.16

	Amount in crore Taka
(g) Gross Non Performing Assets (NPA)	17.41
Non Performing Assets (NPAs) to outstanding Loans and Advances	0.41%

Movement of Non-Performing Assets (NPAs)

	Amount in crore Taka
Opening Balance	20.16
Additions	0.01
Reductions	2.76
Closing Balance	17.41

Movement of Specific Provisions for NPAs

	Amount in crore Taka
Opening Balance	1.77
Provisions made during the period	(0.08)
Write-off	0.00
Written-back of excess provisions	0.00
Closing Balance	1.69

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, 2020. 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)	31.62
Quoted shares (Cost Price)	39.05
Unquoted shares	1.20

Breakup of Total Investment

Particulars	Amount in crore Taka
Government securities	0.10
Non marketable securities	5.45
Preference share	4.30
Marketable Securities	39.05

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

Particulars	Amount in crore Taka
Cumulative realized gain (loss)	1.40

- d)

Particulars	Amount in crore Taka
Total unrealized gains(Losses)	(7.01)
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 31.62 crore. Capital requirement is 10% of the said value which stands at BDT 3.16 crore.

General Risk – Market value of investment in equities is BDT 31.62 crore. Capital requirement is 10% of the said value which stands at BDT 3.16 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 (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)	225.65	167.28	170.43	346.88	530.99
B. Total Rate Sensitive Assets (B)	556.36	208.71	111.44	479.70	327.64
C. Mismatch	330.72	41.43	-58.98	132.82	-203.35
D. Cumulative Mismatch	330.72	372.15	313.17	445.99	242.63
E. Mismatch (%)	146.56%	24.77%	-34.61%	38.29%	-38.30%

Interest Rate Risk

Magnitude of Shock	Minor	Moderate	Major
	2%	4%	6%
Change in the Value of Bond Portfolio (BDT in Crore)	0.00	0.00	0.00
Net Interest Income (BDT in Crore)	4.85	9.71	14.56
Revised Regulatory Capital (BDT in Crore)	678.56	683.41	688.26
Risk Weighted Assets (BDT in Crore)	2,774.90	2,774.90	2,774.90
Revised CAR (%)	24.45%	24.63%	24.80%

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 long-term, 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	6.33
Foreign Exchange Position and 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:	30.56
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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 2020, total short term borrowings of the Company were Taka 3,862 million, representing only 7.40% 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, 2020 our deposit portfolio has increased by 0.96%, which reflects the growing confidence of depositors/lenders on DBH.

Positive operating cash flows:

Cash flow statement of the Company for the period ended on December 31, 2020 shows optimistic operating cash flows of Taka 1,447 million.

Positive key financial ratios:

The Company has very positive financial ratios as evident from financial summary given on page no. 24 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. 28 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, 2020, total fixed deposits of the Company were Taka 43,827 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

15 (fifteen) 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, 2020, the Company's total paid-up capital stands at Taka 1,541.43 million, while the minimum paid-up capital as required by Bangladesh Bank is Taka 1,000.00 million. DBH's capital adequacy ratio is 24.22% against minimum requirement of 10% as set by the regulator under Basel-II.

Strong equity base:

As on December 31, 2020, total equity of the Company stands at Taka 6,431 million representing an increase of 10.72% over December 2019 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 31st December 2020 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 31st December, 2020 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 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.

HR Planning

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 21 new regular employees were hired of which number of male employees was 16 and female employees was 5. During the year 2020, 18 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.

Performance Appraisal and Reward

DBH conducts 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.

Training and Development

DBH undertakes training programs as a part of its people development plan and arranges in-house functional training sessions as well as public training programs. Overseas training programs are also recommended every year for the employees with a view to improving their functional skills and competencies. During the year, several in-house and external training programs were conducted where 130 employees participated in those training programs.

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

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

The Company's policy is to provide a work environment that is free from intimidation or harassment. To create the finest working environment, DBH assigns high priority to complying with employment rules and regulations and respecting individual differences and opinions and preventing all forms of discrimination.

It is the policy of Company to handle employee complaint promptly and fairly. The management

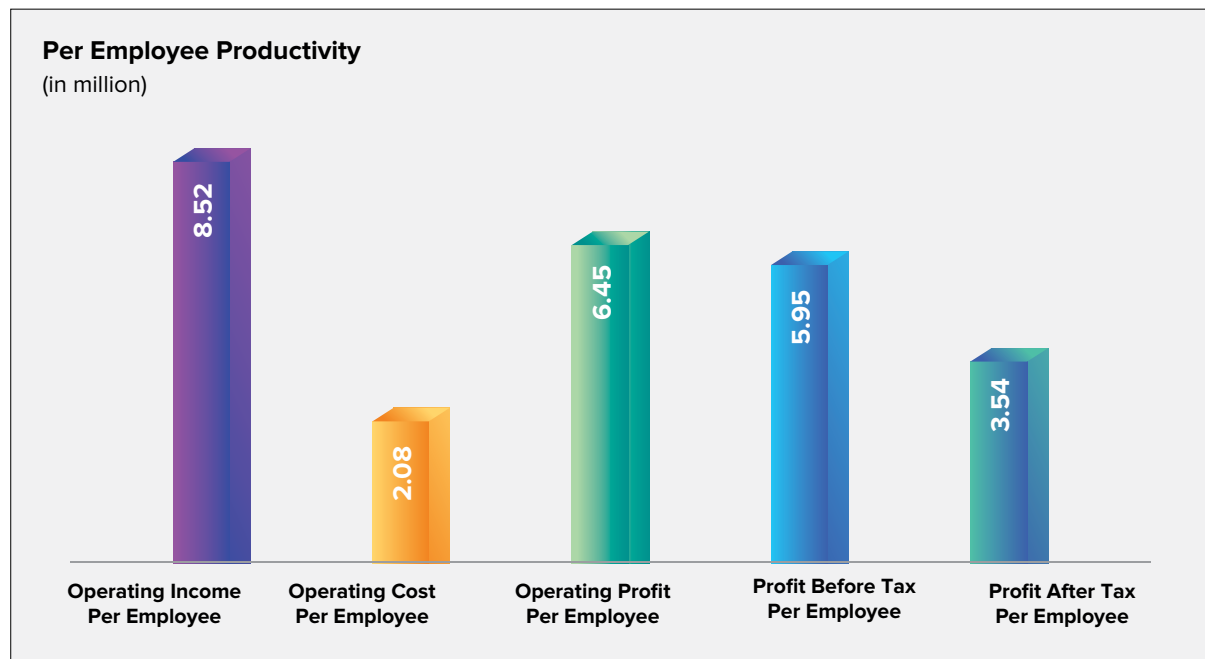
always entertains any kind of complaint or a state of dissatisfaction. The management has set principles and procedures for handling any kind of complaints of the employees. Complaints are handled strictly and actions are taken based on the merit of the issues.

Human Resource Accounting

Human Resources Accounting is the process of identifying and measuring data about human resources and communicating this information to the interested parties. 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.

In 2020, the number of regular employees is 252. Per employee productivity (in BDT million) is as follows:

Operating Income per employee	8.52
Operating Cost per employee	2.08
Operating Profit per employee	6.45
Profit Before Tax per employee	5.95
Profit After Tax per employee	3.54





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.



DBH wins **GOLD AWARD** once again
in
7th ICSB National Award 2019
for
Corporate Governance Excellence
in
Non Bank Financial Institutions Category.

15

YEARS OF
AAA

Highest Safety
DBH Deposits



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 2020, 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 2020, 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.

Emphasis of Matter

Without qualifying our opinion, we are drawing attention to the following matter:

In note # 2.19(i) to the financial statements, the Company disclosed the basis of computation for estimating the amount of Gratuity obligations.

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
Measurement of provision for loans and advances	
<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 42,750,381,474 (2019: BDT 44,521,893,390) and provision for loans and advances of BDT 949,565,925 (2019: BDT 822,857,899).</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> • Tested the credit appraisal, loan disbursement procedures, monitoring and provisioning process • Reviewed the process of Identification of loss events, including early warning and default warning indicators; • Reviewed quarterly Classification of Loans (CL);

<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"> • 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 and FID circular no.03 dated 29 April 2013; • 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; • Provision measurement is primarily dependent upon key assumptions relating to the probability of default, the ability to repossess collateral, and recovery rates. 	<p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none"> • Reviewed the adequacy of the companies general and specific provisions; • Assessed the methodologies on which the provision amounts were based, recalculated the provisions and tested the completeness and accuracy of the underlying information; • Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.
<p>See note # 7 and 12 to the financial statements.</p>	
<p>Implementation of IFRS 16 Leases</p>	
<p>With reference to note # 2.07 and note # 2.09 to the financial statements, IFRS 16 Leases becomes effective for annual reporting beginning on or after 01 January 2019, which replaces the existing standard IAS 17 Leases. However, the Company did not adopt IFRS-16 during 2019.</p> <p>The Company decided to adopt the modified retrospective approach for transition accounting. The new lease standard application resulted in the recognition, for the 31 December 2020, of right of use assets of BDT 57,118,206 and lease liabilities of BDT 52,009,007.</p>	<p>We obtained an understanding of the management's process for implementing IFRS 16, including financial controls designed by the management to mitigate the risks assessed by us independently. We tested those relevant controls and adopted a control rely strategy. Furthermore, to mitigate the inherent risk in this audit area, our audit approach included testing of the controls and substantive audit procedures, including:</p> <ul style="list-style-type: none"> • Obtained and read the accounting policy for compliance with IFRS 16; • Obtained listing of all contracts from the management and tested the contracts on a sample basis for impact under IFRS 16. In respect of the contracts selected for testing; • Obtained and assessed the borrowing rates; • Tested the assumptions used in the calculation model for the sample contracts selected for testing; • Performed test of details on a sample basis of the right of use asset and lease liability; and • Assessed the disclosures in the financial statements.
<p>See Annex-A and note # 12.4 to the financial statements.</p>	

Legal and regulatory matters	
<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 # 17.1 and note # 17.2 to the financial statements.	
Accuracy and completeness of revenue recognized	
<p>The Company reports revenue of BDT 610.84 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"> • 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); • We tested the design and operating effectiveness of the relevant controls; • We reviewed significant new contracts and regulatory determinations, the accounting treatments opted and testing the related revenues recognized during the period; • We performed data analysis and analytical reviews of significant revenue streams; • 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 • 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.
See note # 18, 20, 21 and 22 to the financial statements	

Investment and provision for diminutions in the value of investments	
<p>The Company reports investments of BDT 48.90 crore, which is comprised of Government securities BDT 0.10 crore, marketable securities of BDT 39.05 crore, non-marketable securities of BDT 5.45 crore, and preference shares BDT 4.30 crore; represents 0.83 % of total assets.</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 & 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"> • 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. • We assessed the controls' design and operating effectiveness, measurement, and oversight of financial assets' valuation risk. • We verified the existence and legal ownership of equity investments and mutual funds by confirming investment holdings with the portfolio statements of brokerage houses and CDBL. • 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.
See note # 06 and 12.1.3 to the financial statements	
Measurement of deferred tax assets/ liabilities	
<p>The Company reports deferred tax liabilities amounting to BDT 60.58 Lac which was shown in the financial statements as at 31 December 2020.</p> <p>The significant risk arises from the estimation of future usability of the benefits/ liabilities. Such estimation is required deferred tax assets/ liabilities as their recoverability/ adjustments depend on forecasts of profitability available in the near future.</p>	<p>We have conducted a risk assessment to obtain an understanding of the relevant tax laws and regulations considering the following:</p> <ul style="list-style-type: none"> • Evaluated the policies used for recognition and measurement of deferred tax liabilities and assets in accordance with IAS 12. • Tested the design, implementation and operating effectiveness of internal controls with respect to recognition of deferred tax liabilities and assets, • Checked the computation of deferred tax assets/ liabilities by applying appropriate provisions of tax law to scheduled reversals, particularly the potential tax rates applicable at the time of expected reversals, • Checked the compliance with the tax laws.
See note # 12.5 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 Matter

The financial statements of the Company for the year ended 31 December 2019 were audited by Aziz Halim Khair Choudhury, Chartered Accountants, who expressed an unmodified opinion on those statements on 19 February 2020.

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 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 1,500 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
22 Mar 2021

ACNABIN, Chartered Accountants



Muhammad Aminul Hoque, FCA
Partner
ICAB Enrollment# 1129
DVC: 2103231129AS269426

Delta Brac Housing Finance Corporation Limited

Balance Sheet

As at 31 December 2020

	Notes	Amount in Taka		
		31 December 2020	31 December 2019	01 January 2019
PROPERTY AND ASSETS				
Cash				
In hand	3.1	575,240,921	873,001,710	798,514,488
Balance with Bangladesh Bank and its agent Bank	3.2	132,671	105,037	106,217
		575,108,250	872,896,673	798,408,271
Balance with other banks and financial institutions				
In Bangladesh	4.1	14,338,776,038	13,028,725,061	11,779,169,860
Outside Bangladesh		-	-	-
Money at call on short notice				
	5	-	-	-
Investments				
Government	6	489,024,228	462,108,462	607,821,066
Others		1,040,323	1,078,570	1,114,848
		487,983,905	461,029,892	606,706,218
Loans and advances				
Loans and advances	7	42,750,381,474	44,521,893,390	43,847,701,062
Fixed assets including land, building, furniture and equipments				
	8	289,880,948	279,704,267	169,515,890
Other assets				
	9	163,712,258	114,496,609	296,259,328
Total Assets				
		58,607,015,867	59,279,929,499	57,498,981,694
LIABILITIES AND CAPITAL				
Liabilities				
Borrowing from other banks and financial institutions				
	10	5,571,061,010	7,051,344,655	6,085,478,083
Deposits and other accounts				
Fixed deposits	11.1	43,826,874,936	43,411,284,633	43,318,721,105
Other deposits		-	-	-
Other liabilities				
	12	2,777,623,932	3,008,695,578	3,054,803,259
Total Liabilities				
		52,175,559,878	53,471,324,866	52,459,002,447
Shareholders' equity				
Paid-up capital	13.2	1,541,425,810	1,340,370,270	1,218,518,430
Share premium	14	55,000,000	55,000,000	55,000,000
Statutory reserve	15	1,486,425,811	1,340,370,271	1,307,430,064
Other reserves	16	2,825,040,000	2,575,040,000	2,025,040,000
Retained earnings	33	523,564,368	497,824,092	433,990,753
Total equity		6,431,455,989	5,808,604,633	5,039,979,247
Total liabilities and Shareholders' equity				
		58,607,015,867	59,279,929,499	57,498,981,694
OFF-BALANCE SHEET ITEMS				
Contingent liabilities				
Acceptances and endorsement	17.1	-	-	-
Letter of guarantee		-	-	-
Irrevocable letter of credits		-	-	-
Bills for collection		-	-	-
Other contingent liabilities		54,040,388	61,612,242	35,969,622
Total contingent liabilities				
		54,040,388	61,612,242	35,969,622
Other commitments				
Documentary credit & short-term trade related transaction	17.2	-	-	-
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	410,580,000	506,775,000
Total other commitments				
		578,220,000	410,580,000	506,775,000
Total Off-Balance Sheet items including contingent liabilities				
		632,260,388	472,192,242	542,744,622

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 22 March 2021 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
 22 Mar 2021

ACNABIN, Chartered Accountants


Muhammad Aminul Hoque, FCA
 Partner
 ICAB Enrollment Number# 1129
 DVC: 2103231129AS269426

Delta Brac Housing Finance Corporation Limited

Profit and Loss Account

For the year ended 31 December 2020

	Notes	Amount in Taka	
		2020	2019
			Restated
Interest Income	18	5,908,789,297	6,352,769,970
Interest paid on deposits and borrowings etc.	19	(3,960,184,480)	(4,644,846,591)
Net Interest Income		1,948,604,817	1,707,923,379
Income from investment	20	24,150,831	26,835,187
Commission, exchange and brokerage	21	155,864,097	199,772,398
Other operating income	22	19,674,791	6,795,002
Total operating income		2,148,294,536	1,941,325,966
Salary and allowances	23	354,075,491	337,505,438
Rent, taxes, insurance, electricity etc.	24	32,007,229	34,585,575
Legal & professional expenses	25	12,567,554	8,347,617
Postage, stamp, telecommunication etc.	26	6,882,924	7,632,955
Stationery, printing, advertisements etc.	27	7,416,751	15,129,389
Managing Director's salary and fees	27.1	7,050,000	15,100,000
Directors' fees and expenses	28	956,897	658,837
Auditor's fees	29	517,500	483,000
Depreciation, repairs & maintenance	30	60,950,452	62,380,239
Other expenses	31	41,001,532	41,841,934
Total operating expenses		523,426,330	523,664,984
Profit before provisions		1,624,868,206	1,417,660,982
Provisions:			
Loans and advances	12.1A	151,605,837	(181,159,783)
Diminution in value of investments	12.1.3	(24,897,811)	43,950,370
Total provisions		126,708,026	(137,209,413)
Profit before tax		1,498,160,180	1,554,870,395
Provision for tax:	32		
Current tax		604,672,845	477,069,747
Deferred tax expense		2,561,925	4,545,655
		607,234,770	481,615,402
Profit after tax		890,925,410	1,073,254,993
Appropriations			
Statutory reserve		146,055,540	32,940,207
General reserve		250,000,000	350,000,000
		396,055,540	382,940,207
Retained surplus		494,869,870	690,314,786
Earnings Per Share (Restated)	34	5.78	6.96

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 22 March 2021 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
 22 Mar 2021

ACNABIN, Chartered Accountants


Muhammad Aminul Hoque, FCA
 Partner
 ICAB Enrollment Number# 1129
 DVC: 2103231129AS269426

Delta Brac Housing Finance Corporation Limited

Cash Flow Statement

For the year ended 31 December 2020

	Notes	Amount in Taka	
		2020	2019
			Restated
Cash flows from operating activities			
Interest received		5,879,538,005	6,474,351,683
Interest payments		(4,471,792,244)	(4,461,828,453)
Dividend received		8,282,628	31,004,890
Fees and commission received		155,864,097	199,772,398
Paid to employees and suppliers		(484,347,615)	(498,651,984)
Income tax paid		(491,037,085)	(566,173,357)
Received from other operating activities		23,912,083	3,804,256
Cash generated from operating activities before changes in operating assets and liabilities		620,419,869	1,182,279,433
Increase/(decrease) in operating assets and liabilities			
Loans and advances to customers		1,771,166,576	(680,739,652)
Investment in marketable securities and lock in share		(28,954,013)	676,326
Other assets		1,552,292	60,110,985
Loans and deposits from banks and other customers		(914,794,871)	1,402,661,487
Other liabilities		(2,658,028)	(34,933,202)
		826,311,956	747,775,944
Net cash flows from/(used in) operating activities	37	1,446,731,825	1,930,055,377
Cash flows from investing activities			
Net proceeds(Payments) for sale/purchase of Treasury Bills		38,247	36,278
Other investments		2,000,000	145,000,000
Purchase of property, plant & equipment, ROU asset		(19,660,043)	(102,690,620)
Proceeds from sell of property, plant & equipment		1,152,901	500,235
Net cash flows from/(used in) investing activities		(16,468,895)	42,845,893
Cash flows from financing activities			
Cash dividend paid		(268,074,055)	(304,629,607)
Net cash flows from/(used in) financing activities		(268,074,055)	(304,629,607)
Net increase/(decrease) in cash and cash equivalents		1,162,188,875	1,668,271,663
Effects of exchange rate changes on cash and cash equivalents		(217)	2,148
Cash and cash equivalents (net off overdraft) at the beginning of the period		13,469,632,304	11,801,358,493
Cash and cash equivalents (net off overdraft) at the end of the period	37A	14,631,820,962	13,469,632,304

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 22 March 2021 and were signed on its behalf by:

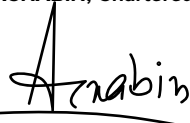

Nasir A. Choudhury
 Chairman


Dr. A M R Chowdhury
 Vice Chairman


Nasimul Baten
 Managing Director & CEO

Dated, Dhaka
 22 Mar 2021

ACNABIN, Chartered Accountants


Muhammad Aminul Hoque, FCA
 Partner
 ICAB Enrollment Number# 1129
 DVC: 2103231129AS269426

Delta Brac Housing Finance Corporation Limited
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 as 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

Statement of Changes in Equity

For the year ended 31 December 2019 (restated)

Particulars	Amount in Taka					
	Paid-up Capital	Share Premium	Statutory Reserve	General & Other Reserves	Retained earnings	Total
Balance as on 1 January 2019	1,218,518,430	55,000,000	1,307,430,064	2,025,040,000	433,990,753	5,039,979,247
Net profit (after tax) for the period-Restated	-	-	-	-	1,073,254,993	1,073,254,993
Transferred to reserve funds	-	-	32,940,207	550,000,000	(582,940,207)	-
Stock dividend issued	121,851,840	-	-	-	(121,851,840)	-
Cash dividend paid	-	-	-	-	(304,629,607)	(304,629,607)
Balance as at 31 December 2019-restated	1,340,370,270	55,000,000	1,340,370,271	2,575,040,000	497,824,092	5,808,604,633

Delta Brac Housing Finance Corporation Limited
Liquidity Statement
 As at 31 December 2020

Particulars	Amount in Taka					
	Up to 1 month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Above 5 Years	Total
Assets						
Cash (In hand and balance with Bangladesh Bank and its' agent bank)	575,240,921	-	-	-	-	575,240,921
Balance with other banks and financial institutions	7,073,042,355	4,210,485,559	3,055,248,124	-	-	14,338,776,038
Money at call on short notice	-	-	-	-	-	-
Investments	420,984,405	-	45,540,323	-	22,499,500	489,024,228
Loans and advances	738,883,783	1,241,481,001	5,036,624,883	19,033,095,406	16,700,296,401	42,750,381,474
Fixed assets including land, building, furniture, equipments & ROU asset	2,970,514	7,733,741	24,941,913	92,140,091	162,094,689	289,880,948
Other assets	90,633,780	24,123,823	45,284,655	3,670,000	-	163,712,258
Total Assets	8,901,755,758	5,483,824,124	8,207,639,898	19,128,905,497	16,884,890,590	58,607,015,867
Liabilities						
Borrowing from other banks and financial institutions	2,302,710,556	337,288,472	1,460,830,205	836,116,318	634,115,459	5,571,061,010
Deposits and other accounts	2,243,781,911	3,329,785,595	8,317,901,053	108,336,504	29,827,069,873	43,826,874,936
Other liabilities	373,613,246	512,517,460	1,094,430,726	335,769,266	461,293,234	2,777,623,932
Total liabilities	4,920,105,713	4,179,591,527	10,873,161,984	1,280,222,088	30,922,478,566	52,175,559,878
Net liquidity gap	3,981,650,045	1,304,232,597	(2,665,522,086)	17,848,683,410	(14,037,587,976)	6,431,455,989

Delta Brac Housing Finance Corporation Limited

Notes to the Financial Statements

as at and for the year ended 31 December 2020

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 2020 to 31 December 2020.

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 respects of the preceding period
- vii) statement of financial position at the beginning of preceding period for retrospective restatement.

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 this 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 126.708 million and deferred tax asset of Taka 47.52 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 banks and 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 FID circular No. 08, dated 03 August 2002, FID circular No. 03, dated 03 May 2006 and FID circular No. 03, dated 29 April 2013, 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 has been kept for the year 2020 equivalent to Taka 151.60 million as per Bangladesh Bank Guideline. Provision amounting to Taka 18.12 million is being reversed in the case of General provision. On the other hand Taka 169.72 million is being charged during the year for 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 FID circular No. 03, dated 03 May 2006, 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 57.66 million from taka 45.58 million resulting in an increase of Taka 12.08 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 Changes in Significant Accounting policies**2.7.1 Leases**

The Company has applied IFRS 16 (as issued by the IASB in January 2016 that was effective for annual periods that begin on or after 1 January 2019) during the year with retrospective effect from 2019 (note-2.08). IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The company has contracts for renting premises which were classified as operating lease earlier under IAS 17. Under IFRS 16, DBH recognizes Right-of-use assets and lease liabilities for all leases as a lessee and does not required to make any adjustments on transitions for which it acts as a lessor.

2.7.2 Impact on transition to IFRS 16

Right of use assets was recognized and presented in the fixed assets schedule as separate line item. This includes the lease liabilities and advance office rent. Lease liabilities derived from present value of all rental payments for various branches along with head office. The impact on transition with retrospective effect as at 1 January 2019 is summarized below:

Impact on opening balance as of 1 January	Amount in BDT		
	As at 1 January 2020	As at 1 January 2019 (restated)	As at 1 January 2019
Right-of-use assets (WDV)	37,203,290	57,438,081	-
Deferred tax liabilities	2,652,396	-	-
Lease liabilities	30,130,234	47,661,471	-
Retained earnings	(3,734,725)	-	-

When measuring lease liabilities DBH discounted lease payments using its incremental borrowing rate at 9.6% as at 1 January 2019 and at 9.8% as at 1 January 2020.

Impact on profit or loss account	Amount in BDT	
	2020	2019 (restated)
Increase in depreciation on right-of-use asset	20,457,615	20,234,791
Increase in finance cost	5,999,771	2,803,498
Decrease in rent expenses	24,906,738	21,955,960
Increase/(decrease) in deferred tax expenses	(736,447)	2,652,396
Increase/(decrease) in profit for the year	(814,201)	(3,734,725)
Impact on EPS	(0.01)	(0.02)

Impact on assets & liabilities as at 31 December	Amount in BDT	
	2020	2019 (restated)
Assets		
Right-of-use assets (WDV)	57,118,206	37,203,290
Liabilities		
Deferred tax liabilities	1,915,950	2,652,396
Lease liabilities	52,009,007	30,130,234
Retained earnings	(814,201)	(3,734,725)

2.08 Correction of errors

DBH did not apply "IFRS 16: Leases" in preparation of financial statements for the year 2019. IFRS 16 was effective for annual periods that begin on or after 1 January 2019. DBH has contracts for renting premises which were classified as operating lease under IAS 17 Leases. The company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application (if any) is recognized in retained earnings at 1 January 2019. Accordingly, the comparative information for earlier period (2018) need not to be restated. Since the company did not implement IFRS 16 for the year 2019, it has now restated each affected financial line item in the comparatives for the year 2019 given in the 2020 financial statements.

The following tables summarizes the impacts of DBH's financial statements

Balance sheet	Impact of correction of error		
	As previously reported	Adjustments	As restated
As at December 2019			
Property and assets			
Cash	873,001,710	-	873,001,710
Balance with other banks and financial institutions	13,028,725,061	-	13,028,725,061
Investments	462,108,462	-	462,108,462
Loans and advances	44,521,893,390	-	44,521,893,390
Fixed assets including land, building, furniture and equipment	242,500,977	37,203,290	279,704,267
Other assets	122,651,994	(8,155,385)	114,496,609
Total Assets	59,250,881,594	29,047,905	59,279,929,499
Borrowing from other banks and financial institutions	7,051,344,655	-	7,051,344,655
Deposits and other accounts	43,411,284,633	-	43,411,284,633
Other liabilities	2,975,912,948	32,782,630	3,008,695,578
	53,438,542,236	32,782,630	53,471,324,866
Retained earnings	501,558,817	(3,734,725)	497,824,092
Others	5,310,780,541	-	5,310,780,541
Total equity	5,812,339,358	(3,734,725)	5,808,604,633
Total liabilities and equity	59,250,881,594	29,047,905	59,279,929,499
Profit and Loss Account			
For the year ended 31 December 2019			
Interest Income	6,352,769,970	-	6,352,769,970
Interest paid on deposits and borrowings etc.	(4,642,043,093)	(2,803,498)	(4,644,846,591)
Net Interest Income	1,710,726,877	(2,803,498)	1,707,923,379
Other income	233,402,587	-	233,402,587
Total operating income	1,944,129,464	(2,803,498)	1,941,325,966
Rent, taxes, insurance, electricity etc.	56,541,535	(21,955,960)	34,585,575
Depreciation, repairs & maintenance	42,145,448	20,234,791	62,380,239
Other operating expenses	426,699,169	-	426,699,169
Total operating expenses	525,386,152	(1,721,169)	523,664,983
Profit before provisions	1,418,743,312	(1,082,329)	1,417,660,983
Total provisions	(137,209,413)	-	(137,209,413)
Profit before tax	1,555,952,725	(1,082,329)	1,554,870,396
Provision for tax			-
Current	477,069,747	-	477,069,747
Deferred	1,893,260	2,652,395	4,545,655
Profit after tax	1,076,989,718	(3,734,724)	1,073,254,994
Earnings per share (restated)	6.9870	(0.02423)	6.9627

2.09 Accounting policy for IFRS 16: Leases

DBH applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated for 2018. The detail impact for changing policy has been disclosed in note 2.07 and for restatement in note 2.08.

Policy applicable from 1 January 2019

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:

- The contract involves the use of an identified asset;
- 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 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.

2.10 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.

2.11 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.

2.12 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.

2.13 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.

2.14 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).

2.15 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.

2.16 Investment in securities

Investments are initially recognized at cost including acquisition charges with the investments. After initial recognition, investments in marketable securities except DBH 1st Mutual Fund and Green Delta 1st 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-1and Peninsula AMCL Unit Fund have been valued at 85 % of latest published NAV as on December 31, 2020 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.

2.17 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.

2.18 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.

2.19 Retirement benefit costs

i) 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 2015 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) 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.

2.20 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.

2.21 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.

2.22 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.

2.23 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.

2.24 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.

2.25 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.

2.26 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.

2.27 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.

2.28 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.

2.29 Branch accounting

The Company has eleven offices (head office & ten branches), with no overseas branch as on December 31, 2020. Accounts of the branches are maintained at the head office which are included in the accompanying financial statements.

2.30 General

- a) Figures appearing in these Financial Statements have been rounded off to the nearest Taka.
- b) Previous year's figures have been rearranged/restated/reclassified, where necessary, in order to conform to current period's presentation.

2.31 Status of compliance of International Accounting Standards and International Financial Reporting Standards

Name of the IAS	IAS No.	Status
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
Name of the IFRS	IFRS No.	Status
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

2.32 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 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.

2.33 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.

2.34 Impact of COVID-19

The Global Economy including Bangladesh Economy has been seriously affected in the year 2020 due to the outbreak of COVID-19 pandemic. To prevent the spread of this disease the Government of Bangladesh, like many other countries, has taken a number of measures such as declaration of general holiday, enforcement of lockdown, social distancing, etc. Such measures affected local and international trade and businesses. Business of the company also affected by COVID-19 as the offices remained shut down for a prolonged period during general holidays. Also when the general lockdown was lifted, the company worked with fewer number of employees in rotation to ensure the health safety of the employees and customers, which was the prime concern. As a result, loan disbursement during the year and loan portfolio of the company decreased compared to last year. Commission, fees and charges income of the company also declined due to the same reason. Deferral payment facilities were provided to clients in line with Bangladesh Bank instruction. The company increased the provision for loans and advances to cope with any adverse impact on loan repayment. However, business of the company started to rebound strongly in the second half of the year and Management of the company assessed the going concern and confident to overcome any major adverse effect caused by COVID-19 pandemic.

	31 December 2020 Taka	31 December 2019 Taka
3 Cash		
3.1 Cash in hand		
Local Currency	132,671	105,037
Foreign Currency	-	-
	132,671	105,037
3.2 Balance with Bangladesh Bank and its agent bank		
Bangladesh Bank:		
Local Currency	574,879,700	872,113,744
Foreign Currency	184,219	182,353
	575,063,919	872,296,097
Balance with Sonali Bank being an agent of Bangladesh Bank	44,331	600,576
	575,108,250	872,896,673

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	561,785,190	888,223,900
Actual average reserve maintained	584,159,796	917,102,687
Surplus/(deficit)	22,374,607	28,878,787

3.3.2 Statutory Liquidity Reserve (SLR)

Required reserve (including CRR)	1,957,572,151	1,871,044,898
Actual reserve maintained (including CRR note -3.3.1)	14,732,598,228	13,825,019,725
Surplus/(deficit)	12,775,026,077	11,953,974,827

4 Balance with other banks and financial institutions

In Bangladesh (Note 4.1)	14,338,776,038	13,028,725,061
Outside Bangladesh	-	-
	14,338,776,038	13,028,725,061

4.1 In Bangladesh

Current deposits	51,625,498	25,832,101
Short-term deposits	4,440,925,040	6,870,468,060
Fixed deposits	9,846,225,500	6,132,424,900
	14,338,776,038	13,028,725,061

		31 December 2020 Taka	31 December 2019 Taka
4.2 Maturity grouping of balance with other banks and financial institutions			
Payable on demand		2,246,253,103	6,896,300,161
Up to 1 month		4,826,789,251	1,692,424,900
Over 1 month but not more than 3 months		4,210,485,559	3,940,000,000
Over 3 months but not more than 6 months		3,055,248,125	-
Over 6 months but not more than 1 year		-	500,000,000
Over 1 year but not more than 5 years		-	-
Over 5 years		-	-
		14,338,776,038	13,028,725,061
5 Money at call on short notice		-	-
6 Investments			
Government securities:		1,040,323	1,078,570
Other investments:			
Non marketable securities (Note-6.1)		54,499,500	54,499,500
Preference Share		43,000,000	45,000,000
Marketable securities (Note-6.2)		390,484,405	361,530,392
		487,983,905	461,029,892
		489,024,228	462,108,462
6.1 Investment in non marketable securities			
	No. of shares		
Bangladesh Rating Agencies Ltd.	24,995	2,499,500	2,499,500
Peninsula SBC Unit Fund-1	4,000,000	40,000,000	40,000,000
Peninsula AMCL BDBL Unit Fund-1	250,000	2,500,000	2,500,000
Energyprima Ltd. (Pre-IPO shares)	100,000	9,500,000	9,500,000
		54,499,500	54,499,500
6.2 Investment in marketable securities			
Sectors	Market price 2020	Cost price	Cost price
Bank	18,251,467	26,928,430	25,877,307
Cement	10,929,130	10,492,093	3,053,169
Engineering	4,640,590	6,200,720	7,283,610
Financial Institutions	5,440,861	5,967,883	5,246,229
Food & Allied	18,355,900	18,122,127	4,978,873
Fuel & Power	15,272,764	16,800,939	16,546,993
IT Sector	-	-	572,449
Insurance	2,311,093	2,073,533	-
Miscellaneous	3,129,000	3,198,543	-
Mutual Funds	147,700,000	209,742,081	219,107,081
Pharmaceuticals & Chemicals	46,634,158	49,771,432	54,631,222
Telecommunication	36,696,891	33,915,096	19,970,777
Textile	6,726,283	7,253,765	4,225,382
Travel & Leisure	147,522	17,764	37,300
	316,235,659	390,484,405	361,530,392

All investment in marketable securities are valued on an aggregate portfolio basis except DBH First Mutual Fund and Green Delta Mutual Fund. Mutual Funds have been valued at 85% of latest published NAV available as on December 31, 2020. As on December 31, 2020 there was Tk. 63,118,746 provision on investment in marketable listed securities and Tk. 6,935,500 for non marketable securities (Bangladesh Rating Agencies Ltd., Peninsula SBC Unit Fund-1 and Peninsula AMCL BDBL Unit Fund-1). Market value has been determined on the basis of the value of securities at last trading date of December 2020 (last trading date was December 30, 2020).

	31 December 2020 Taka	31 December 2019 Taka
6.3 Maturity grouping of investments:		
On demand*	370,484,405	341,530,392
Up to 1 month	50,500,000	42,500,000
Over 1 month but not more than 3 months	-	10,000,000
Over 3 months but not more than 6 months	35,000,000	24,500,000
Over 6 months but not more than 1 year	10,540,323	-
Over 1 year but not more than 5 years	-	21,078,570
Over 5 years	22,499,500	22,499,500
	489,024,228	462,108,462
*Excluding BDT 20,000,000 investment in DBH mutual fund		
7 Loans and advances		
<i>Inside Bangladesh</i>		
Housing Loan - secured	42,365,720,425	44,048,476,474
Installment Receivable - Housing Loan	115,531,310	115,190,191
Staff loan	145,036,577	148,095,962
Loan against Deposits	85,335,671	167,917,661
Others	38,757,491	42,213,102
	42,750,381,474	44,521,893,390
<i>Outside Bangladesh</i>	-	-
	42,750,381,474	44,521,893,390
7.1 Maturity grouping of loans and advances		
Repayable on demand	115,531,310	115,190,191
Not more than 3 months	1,864,833,474	2,371,790,825
Over 3 months but not more than 1 year	5,036,624,883	6,084,253,715
Over 1 year but not more than 5 years	19,033,095,406	21,550,176,739
Over 5 years	16,700,296,401	14,400,481,920
	42,750,381,474	44,521,893,390
7.2		
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	26,804,730	21,692,989
d) Loans and advances to customer group:		
i) Housing loan - customer	42,481,251,735	44,163,666,665
ii) Staff loan-housing & others	118,231,847	126,402,973
iii) Loan to depositors	85,335,671	167,917,661
iv) Others	38,757,491	42,213,102
	42,750,381,474	44,521,893,390
e) Details of loan and advances industry-wise		
i) Housing Finance/ Real Estate	42,614,394,660	44,295,648,055
ii) Others	135,986,814	226,245,335
	42,750,381,474	44,521,893,390
7.3 Loans and advances - geographical location-wise		
Inside Bangladesh:		
Urban		
Dhaka	38,558,608,590	40,722,719,677
Chattogram	2,262,137,273	2,381,753,257
Sylhet	229,630,940	256,468,785
Cumilla	344,790,225	252,292,311
Gazipur	1,254,989,249	908,659,360
Narayangonj	100,225,197	-
	42,750,381,474	44,521,893,390
Outside Bangladesh:	-	-
	42,750,381,474	44,521,893,390

	31 December 2020 Taka	31 December 2019 Taka
7.4 Details of large loans and advances		
There were no clients with outstanding amount and classified loans/advances exceeding 15% of total capital of the institution.		
7.5 Particulars of Loans and advances		
i) Loans and advances considered good in respect of which the financial institution is fully secured.	42,731,896,791	44,505,064,191
ii) Loans and advances considered good against which the financial institution holds no security other than the debtors personal security.	11,153,139	16,780,385
iii) Loan and advances considered good and secured by the personal security of one or more parties in addition to personal guarantee of debtors.	7,331,544	48,814
iv) Loan and advances adversely classified: for which no provision is created.	-	-
	42,750,381,474	44,521,893,390
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.	145,036,577	148,095,962
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.	145,434,286	148,095,962
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)	169,724,294	(187,536,024)
ii) Amount of written off debt against fully provided debts	-	-
iii) Amount of debt recovered against the debt which was previously written off	-	526,788
b) Amount of provision kept against loan classified as bad/loss at balance sheet date	144,172,308	144,418,845
c) Amount of interest creditable to interest suspense account	57,660,952	45,584,084
xi) Cumulative amount of written off loans and advances		
Opening Balance	8,820,658	9,347,446
Amount written off during the year	-	-
Amount recovered against loans and advances previously written off	-	526,788
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
7.6 Classification of loans and advances		
Unclassified:		
Standard (including Staff Loan, Loan against Deposits and Others)	42,521,233,745	44,249,882,310
Special mention account (SMA)	55,054,821	70,397,628
	42,576,288,566	44,320,279,938
Classified:		
Sub-standard	9,087,809	20,313,926
Doubtful	20,832,791	36,880,681
Bad/loss	144,172,308	144,418,845
	174,092,908	201,613,452
	42,750,381,474	44,521,893,390

7.7 Calculation of provision for loans and advances as per Loan Classification Report as on December 31, 2020.

Nature	Base for provision	Rate (%)	Provision required
Standard	42,290,861,497	1	422,908,615
Special mentioned account	46,342,439	5	2,317,122
Sub-standard	-	20	-
Doubtful	616,794	50	308,397
Bad/loss	16,599,583	100	16,599,583
Staff loan - standard	145,036,577	1	1,450,366
Loan against deposit - standard	85,335,671	1	853,357

31 December 2020 Taka	31 December 2019 Taka
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8 Fixed assets including land, building, furniture, equipment and Right-of-use asset:

Cost

		Restated
Balance as of 01 January	460,417,071	308,042,136
Addition during the year	60,144,628	160,128,701
	520,561,699	468,170,837
Disposal/Adjustments	(4,256,113)	(7,753,766)
Balance as of 31 December	516,305,586	460,417,071

Depreciation

Balance as of 01 January	180,712,804	138,526,246
Addition during the year	49,754,040	49,905,760
	230,466,844	188,432,006
Disposal/Adjustments	(4,042,206)	(7,719,202)
Balance as of 31 December	226,424,638	180,712,804

Written down value

	289,880,948	279,704,267
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Details are shown in annexure A.

9 Other assets

Accounts receivable (Note-9.1)	140,576,576	102,976,637
Advances, deposits and prepayments (Note-9.2) (2019: Restated)	20,444,817	8,174,405
Stamps and pay order in hand	2,690,865	3,159,760
Deferred tax assets (Note-9.3)	-	185,807
	163,712,258	114,496,609

9.1 Account receivables

Interest receivable	120,571,774	78,898,275
Dividend receivable	7,025,445	5,217,363
Sundry receivable	12,979,357	18,860,999
	140,576,576	102,976,637

Sundry receivable includes receivable from Green delta Securities, BRAC EPL Brokerage, DLI Securities, Lanka Bangla securities, City Bank Capital Resources, Forfeited DBH Staff Provident Fund, etc.)

9.2 Advances, deposits and prepayments

Advance to employees	133,000	171,000
Advance to suppliers	15,627,800	2,370,750
Security deposits	3,670,000	3,670,000
Prepaid expenses	1,014,017	1,962,655
	20,444,817	8,174,405

	31 December 2020 Taka	31 December 2019 Taka
9.3 Deferred tax assets		
Opening balance	185,807	1,049,632
Less: Reduced during the year (Note-9.3 a)	185,807	863,825
	-	185,807
9.3 a Calculation of deferred tax assets		
Carrying amount of Fixed Assets (excluding land)	-	-
Tax base value of Fixed Assets	-	-
Deductible temporary difference	-	-
Applicable tax rate	37.50%	37.50%
i) Deferred tax assets on fixed assets	-	-
Carrying amount-Loss on sale of securities	-	1,858,069
Tax base	-	-
Deductible temporary difference	-	1,858,069
Applicable tax rate	10%	10%
ii) Deferred tax assets on loss on sale of securities	-	185,807
Total deferred tax assets (i+ ii)	-	185,807
Deferred tax assets at the beginning of the year	185,807	1,049,632
Deferred tax income	(185,807)	(863,825)
10 Borrowing from other banks and financial institutions		
Inside Bangladesh (Note 10.1)	5,571,061,010	7,051,344,655
Outside Bangladesh	-	-
	5,571,061,010	7,051,344,655
10.1 Inside Bangladesh		
a Secured Short-term & long-term loans:		
Pubali Bank Limited	-	1,000,000,000
Standard Chartered Bank	250,000,000	1,080,000,000
Citi Bank, NA	290,000,000	295,000,000
Commercial Bank of Ceylon plc	750,000,000	1,120,000,000
	1,290,000,000	3,495,000,000
b Unsecured long-term loan:		
Bangladesh Bank (Housing refinance)	1,708,865,014	1,954,250,188
	1,708,865,014	1,954,250,188
c Bank overdraft:		
Commercial Bank of Ceylon plc	245,418	8,661,337
Woori Bank	111,131,186	161,505,140
Pubali Bank Limited	150,450,201	261,927,990
Standard Chartered Bank	20,369,191	-
	282,195,996	432,094,467
d Call loans:		
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	-
Bank Asia Ltd.	-	400,000,000
United Commercial Bank Ltd.	-	190,000,000
Bangladesh Development Bank Ltd.	-	200,000,000
Southeast Bank Ltd.	-	180,000,000
Sonali Bank Ltd.	-	200,000,000
	2,290,000,000	1,170,000,000
Total inside Bangladesh (a+b+c+d)	5,571,061,010	7,051,344,655

	31 December 2020 Taka	31 December 2019 Taka
10.2 Security against borrowings from other banks and financial institutions		
Secured	1,572,195,996	3,927,094,467
Unsecured	3,998,865,014	3,124,250,188
	5,571,061,010	7,051,344,655

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.

10.3 Maturity grouping of borrowings from other banks and financial institutions

Payable on demand	2,290,000,000	1,170,000,000
Up to 1 month	12,710,556	13,173,052
Over 1 month but within 3 months	337,288,472	1,464,107,701
Over 3 months but within 1 year	1,460,830,205	2,695,181,268
Over 1 year but within 5 years	836,116,318	900,183,634
Over 5 years	634,115,459	808,699,000
	5,571,061,010	7,051,344,655

11 Deposits and other accounts

Fixed deposits (Note: 11.1)	43,826,874,936	43,411,284,633
Other deposits	-	-
	43,826,874,936	43,411,284,633

11.1 Fixed deposits

Opening balance	43,411,284,633	43,318,721,105
Addition during the year	93,372,242,271	91,819,945,221
	136,783,526,904	135,138,666,326
Repayment made during the year	92,956,651,968	91,727,381,693
Closing balance	43,826,874,936	43,411,284,633

11.2 Group-wise break-up of deposits and others accounts

Government	785,892,144	959,401,804
Bank	6,550,000,000	6,940,000,000
Other institutions	18,013,916,031	18,419,947,668
Individuals	18,477,066,761	17,091,935,161
	43,826,874,936	43,411,284,633

11.3 Maturity analysis of deposits

Payable on demand	-	-
Up to 1 month	2,243,781,911	1,487,990,582
Over 1 month but within 6 months	6,738,744,443	6,859,534,559
Over 6 months but within 1 year	4,908,942,206	4,269,546,739
Over 1 year but within 5 years	108,336,504	75,669,758
Over 5 years but within 10 years	24,233,989,748	24,394,883,636
Over 10 years	5,593,080,125	6,323,659,359
	43,826,874,936	43,411,284,633

	31 December 2020 Taka	31 December 2019 Taka
12 Other liabilities		
Provision for loans & investment (Note: 12.1)	949,565,925	822,857,899
Provision for income tax (Note: 12.2)	389,870,891	276,235,131
Interest suspense (Note: 12.3)	57,660,952	45,584,084
Other payables (Note:12.4)(2019: restated)	1,374,468,216	1,860,336,634
Deferred tax liability (Note:12.5)(2019: restated)	6,057,948	3,681,830
	2,777,623,932	3,008,695,578
12.1 Provision for loans and investment		
Opening balance	822,857,899	959,540,524
Provision written off	-	-
Provision recovered for the year	-	526,788
Provision charged/ (released) for the year	126,708,026	(137,209,413)
Provision no longer required written back.	-	-
Recoveries of amounts previously written off	-	-
Closing balance	949,565,925	822,857,899
12.1.1 General provision		
Opening balance	445,647,916	439,271,675
Charged during the year	(18,118,457)	6,376,241
Closing balance	427,529,459	445,647,916
12.1.2 Specific provision		
Opening balance	282,257,926	469,267,162
Provision written off	-	-
Provision recovered during the year	-	-
Provision charged/ (released) for the year	169,724,294	(187,536,024)
Provision no longer required written back	-	-
Recoveries of amounts previously written off	-	526,788
Closing balance	451,982,220	282,257,926
12.1.3 Provision for diminutions in the value of investments		
Opening balance	94,952,057	51,001,687
Provision charged/(released) during the year	(24,897,811)	43,950,370
Closing balance	70,054,246	94,952,057
12.1A Provision on loans and advances		
General Provision charged during the year	(18,118,457)	6,376,241
Specific Provision charged/(released) during the year	169,724,294	(187,536,024)
	151,605,837	(181,159,783)
12.2 Provision for income tax		
Provision		
Opening balance	4,669,315,012	5,191,249,416
Less: Adjustment during the year for completed tax assessment	-	999,004,151
Less: Excess/(Short) provision adjustment	-	51,261,747
	4,669,315,012	4,140,983,518
Add: Provision made during the year	604,672,845	528,331,494
Closing balance	5,273,987,857	4,669,315,012
Advance tax		
Opening balance	4,393,079,881	4,825,910,674
Add: Payment made during the year		
Under Section 64 and 74 of ITO, 1984	400,408,669	433,687,024
Deduction at source	90,628,416	131,986,334
Others	-	500,000
	4,884,116,966	5,392,084,032
Less: Adjustment during the year for completed tax assessment	-	(999,004,151)
Closing balance	4,884,116,966	4,393,079,881
Net balance	389,870,891	276,235,131

	31 December 2020 Taka	31 December 2019 Taka
12.3 Interest suspense		
Opening balance	45,584,084	43,146,271
Interest suspended during the year	12,076,868	2,437,813
Written off suspended interest during the year	-	-
Closing balance	57,660,952	45,584,084
12.4 Other payables		
Interest payable on deposits & loans	1,009,350,822	1,520,958,586
Lease liability (2019: restated)	52,009,007	30,130,234
Sundry creditors	102,334,226	116,154,384
Unclaimed instruments	12,792,463	12,180,705
Unclaimed dividend account	4,112,147	4,086,543
Payable to clients	71,726,552	60,523,113
Loan under litigation	17,908,244	15,737,774
Privileged creditors	99,974,097	97,689,408
Liability for expenses	4,260,658	2,875,887
	1,374,468,216	1,860,336,634
<p>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.</p>		
12.5 Calculation of deferred tax liability		
Carrying amount of Fixed Assets (excluding land)	219,104,442	228,842,677
Tax base value of Fixed Assets	208,059,114	226,097,519
A) Taxable temporary difference	11,045,328	2,745,158
Right-of-use Asset -Carrying amount	57,118,206	37,203,290
Right-of-use Asset -Tax base	-	-
Taxable temporary difference	57,118,206	37,203,290
Lease liability- ROU -carrying amount	52,009,007	30,130,234
Lease liability-ROU-Tax base	-	-
Deductible temporary difference	52,009,007	30,130,234
B) Net taxable temporary difference -ROU asset	5,109,199	7,073,056
Total taxable temporary difference (A+B)	16,154,527	9,818,214
Applicable tax rate	37.50%	37.50%
Total deferred tax liability	6,057,948	3,681,830
Deferred tax liability at the beginning of the year	3,681,830	-
Deferred tax Expense	2,376,118	3,681,830
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	1,340,370,270	1,218,518,430
12,185,184 ordinary shares of Tk 10 each issued as bonus share	-	121,851,840
20,105,554 Ordinary shares of Taka 10 each issued as bonus share	201,055,540	-
	1,541,425,810	1,340,370,270

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 2020	
No of shares	Taka
28,344,362	283,443,620
27,171,345	271,713,450
23,592,013	235,920,130
41,210,256	412,102,560
120,317,976	1,203,179,760
33,824,605	338,246,050
33,824,605	338,246,050
154,142,581	1,541,425,810

13.4 Break-up of Paid-up capital:

Date of Issue	Number of Shares	31 December 2020	
		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
Total	10091250	100	1,009,125,000
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
Total paid-up capital	154142581	10	1,541,425,810

31 December 2020 Taka	31 December 2019 Taka
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13.5 Capital adequacy ratio - As per BASEL-II

1. Tier-1 (Core Capital)

11 Fully Paid-up Capital/Capital Deposited with BB	1,541,425,810	1,340,370,270
1.2 Statutory Reserve	1,486,425,811	1,340,370,271
1.3 Non-repayable Share premium account	55,000,000	55,000,000
1.4 General Reserve	2,575,040,000	2,325,040,000
1.5 Retained Earnings	523,564,368	497,824,092
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)	-	-
1.10 Sub-Total (1.1 to 1.9)	6,431,455,989	5,808,604,633

	31 December 2020 Taka	31 December 2019 Taka
Deductions from Tier-1 (Core Capital)		
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)	-	-
1.19 Sub Total (1.11-1.18)	-	-
1.20 Total Eligible Tier-1 Capital (1.10-1.19)	6,431,455,989	5,808,604,633
2 .Tier-2 (Supplementary Capital)		
2.1 General Provision (Unclassified loans up to specified limit + SMA + off Balance Sheet exposure)	300,858,748	305,759,640
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)	300,858,748	305,759,640
2.8 Applicable Deductions (if any)	-	-
2.9 Total Eligible Tier-2 Capital (2.7-2.8)	300,858,748	305,759,640
Total capital	6,732,314,737	6,114,364,273
Total risk weighted assets	27,799,006,174	27,897,309,553
Required capital based on risk weighted assets(10%)	2,779,900,617	2,789,730,955
Surplus	3,952,414,120	3,324,633,318
Capital Adequacy Ratio:		
On core capital	23.14%	20.82%
On actual capital (against standard of minimum 10%)	24.22%	21.92%
Supplementary Capital to risk weighted assets	1.08%	1.10%
14 Share premium account		
Ordinary shares	55,000,000	55,000,000
	55,000,000	55,000,000
15 Statutory reserve		
Opening balance	1,340,370,271	1,307,430,064
Add: addition during the year	146,055,540	32,940,207
Closing balance	1,486,425,811	1,340,370,271
This reserve has been created as per the provision of Financial Institution Act-1993 and Financial Institution Rules-1994.		
16 Other reserves		
Contingency Reserve (Note 16.1)	1,275,000,000	1,275,000,000
General Reserve (Note 16.2)	1,300,000,000	1,050,000,000
Dividend equalization reserve (Note 16.3)	250,000,000	250,000,000
Capital redemption reserve	40,000	40,000
	2,825,040,000	2,575,040,000

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 2020 Taka	31 December 2019 Taka
16.1 Contingency reserve		
Opening balance	1,275,000,000	1,075,000,000
Add: addition during the year	-	200,000,000
Closing balance	1,275,000,000	1,275,000,000
16.2 General reserve		
Opening balance	1,050,000,000	700,000,000
Add: addition during the year	250,000,000	350,000,000
Closing balance	1,300,000,000	1,050,000,000
16.3 Dividend equalization reserve		
Opening balance	250,000,000	250,000,000
Add: addition during the year	-	-
Closing balance	250,000,000	250,000,000
17 Business commitments and contingencies		
17.1 Contingent liabilities	54,040,388	61,612,242
<p>The said amount claimed by the tax authority for the assessment year 2004-05, 2005-06, 2014-15, 2016-17 and 2017-18 by disallowing statutory reserve and some other heads and simple interest charged on net tax payable as per assessment order.</p> <p>Consequently, there is a contingent liability for the above amounts which have not been recognized as liability in anticipation of consequential relief would be granted in favor of the Company.</p>		
17.2 Other commitments		
<p>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. Details are given below:</p>		
Housing finance commitments outstanding	578,220,000	410,580,000
17.3 Capital expenditure commitments		
a) Contracted and incurred but not provided for in the accounts	Nil	Nil
b) Approved by the Board but not contracted for	Nil	Nil
17.4 Unacknowledged debts		
<p>The Company had no claim, legal or other against it, which has not been acknowledged as debt at the balance sheet date.</p>		
18 Interest income	2020 Taka	2019 Taka
Interest on loans	4,987,198,382	5,189,880,471
Interest on placement with other banks & BB FX deposits	921,590,915	1,156,788,110
Interest on short term investment	-	6,101,389
	5,908,789,297	6,352,769,970
19 Interest paid on deposits and borrowings etc.		
Interest on term loans	92,225,547	104,367,617
Interest on deposits	3,648,186,900	4,191,758,760
Interest on short-term borrowing	203,795,316	333,614,782
Interest on overdraft	9,976,946	12,301,934
Interest expense-lease (2019 restated)	5,999,771	2,803,498
	3,960,184,480	4,644,846,591

	2020 Taka	2019 Taka
20 Income from investments		
Gain/(loss) on sale of marketable securities	14,002,868	(1,858,069)
Dividend income	10,090,710	28,634,034
Interest on Treasury Bond	57,253	59,222
	24,150,831	26,835,187
21 Commission, exchange and brokerage		
Loan fees	82,391,672	96,934,812
Other charges and fees	73,472,425	102,837,586
	155,864,097	199,772,398
22 Other operating income		
Property service income	9,288,888	5,024,287
Gain on sale of fixed assets	1,051,048	465,671
Miscellaneous income	562,856	1,305,044
Forfeited Provident fund income	8,771,999	-
	19,674,791	6,795,002
23 Salary and allowances	354,075,491	337,505,438
Salary and allowances include annual contribution of Tk. 10,619,369 to DBH Staff Provident Fund and Tk. 10,339,975 to DBH Employees Gratuity Fund which are recognised by NBR.		
24 Rent, taxes, insurance, electricity etc.		
Rent, rates & taxes(Note 24.1) (2019: restated)	21,758,659	24,721,375
Insurance	3,969,921	3,054,738
Electricity	5,775,709	6,311,735
Water	502,940	497,727
	32,007,229	34,585,575
24.1 Disclosure related to Rent, rates and taxes		
Actual expenses	46,665,397	46,677,335
Less: Re-classification of rent expenses as per IFRS 16	24,906,738	21,955,960
	21,758,659	24,721,375
25 Legal and professional expenses		
Law charges	9,809,777	5,091,157
Other professional charges	2,757,777	3,256,460
	12,567,554	8,347,617
26 Postage, stamp, telecommunication etc.		
Postage & courier service	542,273	615,429
Stamp expenses	2,704,132	3,761,464
Telephone & internet	3,636,519	3,256,062
	6,882,924	7,632,955
27 Stationery, printing, advertisements etc.		
Printing	1,529,667	1,717,701
Stationery	1,402,986	1,927,604
Publicity and advertisement	4,484,098	11,484,084
	7,416,751	15,129,389

	2020 Taka	2019 Taka
27.1 Managing Director's salary and fees	7,050,000	15,100,000
<p>Managing Director of the company retired from his service with effect from 30 June 2020. Therefore, Salary of Managing Director was accounted for six months only. Salary of Acting Managing Director for the rest of the period was accounted in the Salary and Allowances head.</p>		
28 Directors' fees and expenses		
Fees for attending meeting	832,000	536,000
Incidental meeting expenses	124,897	122,837
	956,897	658,837
29 Statutory annual audit fees (including VAT)	517,500	483,000
30 Depreciation/Amortization, repairs & maintenance		
Depreciation/Amortization:		
Freehold assets	28,139,624	28,474,863
Right-of-use Asset (2019: restated)	20,457,615	20,234,791
Intangible assets	1,156,801	1,196,106
	49,754,040	49,905,760
Repairs & maintenance:		
Vehicle	1,702,033	1,419,250
Office equipment & premises	7,090,259	7,256,259
Computer hardware & software	2,404,120	3,798,970
	11,196,412	12,474,479
	60,950,452	62,380,239
31 Other expenses		
Staff training & recruitment expense	251,549	747,988
Office security	3,074,963	3,255,663
Transportation, traveling & conveyance	22,576,788	20,720,662
Canteen expense	1,309,783	1,718,508
Business promotion & entertainment	781,766	930,113
Car fuel	1,149,129	1,947,094
Books and papers	25,492	58,653
Bank charges	3,829,261	3,810,598
Recovery expenses	1,847,673	1,250,869
Donation, subscription and Fees	4,060,993	6,550,145
Public relation & AGM expense	535,645	312,558
Outsource agency charges	337,337	364,669
Brokerage	146,454	171,096
Staff welfare expense	1,074,699	3,318
	41,001,532	41,841,934
32 Provision for tax		
Current tax		
Provision for income tax	604,672,845	528,331,494
Less: Excess/(Short) provision adjustment	-	(51,261,747)
	604,672,845	477,069,747

	2020 Taka		2019 Taka	
Deferred tax			Restated	
Expense on taxable temporary differences (Note-9.3 a)	185,807		863,825	
Expense/(Income) on taxable temporary differences (Note-12.5)	2,376,118		3,681,830	
	2,561,925		4,545,655	
Reconciliation of effective tax rate	2020		2019	
	Taka	%	Taka	%
Tax using the company's tax rate	561,810,068	37.50%	583,076,398	37.50%
Tax effect of :				
Provision for non-deductible expenses	957,953	0.06%	(50,249,671)	-3.23%
Adjustment/provision released during the year	47,515,510	3.17%	(51,261,747)	-3.30%
Other components of tax as per ITO 1984	(6,152,436)	-0.41%	(4,603,325)	-0.30%
Difference between accounting and tax depreciation	7,631,864	0.51%	7,290,265	0.47%
Difference due to Lease liability and office rent	(7,090,114)	-0.47%	(7,182,173)	-0.46%
Effective tax rate	604,672,845	40.36%	477,069,747	30.68%
33 Retained earnings				
Opening balance	497,824,092		433,990,753	
Add: Profit after tax for the year transferred from Profit & Loss Account	890,925,410		1,073,254,993	
Accumulated profit available for distribution	1,388,749,502		1,507,245,746	
Less: Appropriations				
Transferred to statutory reserve	146,055,540		32,940,207	
Transferred to general reserve	250,000,000		350,000,000	
Transferred to contingency reserve	-		200,000,000	
Issue of bonus shares for previous year	201,055,540		121,851,840	
Cash dividend paid for last year	268,074,054		304,629,607	
	865,185,134		1,009,421,654	
Closing balance	523,564,368		497,824,092	
34 Earnings per share				
Profit after Tax	890,925,410		1,073,254,993	
Profit available for ordinary shareholders	890,925,410		1,073,254,993	
Number of shares outstanding for calculating basic EPS	154,142,581		154,142,581	
Basic earnings per share (restated)	5.78		6.96	
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	6,431,455,989		5,808,604,633	
Number of Share	154,142,581		154,142,581	
Net asset value (NAV) per share (As at 31 December) (2019: restated)	41.72		37.68	
36 Net operating cash flows per share (NOCFPS)				
Net cash from operating activities	1,446,731,825		1,930,055,377	
Number of Share	154,142,581		154,142,581	
Net operating cash flows per share (NOCFPS) (2019: restated)	9.39		12.52	

37 Reconciliation of net profit with cash flows from operation activities on direct method:

Particulars	Amount in Taka		Remarks
	2020	2019	
Profit after tax	890,925,410	1,073,254,993	
Provision for income tax	607,234,770	481,615,402	Non cash item
Depreciation	49,754,040	49,905,760	Non cash item
Provision for Loans and advances	151,605,837	(180,632,995)	Non cash item
Provision for Diminution in value of investment	(24,897,811)	43,950,370	Non cash item
Interest Suspense	12,076,868	2,437,813	Non cash item
Gain/loss on sale of fixed assets	(1,051,048)	(465,671)	Non-operating item
Accrual for dividend, LAD and interest receivable	(43,136,024)	121,512,608	Changes in accrual
Accrual for expenses	(523,996,131)	159,209,418	Changes in accrual
Purchase & sale of trading securities	(28,954,013)	676,326	(Inc)/Dec of assets
Loans and advances	1,771,166,576	(680,739,652)	(Inc)/Dec of assets
Other Assets	(5,506,665)	57,776,076	(Inc)/Dec of assets
Loan and deposit from Banks and Customer	(914,794,871)	1,402,661,488	Inc/(Dec) of liabilities
Other liabilities	(2,658,028)	(34,933,202)	Inc/(Dec) of liabilities
Income tax paid	(491,037,085)	(566,173,357)	
Net cash flows from operating activities	1,446,731,825	1,930,055,377	

37A Cash and cash equivalents (net off overdraft) at the end of the period

	31 December 2020 Taka	31 December 2019 Taka
In hand	132,671	105,037
Balance with Bangladesh Bank and its agent Bank	575,108,250	872,896,673
Balance with other banks and financial institutions	14,338,776,037	13,028,725,061
Bank Overdraft	(282,195,996)	(432,094,467)
	14,631,820,962	13,469,632,304

38 Dividend on ordinary shares**Proposed dividend:**

The Board of Directors in its 120th meeting held on 22 March 2021 has recommended cash dividend @ 15% i.e. Taka 1.5 per ordinary share and stock dividend @ 15% (i.e. Three bonus shares for every Twenty ordinary shares held) for the year ended 31 December 2020 for placement before the shareholders for approval at 25th 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	2,066,322
Green Delta Insurance Company Limited (GDICL)	Shareholder	Insurance premium	1,177,764

Name of the related parties	Relationship	Share Buy	Share Sale	Balance
Green Delta Securities Ltd.	Subsidiary of GDICL	65,645,224	64,199,213	296,035,895
Delta Life Securities Ltd.	Subsidiary of DLICL	12,234,726	12,241,173	24,339,192

During the year Taka 40,507,368/- was paid as salary and allowances to the top 5 employees of the company.

41 Number of employees

During the year under audit, there were 237 (2019: 219) employees employed for the full period and 33 (2019: 70) 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 2020:**

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 Securities Ltd.	Director (Representing GDIC)
		Green Delta Capital Ltd.	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 Director of Green Delta Insurance Company Ltd. Dr. A. M. R. Chowdhury and Mr. Mohammad Anisur Rahman are the Representative Director of BRAC. Ms. Mehreen Hassan, Bar-at-law, Mr. Md. Mujibur Rahman and Mr. M. Anisul Haque, FCMA are the Representative Director 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 2020:

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 2020, the audit committee of the Board conducted 5 (five) meetings.

Sl. No.	Meeting No	Meeting Date
1	50	19-Feb-20
2	51	17-Jun-20
3	52	29-Jul-20
4	53	25-Oct-20
5	54	30-Dec-20

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

There is no material adjusting or non-adjusting events after the balance sheet date.

42.4 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 2020

Annexure-A

Particulars	Cost				Depreciation/Amortization				Written down value as at 31 December 2020
	Balance as at 1 January 2020	Additions during the year	Disposals during the year	Balance as at 31 December 2020	Balance as at 1 January 2020	Charged for the year	Adjustment on disposals	Balance as at 31 December 2020	
Free hold assets:									
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
	453,121,135	59,427,628	4,256,113	508,292,650	176,118,104	48,597,239	4,042,206	220,673,137	287,619,513
Intangible asset:									
Software	7,295,936	717,000	-	8,012,936	4,594,700	1,156,801	-	5,751,501	2,261,435
Total 2020	460,417,071	60,144,628	4,256,113	516,305,586	180,712,804	49,754,040	4,042,206	226,424,638	289,880,948

Schedule of Fixed assets and Intangible assets:

For the year 2019 (Restated)

Particulars	Cost				Depreciation/Amortization				Written down value as at 31 December 2019
	Balance as at 1 January 2019	Additions during the year	Disposals during the year	Balance as at 31 December 2019	Balance as at 1 January 2019	Charged for the year	Adjustment on disposals	Balance as at 31 December 2019	
	Amount in Taka								
Furniture & fixtures	63,255,436	4,474,028	4,945,506	62,783,958	41,673,400	6,667,956	4,945,064	43,396,292	19,387,666
Office Equipment	31,177,095	3,708,865	2,491,396	32,394,564	23,285,725	2,947,785	2,491,360	23,742,150	8,652,414
Computer and computer equipments	44,362,523	2,423,612	316,864	46,469,271	33,720,266	5,204,301	282,778	38,641,789	7,827,482
Vehicles	41,729,821	166,515	-	41,896,336	22,737,706	8,178,032	-	30,915,738	10,980,598
Building	108,128,476	90,352,149	-	198,480,625	13,710,555	5,476,789	-	19,187,344	179,293,281
Land	12,092,849	1,565,451	-	13,658,300	-	-	-	-	13,658,300
Right of use asset	-	57,438,081	-	57,438,081	-	20,234,791	-	20,234,791	37,203,290
	300,746,200	160,128,701	7,753,766	453,121,135	135,127,652	48,709,654	7,719,202	176,118,104	277,003,031
Intangible asset:									
Software	7,295,936	-	-	7,295,936	3,398,594	1,196,106	-	4,594,700	2,701,236
Total 2019	308,042,136	160,128,701	7,753,766	460,417,071	138,526,246	49,905,760	7,719,202	180,712,804	279,704,267



DELTA BRAC HOUSING FINANCE CORPORATION LIMITED

Head Office: Landmark Building (9th Floor)
12-14 Gulshan North C/A, Gulshan-2, Dhaka-1212,
PABX: 09612 334455, +880(2) 02222282374,
58816001, 02222289112,
Fax: +880(2) 02222282110
E-mail: dbh@deltabrac.com
Web: www.deltabrac.com

Proxy Form

I/We
of being a member of Delta Brac Housing Finance Corporation Ltd. 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 **25th Annual General Meeting (Virtual)** of the Company to be held on **May 6, 2021 (Thursday)** and any adjournment thereof.

Signed this day of 2021.

Signature

Name

Folio/BO ID No.

Member



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 (9th Floor)
12-14 Gulshan North C/A, Gulshan-2, Dhaka-1212,
PABX: 09612 334455, +880(2) 02222282374,
58816001, 02222289112,
Fax: +880(2) 02222282110
E-mail: dbh@deltabrac.com
Web: www.deltabrac.com

Attendance Slip

I/We hereby record my/our attendance at the **25th Annual General Meeting (Virtual)** of **Delta Brac Housing Finance Corporation Limited** on **May 6, 2021 (Thursday)** at 11.00 a.m. by using online digital platform as a holder of shares of the Company.

Signature

Name




(Member/Proxy)

Folio/BO ID No.

Note: Shareholders attending the meeting in person or by proxy are requested to complete the Attendance Slip and hand it over at the entrance of the meeting hall.



DBH wins **GOLD AWARD** once again
in
7th ICSB National Award 2019
for
Corporate Governance Excellence
in
Non Bank Financial Institutions Category.

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