

ANNUAL REPORT 2022



GREEN & AFFORDABLE LIVING FOR
SUSTAINABLE TOMORROW



Highest Credit rating AAA for
17 consecutive years



The background is a vibrant green with a subtle pattern of falling confetti in various colors. A large, light green outline of a house shape is centered on the page. Inside the house, the text is arranged vertically. The words 'We have renamed' are in a large, bold, yellow font. Below them, the word 'from' is in a smaller, italicized, white font. A white horizontal bar with a silver metallic-looking end on the left contains the text 'Delta Brac Housing Finance Corporation Ltd.' in a bold, dark green font. Below this bar, the word 'to' is in a smaller, italicized, white font. At the bottom, another white horizontal bar with a silver metallic-looking end on the right contains the text 'DBH Finance PLC.' in a bold, dark green font.

We have renamed

from

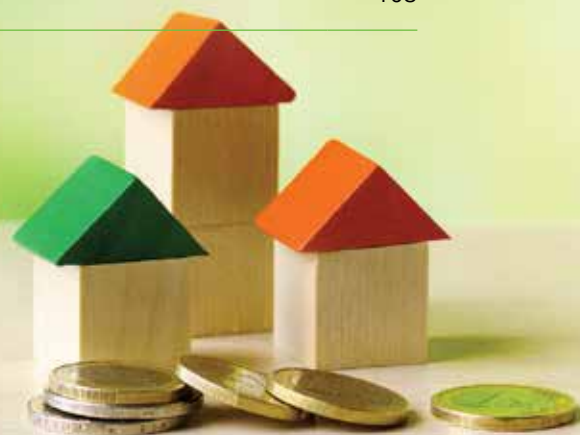
Delta Brac Housing Finance Corporation Ltd.

to

DBH Finance PLC.

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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, 2022.

We are pleased to enclose a copy of the Annual Report together with the audited financial statements including balance sheet as at December 31, 2022, 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 27th Annual General Meeting (Virtual)

Notice is hereby given that the **27th Annual General Meeting (AGM)** of DBH Finance PLC. will be held on Thursday, May 18, 2023, at 11:30 a.m. (Dhaka Time). The AGM will be held virtually by using a digital platform through the following link: **<https://dbh.bdvirtualagm.com>** to transact the following businesses:

1. Consideration and adoption of Directors' Report, Audited Financial Statements for the year ended December 31, 2022, and the Auditors' Report thereon.
2. Declaration of dividend for the year ended December 31, 2022.
3. Appointment/re-appointment of Directors.
4.
 - (i) Appointment of statutory auditors and fixation of their remuneration;
 - (ii) Appointment of a professional to provide the certificate on compliance of the Corporate Governance Code of BSEC for the year 2023, as well as fixation of their remuneration.

By order of the Board

April 26, 2023

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 18, 2023**, are eligible to participate in the 27th Annual General Meeting (AGM) and receive the dividend.
- Pursuant to the Bangladesh Securities and Exchange Commission's Order No. SEC/SRMIC/04-231/932 dated 24 March 2020, the AGM will be a virtual meeting of the Shareholders, which will be conducted via live webcast by using a digital platform.
- The Shareholders will be able to submit their questions/comments and vote electronically 24 hours before commencement of the AGM and during the AGM. For login to the system, the Shareholders need to put their 16-digit Beneficial Owner (BO) ID number and other credentials as proof of their identity by visiting the link: <https://dbh.bdvirtualagm.com>
- We encourage the Shareholders to login to the system prior to the meeting start time at 11:30 a.m. (Dhaka time) on May 18, 2023. 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/CMRCD/2006-158/208/ Admin/81 dated 20 June 2018, the soft copy of the Annual Report-2022 (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-2022 will also be available on the Company's website at: **www.dbhfinance.com**.

Core Values



**Honesty,
integrity and
ethics in all
aspects of
business**



**Outstanding
service to the
customer,
above all else**



**Individual
opportunity,
responsibility
and reward
based on merit**



**Hard work and
continuous
self-improve-
ment, never
being satisfied**



**Respect and
concern for the
individual
employee**

Corporate Profile



DBH Finance PLC. (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 17th 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.dbhfinance.com

Corporate e-mail: dbh@dbhfinance.com

DBH Customer Center: 16562 or 09612222888

Branches

Dhanmondi Branch

Pantha Plaza (1st Floor), 63/A Lake Circus, Kalabagan (West Panthapath), Dhaka-1205
PABX: 09612 334440, 09612 334455
+880 (2) 9134211, 9124112, 58155745

Uttara Branch

Union Nahar Square (4th Floor), Plot- 19, Sonargaon Janapath Road, Sector-13, Uttara, Dhaka-1230
PABX: 09612 334480, 09612 334455,
+880 (2) 48956657, 8991580

Gazipur Branch

Reaz Tower (2nd Floor), Tangail Road, Joydebpur Chowrasta, Gazipur City Corporation, Gazipur -1702
PABX: 09612 334520, 09612 334455

Agrabad Branch

Makkah Madinah Trade Centre (MMTC) 6th Floor (South side) 78 Agrabad Commercial Area, Chattogram
PABX: 09612 334650, 09612 334455

Sylhet Branch

19/A, Kumarpura Road, (1st Floor) Kumarpura, Sylhet
PABX: 09612 334630, 09612 334455
+880 (821) 722489, 722490

Khulna Branch

Raj Square (5th Floor), Plot: A-1, KDA Majid Sarani, Sonadanga, Khulna
PABX: 09612 334720, 09612 334455

Rangpur Branch

Khan Bahadur Abdur Rouf Plaza, (3rd Floor), House No. 01, Road No. 01, Station Road, Rangpur
PABX: 09612 334580, 09612 334455

Motijheel Branch

D R Tower (7th Floor), 65/2/2, Purana Paltan, Box Culvert Road, Dhaka-1000
PABX: 09612 334400, 09612 334455,
+880 (2) 47111774, 47111778, 9565053

Savar Branch

MK Tower (4th Floor), B-16/1 Jaleshwar Shimultola, Savar, Dhaka
PABX: 09612 334500, 09612334455

Narayanganj Branch

Madina Tower (1st Floor), 42/2 Nawab Salimullah Road, North Chashara, Narayanganj
PABX: 09612 334540, 09612 334455

Nasirabad Branch

Sanmar Tower-1 (5th Floor), 1850/3319, CDA Avenue, East Nasirabad, Chattogram
PABX: 09612 334600, 09612 334455, +880 (31) 2551224-6

Cumilla Branch

Trical Tower (1st Floor) 634/581, Laksham Road, Cumilla-3500
PABX: 09612 334700, 09612 334455

Rajshahi Branch

Dulal Tower (3rd Floor), 220 Shaheb Bazar Moni Chottor, Boalia, Rajshahi
PABX: 09612 334740, 09612 334455

Mirpur Customer Service Center

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

Bankers

Citibank, N.A.
Commercial Bank of Ceylon PLC
Dhaka Bank Limited
IFIC Bank limited
NRB Bank Limited
Al Arafah Islami Bank Limited
Trust Bank Limited

Prime Bank Limited
Pubali Bank Limited
Standard Chartered Bank
Standard Bank Limited
Woori Bank Limited
The City Bank Ltd.
Export Import Bank of Bangladesh Ltd.

Auditors

ACNABIN

Chartered Accountants
BDBL Haban (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, Barrister-at-Law
Director



Mr. Syed Moinuddin Ahmed
Director



Mr. Mohammad Anisur Rahman
Director



Ms. Rasheda K. Choudhury
Independent Director



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



Mr. Khandkar Manwarul Islam
Director



Mr. Nazir Rahim Chowdhury
Director



Mr. Nasimul Baten
Managing Director & CEO



Embracing Islamic Finance: A new frontier along with conventional financing

02-09-2021

Board Approval

The Board of Directors approved the proposal for the establishment of Islamic Financing Wing (IFW) at all the existing branches in addition to its conventional financing.

09-03-2022

Approval in Principle

Subsequent to the application for opening IFW, Bangladesh Bank provided its approval in principle with some conditions.

26-10-2022

Amendments of MAA

EGM 2022 was held for the approval of amendments in the Memorandum & Articles of Association to facilitate the company's initiation of IFW operation.

26-10-2022

Sharia'h Board Formation

The Board of Directors approved the Shari'ah Supervisory Committee and its bye-laws.

23-02-2023

Approval from BB (2nd Phase)

Subsequent to the application upon fulfilling the necessary conditions, Bangladesh Bank advised to submit some other documents to obtain the final NOC for the operation of IFW.

27-02-2023

PPG Approval

As per the requirement of Bangladesh Bank, The Board of Directors in its 137th Meeting approved the PPG for IFW.

11-04-2023

Final Approval from BB

Bangladesh Bank provided the final approval to DBH for opening of its Islamic Financing wing (IFW).

Proposed IFW Products

Deposit Products:

- Mudaraba Term Deposit (MTDR)
- Mudaraba Monthly Income Deposit (MMID)
- Mudaraba Quarterly Income Deposit (MQID)
- Mudaraba Annual Income Deposit (MAID)
- Mudaraba Day Wise Deposit (MDWD)
- Mudaraba Easy Deposit (MED)
- Mudaraba Monthly DPS (MMDPS)

Financing Products:

- HPSM Apartment Purchase Financing
- HPSM Own Construction Financing
- HPSM Group Construction Financing
- HPSM Commercial Space Purchase Financing
- HPSM Home Extension Financing
- HPSM Semi-pacca Construction Financing
- HPSM Affordable Home Financing
- HPSM Plot Purchase Financing
- HPSM Balance Transfer/Takeover
- HPSM Car/Vehicle/Transport Financing

Shari'ah Supervisory Committee



Dr. Muhammad Saifullah
Chairman



Mr. Md. Fariduddin Ahmed
Member



Mr. Md. Abdul Awwal Sarker
Member



Dr. Zubair Mohammad Ehsanul Hoque, CSAA
Member



Mr. Nasimul Baten
Ex-officio Member
(Managing Director & CEO)



Mr. Tanvir Ahmad
Member
(Head of Islamic Financing Division)

Profile of the Board of Directors



Nasir A. Choudhury
Chairman

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

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., Professional Advancement Bangladesh Ltd. (PABL) & GD Assist Ltd. He is one of the Sponsors of Union Capital Limited and Director of United Hospital (Pvt.) Limited and Managing Director of Nascom (Pvt.) Ltd.

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.

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

Dr. Chowdhury had been awarded the prestigious "Medical Award of Excellence" in the year 2017 by US- based Ronald McDonald House Charities (RMHC) for his outstanding contribution to improving health and ensuring wellbeing of children. He is a co- recipient of the 'Innovator of the Year 2006' award from the Marriott Business School of Brigham Young University in USA and in 2008 he received the PESON oration medal from the Perinatal Society of Nepal. He is a recipient of the Dr Mohammad Ibrahim Gold Medal from the Bangladesh Diabetic Samity (2016). Dr. Chowdhury has published over 200 articles in peer-reviewed national and international journals. Two of his recent books are: "Corona Tale: A Bangladeshi family's pen-war against the pandemic" (*AnyoProkash*, 2021) and "আমার ব্রাক জীবন: একজন উন্নয়ন কর্মীর বেড়ে ওঠা" (*Prothoma*, 2021).

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



Dr. A M R Chowdhury
Vice Chairman

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



**Mehreen Hassan,
Barrister-at-Law
Director**

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

Ms. Mehreen Hassan is a Barrister-at-law and Advocate practicing in the High Court Division of the Supreme Court of Bangladesh. Ms. Hassan is currently practicing with Barrister Mustafizur Rahman Khan in the law firm of distinguished Senior Advocate, Barrister Rokanuddin Mahmud.

Her areas of specialization include Corporate and Commercial laws, Banking, Finance and Securities Law and Constitutional and Administrative laws. She is a regular practitioner at the High Court Division of the Supreme Court of Bangladesh whereby she appears on behalf of national and multinational companies in various proceedings. She also provides corporate advisory services to private and public sector clients across diverse industries.

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 and subsequently joined the law firm of the luminary Dr. Kamal Hossain, where she had the privilege of assisting Dr. Hossain in several International Arbitration matters. As an associate at the law firm of Dr. Kamal Hossain & Associates she worked closely with Senior Advocate Sara Hossain on matters of public interest and women and children's rights amongst others. In her most early years as a legal professional, she had the privilege of shadowing Senior Advocate Tawfique Nawaz.

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.

Ms. Hassan has been a Director of DBH, nominated by Delta Life Insurance Company Limited, since June 2012 and she also chairs the Executive Committee of the Board of Directors.

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.



Syed Moinuddin Ahmed
Director

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



Mohammad Anisur Rahman
Director

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

Mr. 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.

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.

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

Rasheda is a member of the Panel of Experts on the Second Perspective Plan of Bangladesh (2021-2041) of Planning Commission, 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.

Rasheda is a Member of the Advisory Council of the Citi Micro Entrepreneurship Awards Program of Citi Bank.

She is also a Member of the Jury Board, Independent Committee of the Corporate Social Responsibility (CSR) Award Committee of Financial Express - Standard Chartered Bank initiative, 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.



Rasheda K. Choudhury
Independent Director

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



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

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

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

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

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

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

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

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

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

Mr. Khandkar Manwarul Islam is a reputed Business person in Bangladesh with an overall 23 years of experience in different sectors of the country.

Mr. Islam obtained his MBA degree from Southeast University, Dhaka in the year 2002 & BBA from the University of Madras, India in the year 1998. He also did his Diploma in Computer Integrated Management from First (1st C) Computers, Madras, India. Mr. Islam did a research study & submitted the report on 'Growth and Development of Small Scale Industries' under the supervision of the Project Management Department, University of Madras, and under the assistance of Bangladesh Small & Cottage Industries Corporation (BSCIC).

Before starting his own business in RMG Sector, he was a professional banker with Shahjalal Islami Bank Limited, where he worked for around 17 years, Mr. Islam also contributed for a while to the largest NGO (BRAC) in the country. Currently, Mr. Islam is the Managing Director as well as the Chief Executive Officer of Styllent Knit Limited (Export oriented Sweater Industry).

Mr. Khandkar Manwarul Islam has been a Director of DBH, nominated by Delta Life Insurance Company Limited, since November 2022.



Khandkar Manwarul Islam
Director

**He has been a Director
of DBH, nominated by
Delta Life Insurance
Company Limited,
since November 2022.**



Nazir Rahim Chowdhury
Director

**He has been a Director
of DBH, nominated by
Delta Life Insurance
Company Limited, since
November 2022.**

Mr. Nazir Rahim Chowdhury is a promising entrepreneur with an excellent business background in Export & Import in the readymade garments sector in the country. He has also extended business in the areas of IT and Trading in partnership with experienced specialists in the country.

Mr. Chowdhury completed his Bachelor's degree in Business Administration from Independent University, Bangladesh in 2001. After completing his graduation, he started his career at Standard Chartered Bank Bangladesh and provided high-level customer service and sales in high-volume areas. After 10 years of service in the banking sector, Mr. Chowdhury involved in the business since 2012. Currently, he is the Vice Chairman of M.I.M. Fashion Wear Ltd.

Mr. Chowdhury is also involved with many social activities and is associated with Chittagong Club Limited, Bhatiyari Golf & Country Club, Chittagong Senior's Club Limited, and Chittagong Chamber of Commerce & Industry.

Mr. Chowdhury has been a Director of DBH, nominated by Delta Life Insurance Company Limited, since November 2022.

Mr. Nasimul Baten joined as Managing Director and CEO of DBH Finance PLC. (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 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 17 consecutive years since 2005 with the lowest level of NPLs among all financial institutions, where he 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 worked in almost all functional areas covering business, operations, treasury, sales, risk management, distribution and branch network during his long association with the company. He attended various local and overseas trainings in England, Ireland, Singapore, Thailand, India and Bangladesh. He is a member of Old Faujian Association (OFA), IBA Alumni Association (IBAAA) and Cadet College Club Limited (CCCL).

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



Nasimul Baten
Managing Director & CEO

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

Board Committees



AUDIT COMMITTEE

01. Major General Syeed Ahmed, BP, awc, psc (Retd.)
Chairman
02. Ms. Rasheda K. Choudhury
03. Mr. Syed Moinuddin Ahmed
04. Mr. Mohammad Anisur Rahman
05. Mr. Khandkar Manwarul Islam



EXECUTIVE COMMITTEE

01. Ms. Mehreen Hassan, Bar-at-law
Chairperson
02. Dr. AMR Chowdhury
03. Mr. Nazir Rahim Chowdhury
04. Mr. Nasimul Baten

Management & Other Committees



MANAGEMENT COMMITTEE

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



ALCO

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



ETHICS COMMITTEE

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



CENTRAL COMPLIANCE UNIT (CCU)

- Mr. A.K.M. Tanvir Kamal
- Mr. Md. Zakaria Eusuf
- Mr. Jashim Uddin, FCS
- Mr. Sabed Bin Ahsan
- Mr. Md. Adbul Wadud, FCA
- Mr. Khandaker Satil Sayeed
- Mr. Md. Ariful Bari Rumi
- Mr. Md. Atiqur Rahman



ICT STEERING COMMITTEE

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



ICT SECURITY COMMITTEE

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

Management and Executives

Nasimul Baten Managing Director & CEO	
A. K. M. Tanvir Kamal Deputy Managing Director & Head of Credit	Md. Mamun-Ur-Rashid Senior Assistant Vice President - Information Technology
Tanvir Ahmad Deputy Managing Director & Head of Human Resources	Muhammad Abdullah Al Razee Senior Assistant Vice President & Cluster Manager
Md. Hassan Iftekhar Yussouf Deputy Managing Director & Head of Information Technology	Biswajyoti Sen Senior Assistant Vice President & Head of Branch – Nasirabad
Saiyaf Ejaz Executive Vice President & Head of Recovery & Admin	Md. Rasel Sarker Senior Assistant Vice President - Information Technology
Md. Zakaria Eusuf Executive Vice President & Head of Loan Operations	A.K.M. Zahidul Hassan Choudhury Senior Assistant Vice President & Cluster Manager
Md. Golam Rosul Executive Vice President & Head of Loan Sales	Imtiaz Elahi Sohel Senior Assistant Vice President - Brand & Communications
Jashim Uddin Senior Vice President - Company Secretary & Head of Corporate Affairs	Khairul Alam Senior Assistant Vice President & Cluster Manager
Sabed Bin Ahsan Senior Vice President & Head of Deposits and Affordable Housing Loans	Md. Mustaqimur Rashid Senior Assistant Vice President - Human Resources
Nahid Ahmed Senior Vice President & Head of Treasury	Shihabuddin Mahmud Assistant Vice President & Head of Internal Audit
Md. Fakrul Amin Senior Vice President & Head of Legal	Abdullah Al Jahid Assistant Vice President – Treasury
Md. Abdul Wadud Senior Vice President & Head of Finance	Md. Abu Yousuf Assistant Vice President - Islamic Financing
Khandaker Satil Sayeed Senior Vice President & Financial Controller	Md. Abdullah Al Mamun Assistant Vice President - Regional Sales
Md. Ariful Bari Rumi Senior Vice President & Head of Branch - Head Office Branch and Customer Experience	Md. Moshior Rahman Assistant Vice President - Sales
Mir Md. Mukhlesur Rahman Senior Vice President – Credit	Mohammed Atiqur Rahman Akand Assistant Vice President - Sales
Moahedul Mowla Senior Vice President – Credit	Sabbir Mahamud Assistant Vice President - Human Resources
A.H.M. Mostofa Kamal Vice President - Technical & Property Services	Mir Mohammad Ariful Islam Senior Manager - Customer Services
Kazi Hasanul Islam Vice President & Cluster Head	Sayeed Kabir Chowdhury Senior Manager – Loans
Siddhartho Sangkor Kirtonia Vice President - Information Technology	Mosaraf Hossain Senior Manager – Credit
Md. Mamunur Rashid Bhuiyan Vice President - Recovery & Legal	Subas Chandra Saha Senior Manager & Branch Manager – Savar
Bidhan Krishna Ghosh Vice President & Head of Strategy and Business Development	Khandaker Quddusur Rahman Senior Manager – Accounts
Mohammad Manjurul Alam Vice President – Sales	Md. Tanvir Rajik Senior Manager – Sales
Md. Ferdous Hossain Polash Senior Assistant Vice President - Regional Sales	Sadiya Afreen Senior Manager - Loans

Operational and Financial Highlights

Million Taka

Operational Highlights	31-Dec-18	31-Dec-19	31-Dec-20	31-Dec-21	31-Dec-22
Loan approvals	8,632	8,934	7,527	10,896	10,493
Loan disbursement	10,273	10,112	7,028	10,803	11,029
Cumulative disbursement	103,274	113,386	120,414	131,217	142,246
Cumulative sanction	105,780	114,714	122,241	133,137	143,630

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

Financial Highlights	31-Dec-18	31-Dec-19	31-Dec-20	31-Dec-21	31-Dec-22
Profit before tax	1,607	1,555	1,498	1,721	1,580
Profit after tax	1,048	1,073	891	1,044	1,017
Shareholders' fund	5,040	5,809	6,431	7,244	7,995
Total deposit	43,319	43,411	43,827	43,978	40,061
Long term borrowing	2,219	1,954	1,709	2,223	3,488
Loan portfolio	43,848	44,522	42,750	43,831	44,536
Total balance sheet size	57,499	59,280	58,607	60,279	61,746
NPL ratio (%)	0.30%	0.45%	0.41%	0.63%	0.86%
Return on equity (average equity)	22.30%	19.79%	14.56%	15.27%	13.34%
Earnings per share	8.60	8.04	5.78	5.89	5.21
Earnings per share (restated)	5.91	6.05	5.03	5.35	5.21
Book value per share	41.36	43.36	41.72	40.87	41.00
Dividend cover ratio	2.46	2.30	1.93	2.36	3.07

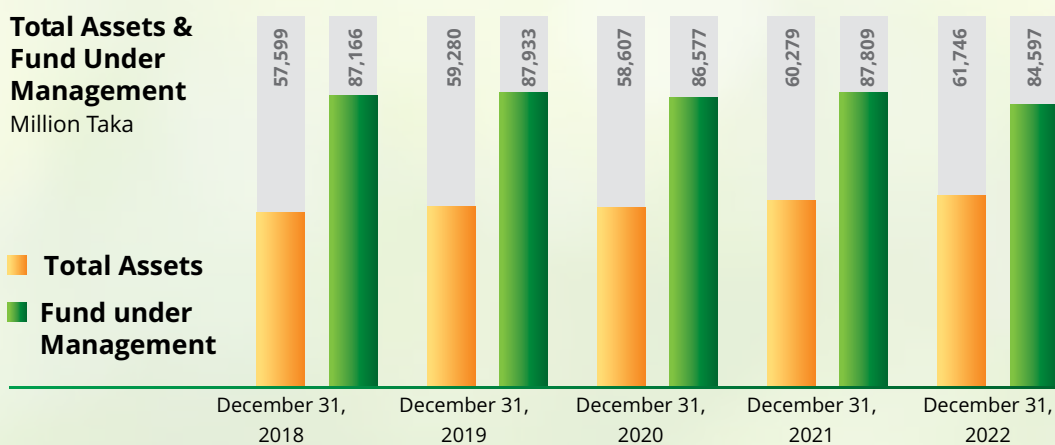
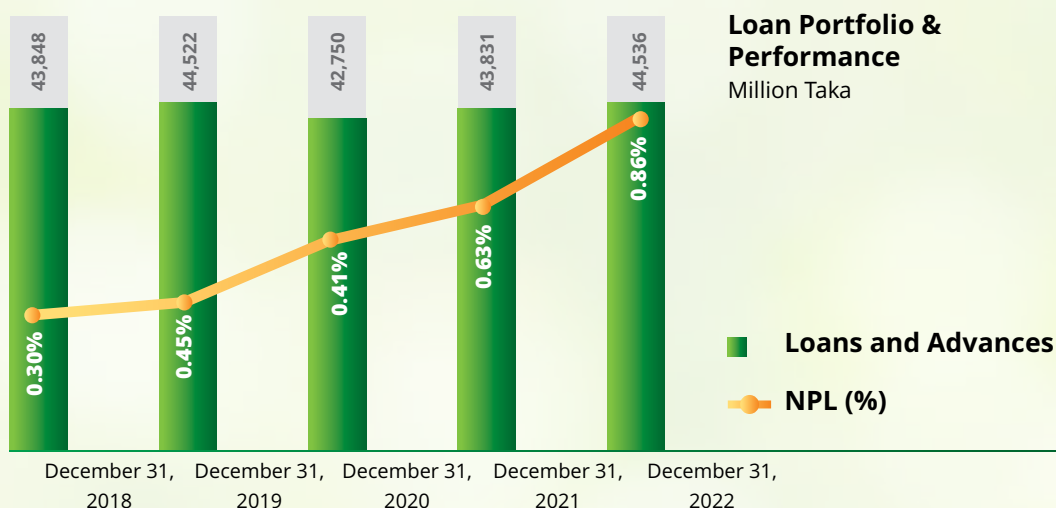
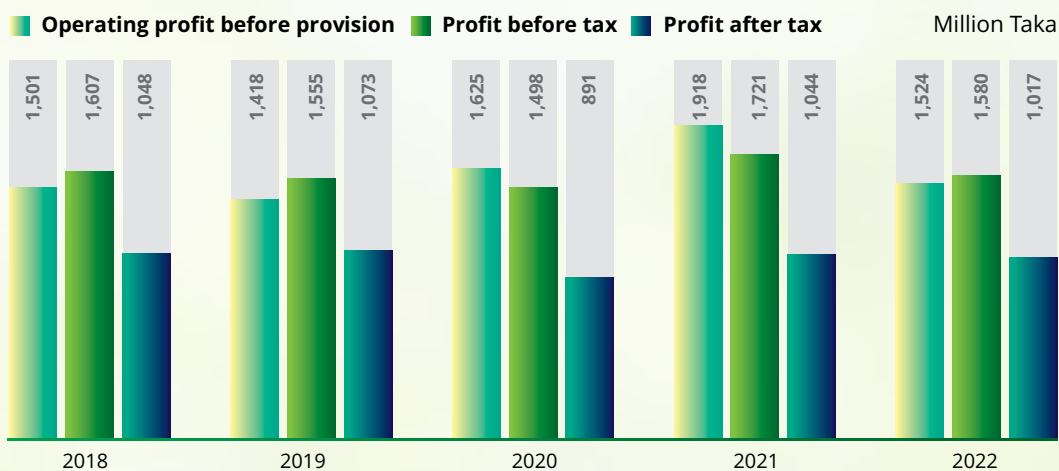
Financial Highlights as Required By Bangladesh Bank

Million Taka

Financial Highlights	31-Dec-22	31-Dec-21
Paid up Capital	1,950	1,773
Total Capital	7,995	7,244
Capital Surplus/(Deficit)	5,376	4,642
Total Assets	61,746	60,279
Total Deposits	40,061	43,978
Total Loans & Advances	44,536	43,831
Total Contingent Liabilities and Commitments	-	-
Credit Deposit Ratio (times)	1.11	1.00
Percentage of Classified Loans against total loans and advances	0.86%	0.63%
Profit after Tax & Provision	1,017	1,044
Amount of Classified Loans during current year	384.77	276.52
Provision kept against Classified Loans	384.77	276.52
Provision Surplus/ Deficit	429.71	614.01
Cost of Fund	6.11%	5.68%
Interest Earning Assets	58,239	58,542
Non Interest Earning Assets	3,507	1,737
Return on equity (ROE)	13.34%	15.27%
Return on Asset (ROA)	1.67%	1.76%
Income from Investment	145	125
Earning per Share	5.21	5.89
Earning per Share (Restated)	5.21	5.35
Net operating Income per Share	7.82	10.82
Price Earning Ratio	11.09	13.09

Graphical Presentation of Financial Performances

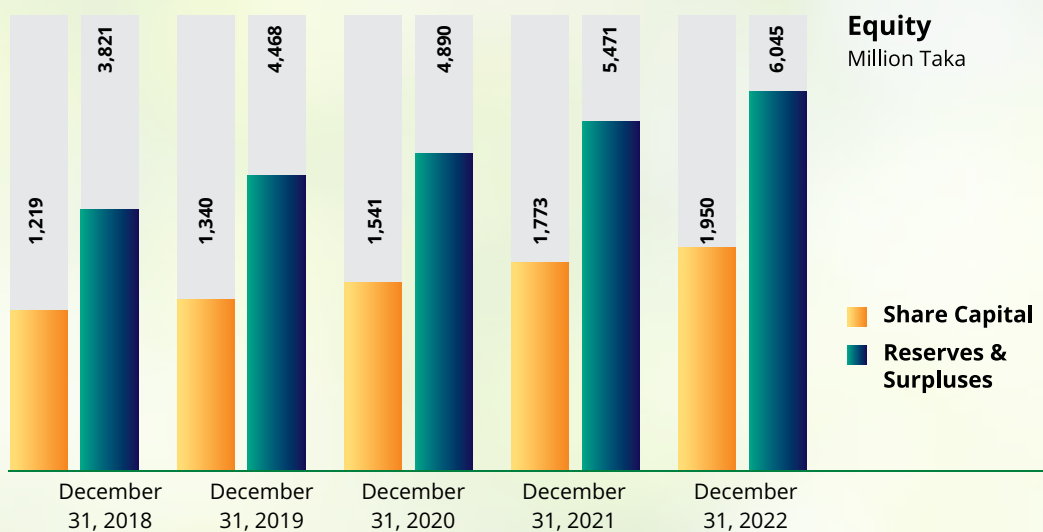
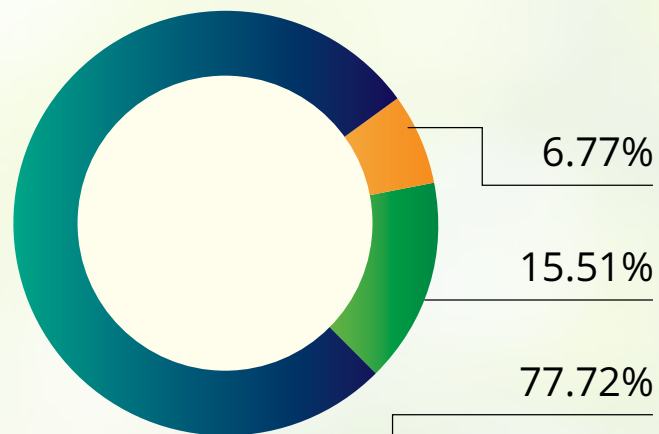
Profits



Fund employed

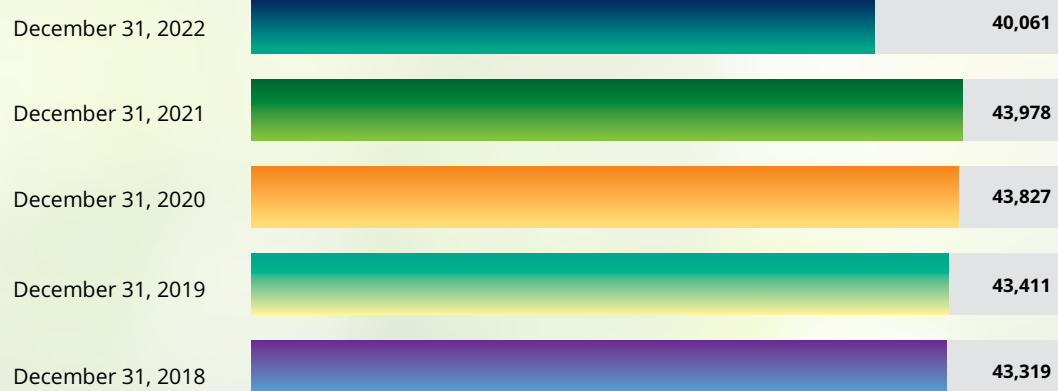
Percentage

- **Deposits 77.72%**
- **Long-term Loans 6.77%**
- **Shareholders' Equity 15.51%**



Deposits

Million Taka



Historical Record of Dividend Payments

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

Year	Paid-up Capital	Dividend (%)
1999-2000	20,00,00,000.00	7.50 (Cash)
2000-2001	20,00,00,000.00	12.00 (Cash)
2001-2002	20,00,00,000.00	15.00 (Cash)
2002-2003	20,00,00,000.00	15.00 (Cash)
2003-2004	20,00,00,000.00	18.00 (Cash)
2004-2005	20,00,00,000.00	22.00 (Cash)
2005-2006	22,00,00,000.00	25.00 (10% Stock & 15% Cash)
2006-2007	22,00,00,000.00	30.00 (Cash)
2007-2008	27,00,00,000.00	New Issue of Tk. 500,00,000 (IPO)
2007-2008	35,10,00,000.00	30.00 (Stock)
2008-2009	40,36,50,000.00	32.00 (15% Stock & 17% Cash)
2009-2010	50,45,62,500.00	35.00 (25% Stock & 10% Cash)
2010-2011	1,00,91,25,000.00	100.00 (Stock)
2011-2012	1,16,04,93,750.00	25.00 (15% Stock & 10% Cash)
2012-2013	1,16,04,93,750.00	25.00 (Cash)
2013-2014	1,16,04,93,750.00	25.00 (Cash)
2014-2015	1,16,04,93,750.00	30.00 (Cash)
2015-2016	1,21,85,18,430.00	35.00 (5% Stock & 30% Cash)
July 2016 - Dec 2016 (six months)	1,21,85,18,430.00	15.00 (Cash)
2017	1,21,85,18,430.00	30.00 (Cash)
2018	1,34,03,70,270.00	35.00 (10% Stock & 25% Cash)
2019	1,54,14,25,810.00	35.00 (15% Stock & 20% Cash)
2020	177,26,39,680.00	30.00 (15% stock & 15% cash)
2021	194,99,03,640.00	25.00 (10% stock & 15% cash)

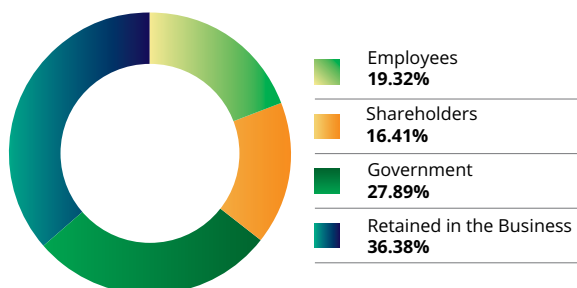
Value Added Statement

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

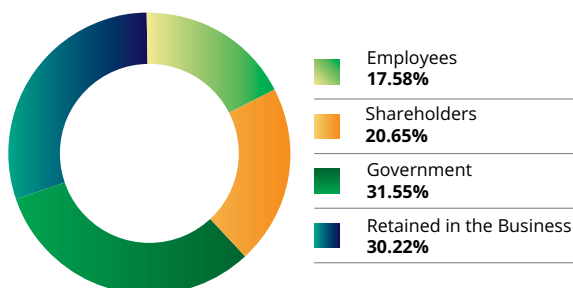
Figures in BDT

	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
Value added				
Net interest income	1,785,786,281	88.38%	2,163,672,697	100.81%
Fees earned	182,889,368	9.05%	177,520,507	8.27%
Investment Income	145,220,701	7.19%	125,111,081	5.83%
Other income	20,733,705	1.03%	16,469,035	0.77%
Operating expense except salary & allowances, depreciation& amortization	(170,160,352)	-8.42%	(139,950,692)	-6.52%
Provision for loan, advances & investments	56,092,071	2.78%	(196,599,918)	-9.16%
Total value added by the company	2,020,561,774	100.00%	2,146,222,710	100.00%
Distribution of value added				
Employees				
As Salary & Allowances	390,439,782	19.32%	377,346,554	17.58%
Provider of Capital				
Dividend to Ordinary shareholders	331,483,619	16.41%	443,159,920	20.65%
Government				
Income tax	563,534,247	27.89%	677,156,237	31.55%
Retained for business growth				
Earning retained in the business	685,242,140	33.91%	600,729,053	27.99%
Depreciation and amortization	49,861,986	2.47%	47,830,946	2.23%
Total distribution	2,020,561,774	100.00%	2,146,222,710	100%

December 31, 2022



December 31, 2021



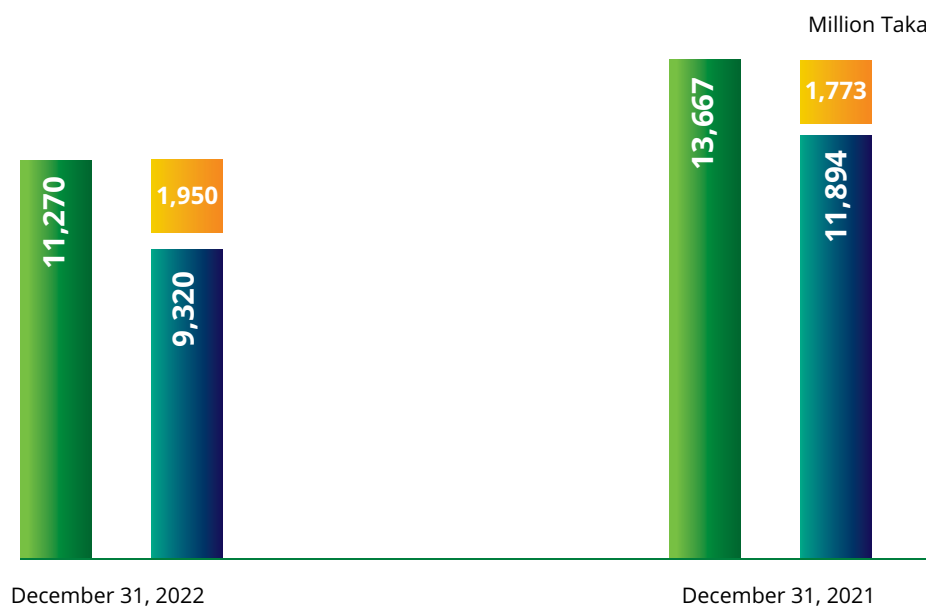
Market Value Added (MVA) Statement

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, 2022 and for the period ended December 31, 2021.

Particulars	Amount in BDT	
	December 31, 2022	December 31, 2021
Market value of shares outstanding	11,270,443,039	13,667,051,933
Book value of share outstanding	1,949,903,640	1,772,639,680
Market value added	9,320,539,399	11,894,412,253



- Market Value of shares outstanding
- Face Value of shares outstanding
- Market Value added

Economic Value Added (EVA) Statement

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

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

EVA has been calculated by the following formula:

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

Particulars	Amount in BDT	
	December 31, 2022	December 31, 2021
Net operating Profit	1,524,167,935	1,917,645,128
Provision for taxes	563,534,247	677,156,237
Net operating Profit after tax (NOPAT)	960,633,688	1,240,488,891
Charges for capital		
Capital employed	8,732,438,770	7,885,494,424
Cost of equity (%)	9.90%	7.75%
Charges for capital	864,511,438	611,125,818
Economic Value added	96,122,250	629,363,073
Capital employed		
Shareholder's equity	7,994,960,897	7,244,131,090
Accumulated provision for doubtful accounts and future losses	1,083,726,839	1,142,058,714
Total Capital employed	9,078,687,736	8,386,189,804
Average capital employed	8,732,438,770	7,885,494,424

* Cost of equity reflects the shareholders' expected return. Interest rate on 5 years Government Treasury Bond issued latest in December 2022 plus standard risk premium 2% has been assumed to be the cost of equity.



Message From the Chairman

Nasir A. Choudhury
Chairman

Dear Stakeholders,

I am pleased to welcome you all to the 27th Annual General Meeting of DBH Finance PLC, the leading specialist housing finance institution in Bangladesh. This year has been an exceptionally challenging year for all of us here at DBH operating under difficult macroeconomic conditions. However, we have emerged more resilient and reinvigorated, and our confidence in our capabilities is reflected not only in our deeds but also in the trust that our stakeholders have placed in us. 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 our accomplishments and endeavors.

Communities and financial systems across the world are being forced to weather fresh challenges over the course of the Ukraine-Russia war leading to supply-chain disruption and cost-push inflationary movement. DBH is no exception. 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. In these gloomy, we saw that the more innovative and efficient we got in disbursing loans, including optimizing our digital platforms, the more hope and happiness we were able to bring to our customers.

In line with global as well as national challenges emanating from the Ukraine-Russia war, DBH has also experienced sluggish growth of business as well as rising market interest rates during the year. At the close of December 31, 2022, the loans and advances portfolio of DBH stands at Tk. 44.54 billion. During the year DBH has financed Tk. 10.38 billion worth of home loans to over 3,000 households which is marginally higher when compared to that of the previous year. However, unlike many other financiers, superior asset quality continues to be one of the strongholds of DBH. Even in this challenging macro environment, the non-performing loan (NPL) of DBH remains below one percent. Presently, DBH has funds under management in excess of Taka 84.60 billion.

At the close of December 31, 2022, the profit after tax of the Company was 1016.73 million which is 2.60 percent lower when compared to that of the preceding year. The Company posted an operating profit of Tk. 1524.17 million for the same period. The Board has recommended 15 percent cash and 2 percent stock dividend out of profit for the year ending December 31, 2022. The company has a strong reserve of undistributed earnings worth Tk. 365.74 million.

I am pleased to inform you that DBH has retained its highest credit rating of 'AAA' (triple A) for the 17th consecutive year. As a matter of fact, among all local banks and financial institutions, DBH is

the only one to have retained the highest credit rating in such a consecutive manner. This reflects the financial strength and steadfastness of the Company.


Moving forward for the Year 2023, our key aim should be rejuvenating the growth of business operations through geographical expansion and digital innovation while ensuring heightened profitability through the sourcing of low-cost funds. More than ever, the asset quality of the lending portfolio, connectivity with clients, innovation of service, and financially viable funding will remain the cornerstone of the success of DBH.

From the macro perspective, it may be added that the overall investment scenario still seems irresolute due to the economic repercussions of Russia's invasion of Ukraine with commodity prices rolling and pushing up inflation. On the local frontier, depleting forex reserves coupled with the sharp devaluation of BDT and fiscal reform measures those may be undertaken as per the recommendation of the International Monetary Fund (IMF). Therefore, the coming year is set to test us with periods of challenges from which we will have to unveil avenues of opportunities. However, we believe in our proficiency and motivation to work harder which will propel us to cross over all the predicaments of the future and enable us to continue to strengthen society by continually expanding home ownership.

I again, thank all our Shareholders and my colleagues on 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

A portrait of Nasimul Baten, a man with dark hair and glasses, wearing a dark blue pinstripe suit, white shirt, and a patterned tie. He is seated and looking directly at the camera with a slight smile. The background is dark and out of focus.

Message from the Managing Director & CEO

Nasimul Baten **Managing Director & CEO**

Dear Shareholders,

In 2022, DBH once again demonstrated its resilience and dedication to the stakeholders we serve. As we close the year, DBH is going strong and we are well-positioned for the future. The company changed its name to DBH Finance PLC from the previous name Delta Brac Housing Finance Corporation Ltd. The name change was a strategic one, as the brand name DBH was well-established in the market, we want to leverage on it. Also, the name change gives us a strategic direction for business diversification, though we will predominately remain loyal to our core focus, that is housing finance as we believe in the huge potential of housing needs in a country of 170 million people.

Looking back at the year 2022:

Bangladesh's economy was well set at the beginning of 2022 to get its growth momentum back after recovering from multiple waves of the prolonged Covid pandemic. But the start of Ukraine war in February changed the world and slowed the momentum of Bangladesh's economy significantly.

The year was an eventful one. The most important event for the people of Bangladesh came in June when the Padma Bridge becomes a reality. The opening of the long waited bridge gave a huge boost to the confidence of the nation that it could do mega projects with its own resources. The 6.15 km bridge connects 21 districts in the south and southwestern region with two seaports to the rest of Bangladesh. Bangladesh in May 2022 announced that it brought 100% of its population under electricity coverage. This put Bangladesh ahead of India and Pakistan in this region. However, the country suffered from severe load shedding for several months since July as the government took austerity measures in the wake of the surging import cost of LNG and petroleum. The government increased the petroleum prices by 51 percent, the highest in the country's history, creating a public outcry as the spike was going to worsen the struggle of common people against spiral living costs. Inflation, which was below 6.5% until April, crossed the 7 percent mark in May and rose to 9.52% in November, which is the highest in the last 10 years.

Bangladesh's foreign exchange reserve began falling after reaching a historic peak of 48 billion in August 2021 as export and remittance fell short of skyrocketing import costs, which brought down the reserve to the 34 billion mark. The depleting reserve caused the depreciation of the local currency against the dollar. The exchange rate of the dollar crossed the Tk. 100 mark in September. In 2022, the taka devalued by appx 25% against the dollar causing a huge effect on the economy. Bangladesh sought US\$ 4.5 billion loan from IMF as support for budget and balance of payment as well as mitigating the effects of climate change. The loan was approved by IMF with conditions to bring reforms in revenue collection, financial sector and subsidy allocation.

Despite all odds, garment shipments registered 35% year-on-year growth in FY 2022 and witnessed the highest-ever export earnings of \$42.61 billion. But the exchange rate also played a role in the phenomenal growth in export. The year marked the soft opening of the country's first-ever metro rail in Dhaka city in December. When fully completed and operational,

the metro rail project will allow many people to commute within the scheduled time in the city where an enormous amount of man-hours is lost due to traffic jams.

The real estate sector of the country also witnessed a slump in the second half of the year. As the main materials of real estate construction are imported from abroad, the exchange rate makes the price of steel and cement, the two major components of construction, which are produced locally but with imported raw materials see huge price escalation. Rod price increased by more than 30%, cement price also increased by 15%, and prices of other materials also increased from 20%-50% range. These put real estate developers into limbo as they sell the apartments at a fixed price contract and have little scope to increase the price after executing a sale agreement. The number of sale transactions came down heavily as developers were not sure when will the price hike stop and what price will be feasible for them to sell. Also, the affordability of the clients at that price is another important issue to consider for the developers. To make matters worse, RAJUK panned out a Detail Area Plan (DAP) in August 2022. As per this new DAP, the Floor Area Ratio (FAR) reduced for almost all parts of Dhaka city with an objective to reduce the density of population from the centre of crowded Dhaka city to its outskirts or newly developing towns. This reduced FAR will cause a reduced number of floors and units in the new projects, where both the developer and landowner will lose compared to the previous FAR. The number of new plan submissions to RAJUK came to almost zero level for project development in central Dhaka after the new DAP was circulated in August. The developers are lobbying with concerned authorities to change the FAR in the DAP, but there is no development in this regard yet.

In these challenging circumstances of 2022, DBH registered a nominal growth in terms of Loan Disbursement and Loan Portfolio compared to the previous year. DBH shifted its focus to affordable housing and new branches and sales offices were established to source business from the affordable segment. DBH signed an agreement with IFC in September to increase its capacity in the affordable housing loan segment. DBH also entered an agreement with the Sustainable Finance Department (SFD) of Bangladesh Bank to lend customers for green affordable housing under its refinance scheme.

Also as the only private sector NBFI in the country, DBH got enlisted as a participant in the Government employee housing loan scheme. DBH took firm steps

towards opening its Islamic Financing Wing (IFW) under which it can offer Shari'ah-compliant deposit and financing products to its customers.

The second half of the year witnessed a rising cost of fund as the excess liquidity that was prevailing in the financial sector since the outbreak of the Covid pandemic, started to deplete. Also to curb the inflationary pressure, the central bank increased the policy rates. The increased cost of funds caused a reduced net interest margin for the banks/FIs as the lending rate cap continued. As the banks were not allowed to charge more than 9% on their loans, the interest rate for both the banks and FIs hovers around that 9% rate. But the cost of the fund increased for all banks/FIs. It resulted in the reduction of NIM for most other banks/FIs. The net interest margin of DBH, which was 3.60% in January 2022 came down to as low as 2.32% in October, which is a reduction of 1.28%, in percentage terms net interest income was reduced by 35% during the year. As the main source of operating income for DBH is the net interest margin, it resulted in a 14% reduction in operating income. DBH always kept its operational expense at a very tight level, the operational expense for the year increased by 8% which is at par with the inflation level. As a result, operating profit was reduced by 21% for the year. We could release provisions from some of the defaulted loans by increasing our recovery effort, and we could end the year 2022 at almost with same net profit figures as 2021, That is Tk. 101 crore compared to 104 crores in the previous year.

Moving Forward:

In 2023, one of our main focuses will be to restore adequate spread by mobilizing resources from diverse sources at optimum cost and also to provide loans at a rate that gives us an adequate margin. Bangladesh Bank is gradually relaxing the lending rate caps, which will ease the NIM situation, particularly from the second half of the year.

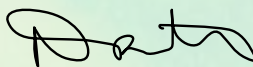
We'll actively work with stakeholders of the real estate market to bring changes in the DAP for the betterment of the sector. We all want a livable Dhaka for our next generation, but at both public and private levels, our policies and actions should be aligned toward balanced and sustainable growth. The present stalemate in the real estate sector caused by DAP needs to be addressed properly to ensure the housing growth of the country which is a very important indicator of economic growth.

Our focus on geographic expansion will continue. We'll reach more locations where demand for housing

loans is high. With our focus now shifted to affordable housing, we will try to bring more clients into our book who were not targeted by us earlier. Also, once the refinance scheme for green affordable housing will start to deliver, that will give us huge scope for that segment which is almost non-existing at present, as not many developers are currently undertaking such projects. Also, we hope to start the operations of the Islamic Financing Wing in the second quarter of 2023. This will open a new avenue for us and for our clients, we'll be able to offer shari'ah-compliant deposit and financing products to our customers, there is a huge demand for such products in the country. We'll also continue to introduce new products, we have introduced personal loans, car loans, and DPS in our existing product mix, and we'll continue to introduce new products under the banner of both Islamic and conventional wings. We'll continue our focus on digitalization to increase sourcing as well as to increase our efficiency to ensure a greater level of customer satisfaction. The process re-engineering exercise will be one of the focuses to cut down turn-around time and further reduce processing time to ensure the supremacy of the DBH brand in the market.

Dear shareholders,

DBH created a strong platform with its successful journey over the last 25 years since its inception and established itself as one of the most reputed and compliant Financial Institutions in the country. We'll bank on our core competency and move forward for more diverse growth. We'll keep our model of relying on the lowest level of NPL and lower operational costs. This will give us the edge in this highly competitive market and our growth plan will be drawn not significantly deviating from our success pillars. In the past, our business was focused in one or two major cities of the country, now with the improvement of infrastructures and communication, increased per capita income in excess of US\$ 2800, and rapid urbanization, we have tremendous scope of growth by catering to the housing need of the people throughout the country. As a specialist housing finance company, we have aligned our action plans for geographic expansion and portfolio growth in the coming years. We thank you for your trust to lead the company and we hope that it will continue and together we'll take DBH to a newer height.



Nasimul Baten
Managing Director & CEO

Awards & Accolades

ICSB Gold Award for 4 Consecutive Years



Directors' Report

Dear Shareholders,

The Directors of DBH Finance PLC have the pleasure of presenting the Directors' Report of your Company together with audited accounts for the year ended December 31, 2022.

Macroeconomic Performances of Bangladesh Economy

Bangladesh economy was growing consistently high over a decade crossing 7.0 percent milestone in FY 2015-16 and 8.0 percent milestone in FY 2018-19, however, the pandemic COVID-19 reduced the growth rate to 3.45 percent in FY 2019-20. The economy grew by 6.94 percent in FY2020-21.

Bangladesh logged higher growth in gross domestic product (GDP) in 2021-22 fiscal year compared to the previous year, but it was 15 basis points below the provisional estimate. The economy grew by 7.1 per cent in 2021-22 fiscal year, up from 6.94 per cent the previous year. According to the data released by Bangladesh Bureau of Statistics on February 6, 2023, the provisional GDP growth rate figure was 7.25 per cent for FY22. Similarly, the state-owned statistical agency revised downwards the per capita GDP of the country to \$2,687 from \$2,824. The GDP size also increased to \$470.22 billion in FY22, which was \$416.26 billion in the previous year.

However, the inflation rate in Bangladesh was around 9%, higher than previous estimates, due to supply chain disruptions, rising food and energy prices, and monetary policy changes. Additionally, the country's foreign currency reserves were depleting fast, partly due to a widening trade deficit and increased demand for foreign currency, putting pressure on the Bangladeshi taka.

The government took steps to address these challenges, such as seeking external financing and tightening monetary policy, but the situation remained a concern for the economy. The country also faced structural challenges, including a shortage of skilled labor, infrastructure bottlenecks, and limited access to markets.

Despite these challenges, the Bangladesh economy remained resilient, with continued growth in key sectors and efforts to improve the business environment and attract investment. The

government is working to address the country's economic challenges and promote sustainable, long-term growth.

According to Mr. Rahul Anand, the IMF mission chief to Bangladesh, as on November 17, 2022 Bangladesh's gross reserves was about \$27.5 billion as per international statistical definitions. But, according to the BB's calculation the reserve was \$34.24 billion on the same day and that includes EDF and others, said its Spokesman GM Abul Kalam Azad.

GDP, Per capita GDP and GNI

According to the final estimate, the volume of GDP at current market prices reached at Tk. 35,30,184.8 crore in FY 2020-21, which was Tk. 31, 70,469.4 crore in FY 2019-20. In nominal term GDP growth was 11.35 percent. GDP is provisionally estimated Tk. 39,76,462 crore in FY 2021-22, Tk. 4,46,278 crore higher than previous fiscal year. Per capita GDP is estimated to be US\$ 2,723 in FY 2021-22. Medium-term GDP forecasts are Tk. 44,12,849 crore in FY 2022-23, Tk. 49.49,712 crore in FY 2023-24, and Tk. 55,59,517 crore in FY 2024-25. As per the final estimate, per capita GDP in FY 2020-21 was US\$ 2,462, US\$ 228 up from the previous fiscal year. Per capita gross national income increased to US\$ 2,591 in FY 2020-21, US\$ 265 up from FY 2019-20. The per capita gross national income is provisionally estimated to US\$ 2,824 in FY 2021-22, US\$ 233 higher than previous fiscal year.

Savings and Investment

During FY 2020-21, domestic savings decreased to 25.34 percent of GDP, 1.74 percentage point lower than the previous year. Likewise, national savings as percent of GDP decreased to 30.79 percent in FY 2020-21, 0.63 percentage point lower than FY 2019-20. Gross domestic savings is provisionally estimated to be 21.56 percent of GDP in FY 2021-22, 3.78 percentage point lower than previous fiscal year. Gross national savings is estimated to be 25.45 percent of GDP, 5.34 percentage point lower than previous fiscal year. The contribution of investment to GDP decreased to 31.02 percent in FY 2020-21, 0.29 percentage point lower than the previous fiscal year. Of 31.02 percent contribution to GDP, private investment is 23.70 percent while public investment is 7.32 percent. Public investment as a percentage of GDP has slightly increased and private investment

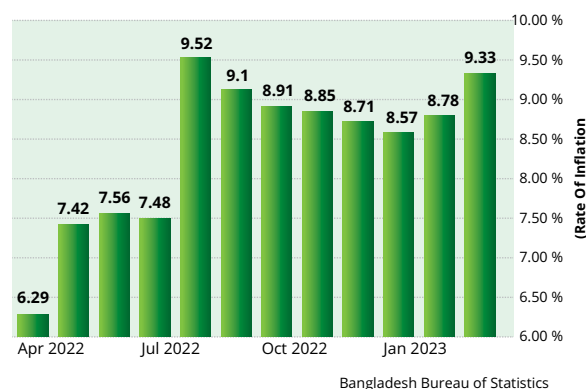
as a percentage of GDP has slightly decreased compared to the previous fiscal year. Investment is estimated to be 31.68 percent of GDP of which private investment is 24.06 percent and public investment is 7.62 percent in FY 2021-22. Overall investment is 0.66 percentage point higher than last fiscal year.

Inflation

The rate of inflation measured by consumer price index (12-month average) setting up 2005-06 as the base year ascended to 7.70% in Dec'22 while it was 5.54% in Dec'21 (figure-I, table-I). Furthermore, the rate of inflation (point-to-point basis) ascended to 8.71% in Dec'22 from 6.05% in Dec'21 setting up 2005-06 as the base year. According to data from

the Bangladesh Bureau of Statistics (BBS), inflation eased for the fifth consecutive month as it fell to 8.57 per cent in January 2023.

Fig. 1: Rate of Inflation



Bangladesh Economic Review 2022

Table 1: Medium Term Macroeconomic Framework: Key Indicators

Indicators	2017-18	2018-19	2019-20	2020-21	2021-22	2021-22	2022-23	2023-24	2024-25
	Actual				Budget	Revised Budget	Projection		
Real Sector									
Real GDP growth (%)	7.32	7.88	3.45	6.94	7.20	7.25	7.50	7.80	8.0
CPI Inflation (%)	5.78	5.48	5.65	5.56	5.30	5.80	5.60	5.50	5.50
Investment (% GDP)	31.8	32.2	31.3	31.0	31.7	31.68	31.5	32.8	33.6
Private	24.94	25.25	24.02	23.70	23.31	24.06	24.88	25.91	26.65
Public	6.9	7.0	7.3	7.3	8.4	7.62	6.6	6.9	7.0
Fiscal Sector (% of GDP)									
Total Revenue	8.2	8.5	8.4	9.3	11.3	9.8	9.8	10.4	10.6
Tax Revenue	7.4	7.7	7.0	7.6	10.0	8.7	8.8	9.3	9.5
Of which NBR Tax Revenue	7.1	7.4	6.8	7.5	9.5	8.3	8.4	8.8	9.0
Non-Tax Revenue	0.8	0.9	1.4	1.7	1.2	1.1	1.0	1.1	1.1
Public Expenditure	12.2	13.3	13.0	13.3	17.5	14.9	15.4	15.5	15.6
Of which ADP	4.5	5.0	4.8	4.9	6.5	5.2	5.6	6.3	6.4
Overall Balance	-4.0	-4.7	-4.7	-4.0	-6.2	-5.1	-5.5	-5.1	-5.0
Financing	4.0	4.7	4.7	4.0	6.2	5.1	5.5	5.1	5.0
Domestic Financing	3.0	3.4	3.3	2.3	3.3	3.1	3.2	2.9	2.8
External Financing(net)	1.0	1.1	1.4	1.4	2.9	2.0	2.3	2.2	2.3
Money and Credit (Year-on-year % change)									
Domestic Credit	14.7	12.3	14.0	10.1	14.0	17.8	16.0	16.0	17.0
Credit to the Private sector	16.9	11.3	8.6	8.3	11.0	14.8	15.0	15.0	16.0
Broad Money	9.2	9.9	12.6	13.6	13.8	15.0	15.6	16.0	16.5
External Sector (% Change)									
Export, f.o.b	6.7	9.1	-17.1	15.4	12.0	34.1	20.0	18.0	18.0
Import, f.o.b	25.2	1.8	-8.6	19.7	11.0	30.0	12.0	14.0	14.5
Remittance	15.1	10.2	12.4	36.1	35.0	1.0	16.0	10.0	10.0
CurrentAccoun Balance(% GDP)	-2.98	-1.45	-1.26	-0.91	-0.06	-2.19	-1.19	-0.86	-0.81
Gross Foreign Exchange Reserves (Billion US\$)	32.86	32.72	36.04	46.39	48.37	42.05	47.07	54.89	64.11
Forex. Reserve in the month of Import	6.2	6.0	7.2	7.8	7.4	5.5	5.5	5.6	5.6
Memorandum Item									
GDP at current market prices (Billion Tk.)	26392	29514	31705	35302	34560	39765	44500	49913	56063

Source: Finance Division, Ministry of Finance, BBS

Performance of Financial Sector in 2022

During the year 2022, Bangladesh Bank has perused a cautiously accommodative policy stance to contain inflationary and exchange rate pressures, support desired economic growth, ensure the necessary flow of funds to the economy's productive and employment generating activities. A broad-based growth momentum across the economy continued till the December 22, owing to the performance of the agriculture and service-related sectors aided by supportive monetary and government policy measures. The real GDP growth of FY22 exhibited a marginal downward revision to 7.10 percent from 7.25 percent estimate in the midst of the combined risks posed by challenges to the post-pandemic recovery and the Russia-Ukraine war-induced global uncertainties. Considering the recent macroeconomic developments in the national as well as global front, the government has revised the GDP growth target to 6.50 percent, previously set at 7.50 percent for FY23 (Bangladesh Bank Quarterly Oct-December 2022, Volume XX, No: 2).

Inflationary pressure has been at the forefront of monetary challenges faced by BB during the year. The point-to-point headline inflation came down to 8.71 percent in December 2022 after reaching a decade high of 9.52 percent in August 2022 although it remained above the targeted level of 7.5 percent for FY23. The inflation is attributed to a significant increase in food and non-food prices mainly because of the pass-through effect of elevated global commodity prices in the face of supply shocks, higher shipping costs, and domestic currency depreciation. The inflation outlook might continue to confront some uncertainties in the second half of FY23 also because of increasing price pressures emanating from the strained supply chain, pessimistic progress regarding a peaceful resolution of the Russia-Ukraine war, and elevated global commodity prices.

During the year, BB's foreign exchange management faced significant challenges on mitigating the increasing pressure on the exchange rate and depleting forex reserve. Bangladesh Taka depreciated sharply during the period of Jul- Dec 22 reflecting excess demand for foreign exchange

along with an appreciation of the USD in the global market. To mitigate the depreciating pressure and bring current account deficits to a comfortable level, BB extended necessary policy measures, including net sales of USD 7.6 billion during FY22 and USD 12.9 billion during CY2022 to meet the excess demand for the greenback, imports barriers for unnecessary and luxury items, reduction of ERQ, reduction of cash foreign currency holdings by money changers, reduction of NOP limit, interest rate hike on borrowing from EDF, import monitoring and restrictions on foreign travels. As of end December 2022, BB's foreign exchange reserves stood at USD 33.8 billion compared with USD 41.8 billion at the end of June 2022. The exchange rate of BDT/USD depreciated to 99 at the end of December 2022—amounting 13.13 percent depreciation since January 2022.

As a part of the combined effort to combat the macroeconomic challenges, BB and the Ministry of Finance has been in discussions with the International Monetary Fund regarding a fiscal assistance for \$4.7 billion which was subsequently approved by IMF's board. The first instalment of \$447.8 million would come in February 2023, followed by six equal instalments of \$708.7 million.

To achieve monetary policy objectives, Bangladesh Bank has taken several policy measures during the period under review. Some of the critically important measures are: increasing the repo rate amid automatic quantitative tightening through selling a huge amount of foreign currencies to banks; relaxing the lending rate cap for consumer loans, including credit cards, and removing specific floor for the deposit rate; providing all sorts of production enhancing supports in terms of refinancing/pre- financing lines for agriculture, CMSMEs, import substitutes, and export-oriented industries; and continuing the support by providing enough refinance facilities to implement the Government's ongoing stimulus package. Some of these key initiatives undertaken by the central bank are discussed in detail below:

Inflationary Control through Policy Rate Hike:

With a view to control upward moving inflationary indicators and widening current account gap, BB

initially raised its repo rate by 25 basis points to 5.0 percent in May 2022. Subsequently, Central Bank further increased its repo-rate by 50 basis points to 5.50 percent at the end of June 2022 which was hiked by another 25 basis point to 5.75 percent in September 2022. In January 2023, the repo rate was finally revised to 6.00 percent resulting to a 1.25 percent increase in policy rate over a span of a year-and-a-half.

Introduction of Pre/re finance Schemes: BB introduced various pre/re-finance schemes of more than Tk. 50,000 crore, prioritizing investment in agriculture, CMSMEs and import substituting industries allowing them to avail term loans and working capital loans at easier terms and conditions. BB also provided a credit guarantee facility against all CMSMEs term loans. BB also formed Bangladesh Bank Agricultural Development Common Fund (BBADCF) in December 2022 to accelerate agricultural farm production. It would help the private banks to speed up their farm loan disbursements to enhance the country's food production for food security. It is worthwhile mentioning that BB has set a target for the country's agricultural credit disbursement at Tk. 30,911 crore for FY23.

Rationalization of Rate of Interest/Profit on Deposit and Loan/Lease/Investment for Financial Institutions: Under this directive, the rate of interest/profit on deposits for the financial institutions has been set at maximum 7% and for that of all loans/leases/investments 11% effective from 01 July 2022. The circular was issued by BB to curb anomalies prevalent among some financial institutions who were collecting deposits at high interest rates without complying with the existing market rates in terms of deposit collection and disbursement of loans. As a result, the cost of funds of those institutions were increasing unreasonably, which resulted in disbursement of loans at high interest rates. Consequently, the rising default loans was having a negative impact on the economy as a whole, including production.

Loan/lease/investment classification of Financial Institutions: According to this initiative, the term loan/lease/investment which were unclassified up to September 2022 shall not be

marked as classified, if minimum 50% of loan payable during October-December 2022 is paid by end of December 2022. The rest portion of the unpaid installment shall be payable by next 1 year of predetermined time at equal installments. Based on FIs-customer relationship, installment can be rescheduled and collected according to new schedule, with considering 1 year extended period with the remaining tenure.

Loan/Lease/Investment Write-off Policy for Financial Institutions: As a part of its effort in bringing in greater financial discipline, BB has asked NBFIs to initiate necessary legal action against fund diversions, loan created through fraud-forgery or in the name of fake entity. The loans/leases/investments so created will not be allowed to be written-off before setting the legal issue.

Calculation of Investment components of Capital Market Exposure: To rejuvenate the capital market, BB has allowed banks and financial institutions to compute their stock market exposure limit based on the purchase price of the securities they own rather than their current market value. It also provided more time for banks & NBFIs to adjust their investment from the capital market exposure limit. Moreover, in February, 2022 BB has issued a circular to the NBFIs specifying the components of investment that would be included in the capital market exposure to ensure greater clarity regarding the calculation of exposure of the financial entity.

Initiation of Secondary Trading of Government Securities: In October, 2022 Bangladesh Bank issued a circular which allows Government treasury bonds and treasury bills to be traded at Over the Counter (OTC) and Anonymous Order Matching trading platform. To ease the participation of general investors in the bonds and bills, the trading is allowed on the trading platforms of the Dhaka Stock Exchange and the Chittagong Stock Exchange. In 2019, the BSEC, the DSE and the Bangladesh Bank entered into a tripartite agreement where the DSE agreed to waive all listing fees for government bonds and have the rational tax structure from the government. DSE also agreed to charge a feasible amount in trading and settlement of government bonds.

Single Borrower and Large and Loan Exposure

Limit: In circular issued in January 2022, BB has set the limit for aggregate principal amount of total (funded and non-funded) exposure to a single person/counterparty or a group at a maximum of 25 percent of capital the bank at any point of time of which funded exposure has been restricted to a maximum 15 percent of capital. Under the same directive, the banks shall sanction large loans as per the limits set against their classified loan ratio.

L/C Cash Margin on Import Financing: In line with government's effort to control forex reserve depletion, BB has directed that a minimum 100 percent cash margin shall have to be maintained for opening LC against importing Motor car (Sedan car, SUV etc.) electrical and electronic products used as home appliances, gold, precious metals, RMG, and pearls, among other items, to discourage imports in a bid to keep the country's currency and debt management more integrated and stable. Minimum 75 percent cash margin shall have to be maintained for setting LC against importing all other products except baby foods, essential food products, fuel, medical equipment including lifesaving drugs and equipment recognized by the Directorate of Health, directly imported capital equipment and raw materials for production oriented local industries and export oriented industries, products related to agro-sector and essential products imported for government thrust sectors.

Application and Realization of Non-Transactional Fee/Charges on Credit Card:

In a directive issued by BB, it was stated that no non-transactional fees/charges (Annual fee, CIB fee, SMS fee, etc.) are allowed to charge on customer of credit card before activation of the card. However, non-transactional fees/charges are permitted to apply after activation of the credit card on consent of the customer. If an active credit card does not have any transactional liability (transaction related to shopping, cash withdrawal, or merchandise transaction), no fine is allowed to impose on non-transactional fees/charges because of overdue/late payment of non-transactional fees/charges.

Cash Incentive against Remittance through Legal Channel:

BB has allowed to provide incentive/cash assistance at existing rate against repatriation of the income through formal channel originating from retirement benefits such as pension funds, Provident fund, Bonus and other gratuities paid by employer. This is a part of central bank's initiative to encourage repatriation of the hard-earned remittances of the expatriates through legal channel.

Regarding emphasizing on disbursement of agricultural credit at 4% concessional interest rate for cultivating import substitute crops:

In a bid to combat global price-hike resulted in higher import cost and loss in foreign currency and to give a boost to the production and cultivation of import substitute crops (pulses, oilseeds, spices and maize) shall be facilitated with agricultural credit at 4% concessional interest rate at farmers' level under interest subsidy facility of the government.

Limitation on Ex-Bangladesh travel of bank and NBFI officials and employees:

With a view to strengthening the foreign exchange reserve of the country amid volatility in the global economy stemmed from the covid-19 pandemic and overseas war, BB has suspended overseas tour to participate in training/ meetings/ seminars/ workshops/ study tours, including private overseas tour, of bank and NBFI officials and employees.

Policy on Interest Waiver: Under this directive, loan principal is not allowed to be waived. Interest of loans generated by forgery and loans of willful defaulter are also not permitted to be waived. At the same time, interest cannot be waived by debiting income account of the state owned commercial and specialized banks. Interest waiver of the loans must be approved by the board of directors of the respective banks.

Master Circular on Loan Rescheduling: Transfer of Interest charged on Rescheduled Loans to Income Account: Under this directive, interest charged on rescheduled loans is not allowed to be transferred to income account unless authentically recovered. The financial base of the banks is deteriorating, but they are showing inflated financial health due to

such a practice which is already in violation of BB's master circular on loan rescheduling of 2012.

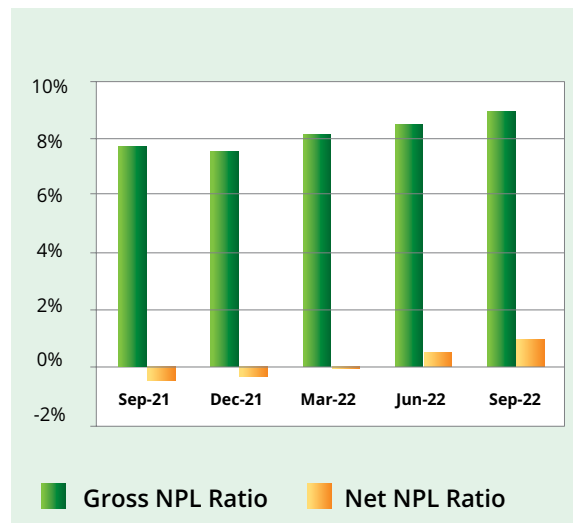
Inward wage remittances by Mobile Financial Service Providers (MFSPs): To bring wider flexibility, BB has allowed licensed MFSPs to repatriate wage earners' remittance in association with internationally recognized online payment gateway service providers (OPGSPs)/banks/digital wallets/card schemes and/or aggregators abroad (hereinafter referred to as approved/licensed foreign payment service providers, foreign PSPs).

Easing of cap on lending interest and withdraws floor for deposit interest rates for Banks: Very recently, Bangladesh Bank has decided to raise the interest rate on consumer loans to 12 percent from 9 percent to contain inflationary pressure. Earlier, as per a central bank instruction aimed at supporting the fast-growing economy, accelerating industrialization and keeping the cost of funds lower for borrowers, banks have been maintaining the 9 percent interest rate on all loans except for credit cards since April 2020. Simultaneously, BB has also withdrawn the floor for deposit interest rates (3 months and above) which was earlier tagged with average inflation rate encourage savings and also to maintain the purchasing power of the depositors.

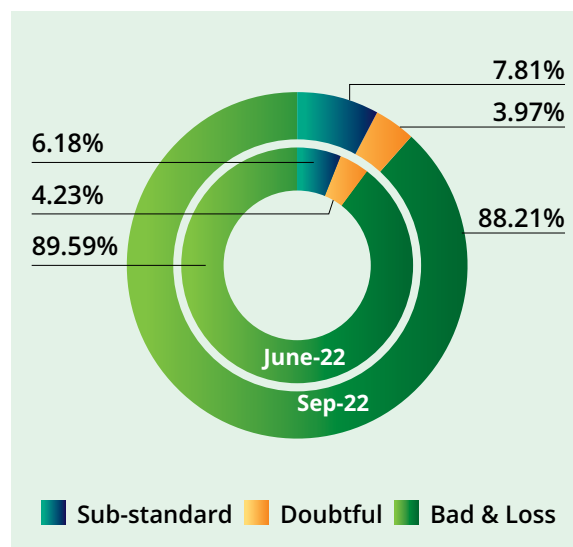
Banking Sector:

Banking sector demonstrated a mixed trend in the review quarter compared to the previous quarter as asset size and profitability increased, while asset quality, measured by gross NPL ratio, deteriorated. The asset size of the banking sector increased by 0.62 percent in the review quarter and reached BDT 21,680.49 billion. Banking sector's assets to GDP ratio stood at 54.52 percent. This asset growth was largely attributed to increase the loans and advances as well as other assets. Lion's share of the banking sector's assets (68.42 percent) including loans and advances (73.72 percent) were occupied by the PCBs. During the review quarter, PCBs' asset and loan share increased marginally. Holding the second largest market share, SCBs' asset share (23.80 percent) registered a small decrease while share of their loans and advances (19.41 percent) recorded a slight increase compared to the preceding period.

NPL Ratio of the Banking Industry



NPL Composition of Banking Industry



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

Asset quality in the banking sector slightly decreased as non-performing loan (NPL) ratio increased to 9.36 percent at end-September 2022 from 8.96 percent at end-June 2022. On the other hand, at the close of September 2022, net non-performing loans (non-performing loans less loan-loss reserve and interest suspense) to total loans i.e., net NPL ratio was 0.90 percent. This ratio has gradually deteriorated due to higher amount of classified loans. However, provision maintenance ratio increased by 6 basis points and stood at 84.74 percent.

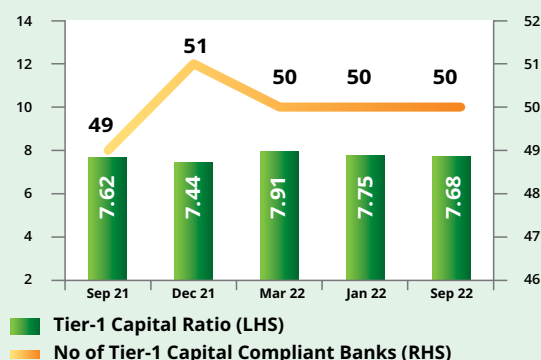
Banking Sector Loan Loss Provisions

Amount in billion BDT

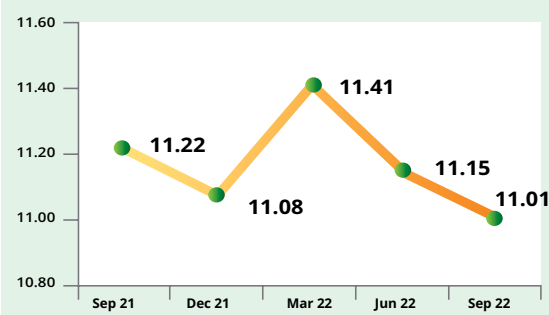
Period	Required Provision	Provision Maintained	Provision Maintenance Ratio (%)
Dec-20	669.76	617.11	92.14
Mar-21	648.02	646.78	99.81
Jun-21	709.51	653.69	92.13
Sep-21	723.49	661.44	91.42
Dec-21	806.54	666.47	82.63
Mar-22	850.68	703.22	82.67
June-22	862.68	730.48	84.68
Sep-22	886.83	751.54	84.74

Like the previous quarters, bad and loss (B/L) category continued to hold the lion's share of total classified loans in the review quarter. At end-September 2022, B/L category pertained 88.21 percent of total classified loans against 89.59 percent at end-June 2022. The share of other two categories of classified loans- sub-standard (SS) and doubtful (DF) stood at 7.81 percent and 3.97 percent respectively in the review quarter.

Banking Industry's Tier-1 Capital Ratio



Banking Sector Capital to Risk-Weighted Assets Ratio



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

The banking system's total regulatory capital (TRC) exceeded the minimum capital requirement (MCR) by BDT 111.03 billion in the review quarter. After the second quarter of 2022, the banking sector's quarterly CRAR showed a minor decrease. The CRAR was 11.15 percent at end-June 2022 and 11.01 percent at the end of the review quarter. In both quarters, the ratio was higher than the regulatory requirement of 10 percent.

In the review quarter, profitability of the banking sector, measured by return on asset (ROA) and return on equity (ROE), increased to 0.53 percent and 9.48 percent respectively compared to 0.46 percent and 8.20 percent of the respective ratios of the preceding quarter.

At end-September 2022, the banking system met the cash reserve ratio requirement (CRR) on both overall and banking cluster basis. On the other hand, the system maintained SLR of 21.58 percent, 10.50 percentage points higher than the minimum requirement. At end-September 2022, Advance-to-Deposit Ratio (ADR) of the banking industry stood at 76.30 percent which was 1.53 and 4.22 percentage points higher than those of end-June 2022 and end-September 2021.

The liquidity situation of the banking system is usually measured by banks' excess cash reserves in a narrow sense and banks' excess liquid assets in a broad sense, exhibits a declining trend during the period owing to several factors. Some of them are the continuous rise in demand after the visible improvement of corona impacts, the increase in credit flow to public and private sectors, the excessive higher import costs due to very high commodity prices, and the significant depreciation BB has taken various initiatives, including continuous liquidity supports to the conventional banks through repo and assured liquidity support facility and the introduction of an Islamic bank liquidity facility (IBLF). Nonetheless, some banks, particularly Shariah-based Islamic banks, have been facing liquidity pressure during the last couple of months. As a result, the banks' total excess reserves and excess liquid assets declined from Tk. 26,876 crore and Tk. 2,03,435 crore at the end of June 2022 to Tk. 6,591 crore and Tk. 1,53,177 crore at the end of November 2022, respectively.

Interest rate in the call money market jumped up to 5.81 percent at the end of December 2022 from 2.66 percent at the close of December 2021. The weighted-average interest rate on lending moved up to 7.22 percent in December 2022 from 7.15 percent in December 2021, maintaining the rate far below the government-fixed ceiling of 9.0 percent. Likewise, the weighted-average interest rate on deposit also moved to 4.23 percent from 3.99 percent during the same period.

Yields on government securities of most maturities showed sharp upward movement in December 2022 compared to that of a year earlier, reflecting expected credit growth both in public and private sectors in the phase of economic recovery.

Interest Rate Movement (In Percent)

Instruments	December 2022	December 2021
T- Bills:		
91- day	7.30	2.37
182- day	7.50	3.24
364- day	8.00	3.47
Call Money Rate	5.81	2.66
Lending Rate (All Banks)*	7.22	7.15
Deposit Rate (All Banks)*	4.23	3.99

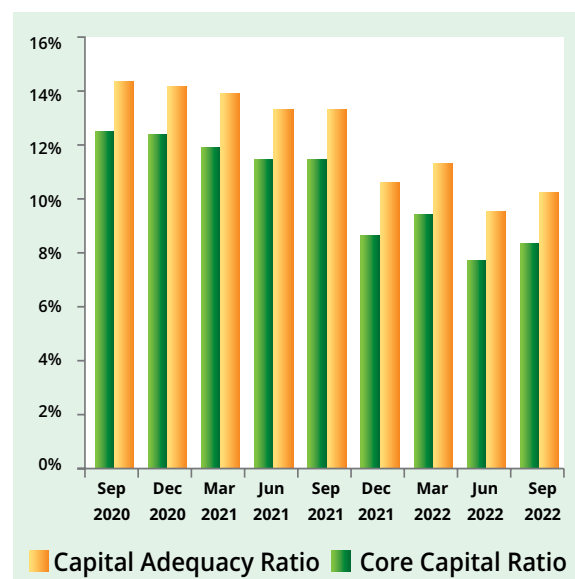
Source: Bangladesh Bank website

NBFI sector:

The key financial soundness indicators manifest the mixed performance of non-bank Financial Institutions (FIs) during the period under review. During September 2022 quarter, the capital adequacy ratio (CAR) and the core capital ratio (Tier-1 capital) of the Financial Institutions (FIs) increased moderately compared to the previous quarter. On an aggregate basis, CRR maintained by FIs was higher than the required CRR in June 2022. Moreover, SLR maintained by the FIs was

significantly higher (more than four times) than the required level.

FIs' Non-performing Loans Ratio



Particulars	End Sep-20	End Dec-20	End Mar-21	End Jun-21	End Sep-21	End Dec-21	End Mar-22	End Jun-22	End Sep-22
Capital Adequacy Ratio (%)	14.33	14.23	13.82	13.33	13.30	10.58	11.27	9.53	10.16

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

In the review quarter, the capital adequacy ratio (CAR) and the Tier-1 capital (core capital) ratio of the FIs stood at 10.16 percent and 8.35 percent, respectively. Both the ratios increased by 0.63 and 0.65 percentage point, respectively at end-September 2022 compared to those of end-June 2022.

FIs' Liability and Equity Composition

Particulars	Jun-22	Sep-22
Borrowing	246.40	238.03
Deposits	451.31	444.05
Capital	69.44	63.00
Others	181.66	188.04
Total	948.81	933.12

FIs' Classified Loans and Lease

(Amount in billion BDT)

Quarter	Aggregate NPL	Aggregate NPL to total loan (%)
Mar-20	70.34	10.51
Jun-20	89.06	13.29
Sep-20	102.45	15.47
Dec-20	100.59	15.03
Mar-21	103.54	15.46
Jun-21	103.28	15.39
Sep-21	117.57	17.62
Dec-21	130.17	19.33
Mar-22	142.32	20.63
Jun-22	159.36	22.99
Sep-22	173.27	24.61

Aggregate classified loans and leases stood at BDT 173.27 billion at end September 2022 from BDT 130.17 billion at end December 2021. The ratio of classified loans and leases increased to 24.61 percent at end September 2022, which is more than 5.00 percentage points higher than the December quarter and 1.62 percentage points higher from June 2022.

The liquidity position of FIs in line with regulatory requirements also portrays a reasonable situation. Both the Statutory Liquidity Ratio (SLR) and Cash Reserve Ratio (CRR) maintained by FIs remained well above the required level in the review quarter. The aggregate amount of cash reserve ratio (CRR) maintained by the FIs was BDT 5.80 billion as of end-June 2022 compared to BDT 5.15 billion at end-March 2022, recording an increase of 12.73 percent. An excess amount of BDT 500.56 million was observed against the CRR requirement. The amount of statutory liquidity ratio (SLR) maintained by FIs registered at BDT 91.40 billion at the end-June 2022 against the requirement of BDT 21.77 billion.

Capital Market:

Both the bourses of the country experienced bearish trend during the year, portrayed by respective downtrends in indices, P/E ratio. At the close of December 2022, Broad index of DSE and all share price index of CSE stood at 6206.81 points and 18328.02 respectively which were at 6756.66 points and 19666.07 points respectively a year earlier.

For the month of December 2022, total turnover value of traded shares stood at BDT 72.31 billion which was a staggering 62.65 percent lower than that of the same month of the last year. At the end of December 2022, the P/E ratio of DSE stood at 14.10 which was 16.29 at the close of the previous year. The market capitalization of DSE stood at BDT 7609.37 billion at the end of December 2022 which was 40.34 percent higher than that of December 2021.

During December 2022, total turnover value of traded shares stood at BDT 2.87 billion which was 74.07 percent lower than that of the same month of the previous year. Similarly, by the close of the year, the P/E ratio for CSE declined to 14.35 from 17.29 a year earlier. The market capitalization of CSE stood at BDT 7414.38 billion at the end of December 2022 which was 61.69 percent higher than that of December 2021.

The downward index might be attributed to the investors rising uncertainty towards the market and the financial sector as a whole. A deep and vibrant capital market is crucial for long-term financing which could uphold the financial stability and expedite the economic growth.

Real Estate Sector of Bangladesh: A Comprehensive Analysis

Bangladesh is a rapidly developing nation and its real estate market is a key component of this growth. With rapid urbanization, population growth and continuation of infrastructure development across the country, the demand for housing and other real estate services has been steadily increasing, leading to a surge in real estate development. The Bangladesh government has also taken strides to promote the real estate sector in order to meet the

demands of its citizens. In addition, the real estate sector is one of the most important contributors to the nation's economy, contributing approximately 8% of the country's GDP. The sector has been growing at an average rate of 10% per annum over the past few years, driven mainly by rising demand for housing and commercial properties. The residential segment of the real estate market in Bangladesh is dominated by mid-income and low-income housing. This segment has seen a major growth in recent years due to the increasing demand for affordable housing. The government has been actively involved in the development of this sector through the implementation of various policies and incentives.

Present Real Estate Market Scenario

Due to the ongoing Russia-Ukraine war, the strain on foreign currency reserves, the dollar shortage, runaway inflation, higher construction costs, and the implementation of the new DAP (Detailed Area Plan), the Real Estate sector has been facing a range of challenges since 2022. This has created an unstable situation of raw material prices both in domestic and international markets, resulting in realtors slowing down on taking up new projects.

At a press conference held on December 18, 2022, Real Estate Housing Association of Bangladesh (REHAB) stated that the prices of flats would increase from the next year, and flats and plots would not be available at the same price of previous year. Furthermore, due to the reduction of floor area ratio (FAR) announced by the new DAP, most of the buildings in Dhaka will lose floors and number of units, thus exacerbating the housing crisis and leading to a sharp increase in flat prices and rent. REHAB members have not been able to reach any agreement or compromise with the landowner in the last four months after the notification of the new DAP. No one has passed a new plan. Many are working on old projects. As a result, there will be a shortage of flats in the future and prices will increase. President of the Real Estate and Housing Association of Bangladesh, said, "Under the current circumstances, there is no scope for realtors to be over-ambitious." Managing director of Sheltech Group, another reputed real estate company, said the company has not cut the number of projects yet.

He thinks the situation around gas and electricity would take some time to have an impact on the real estate sector. Another managing director of a real estate company said the discontinuation of the scope to legalize untaxed money by investing in the stock market might have some impacts on the sector. People are a little bit tense because of the protracting war, the dragging pandemic, the dollar shortage, the fall in foreign currency reserves, and the overall direction of the economy, he said. Despite the high cost of raw material and land, policymakers are still pushing for the implementation of the DAP, leaving the real estate sector in an uncomfortable situation.

Overall, the real estate sector is not in a comfortable position at the moment, as the price of land is increasing and developers will not be allowed to construct buildings over a third of the land due to the new rules introduced in Dhaka city. However, the demand for flats has not declined and sales of secondary flats have also increased due to lower prices and availability of utility connections.

Opportunities and Challenges of Detailed Area Plan (DAP) implementation:

The new Detailed Area Plan (DAP 2022-2035) of RAJUK has various sustainable urbanization-friendly initiatives, including planned drainage systems, flood flow protection access roads, outdoor spaces, community facilities, transportation, business areas, streetscape, and more. This DAP will be used as the basis for land use zoning, infrastructure development, spatial planning, civic amenities, utility services, and other issues of the metropolis. Dhaka's metropolis region is now 1562 sq km, which means the DAP is applicable from the forest area of Gazipur to the trade area of Narayanganj, and covering Savar, Old Dhaka, and Keraniganj along the way. The goal is to decentralize the population of Dhaka to the outskirts of the city by providing affordable housing in those regions, with the intention of solving the city's problems by promoting equity.

However, several challenges remain for the housing industry, according to REHAB. The new DAP determines the Floor Area Ratio (FAR) in proportion to the road width, which could cause difficulties for the real estate industry. Under the new rules, a 4-5

story building may be approved even if there is no wide road, while previously, an 8-10 story building could be constructed. Consequently, the apartment selling price will be higher, which may not be feasible for customers. Additionally, the new DAP rules will be most detrimental to landowners, as they will be restricted to a minimum number of apartments per land. Due to the reduction of FAR, landowners considering joint venture development may be offered 25-40% less usable area than before, which may not be a viable option for many of them, and the total cash money will also be significantly reduced. Rent prices will consequently skyrocket due to the shortage of housing, creating dissatisfaction for landowners, homeowners, and tenants alike.

An Overview of the Current Trend in the Real Estate Sector

- The primary market, which includes new construction and development projects developed by developers and groups of people, has seen a surge in activity and investment. In Dhaka and Chattogram cities, new apartments, condominiums, and commercial buildings are being built in the city center, while in the outskirts, new residential communities are being developed.

The secondary market, which consists of the sale and resale of existing properties, has also been booming, due to an increasing number of investors looking for investment opportunities in the real estate market. Sales of secondary flats have increased due to lower prices and the availability of utility connections.

Pro-tech companies, such as Bproperty and Apex Property Limited, are operating their services in the real estate market with marketplaces in different locations, providing an additional layer of support for those looking to buy and sell property, apart from developers and real estate brokerage houses. This allows buyers to have access to enough inventory and information before dealing with their desired properties.

- The majority of successful companies today offer their services exclusively through digital platforms. Their websites provide customers with the ability to view their portfolio, ready flats, and works in progress. Moreover, online

consulting services are available from many of these companies, like Bproperty and Bikroy.com, giving buyers access to sufficient inventory and information before they engage with any properties.

- In addition to conventional home loans, some Banks and NBFIs, permitted by the Bangladesh Bank, are offering Islamic Home Finance, a Sharia-compliant financing solution, which allows customers to purchase real estate with the mode of Hire Purchase Under Shirkatul Meelk (HPSM). The financing is structured in such a way that it is compliant with Islamic financing principles and the payments made by the clients are free of Riba (interest). This alternative for customers who wish to purchase real estate without incurring interest charges is available through a variety of banks and NBFIs, permitted by the central bank in Bangladesh.
- In line with the Sustainable Finance Department of the Central Bank, the interest rates of loans under the Refinancing Scheme for Green Housing have been reduced by 2%. Banks and Non-Banking Financial Institutions (NBFIs) will be able to avail funds from the scheme at 1% less than the Bank Rate, thus paying 3% as per the current rate. Buyers with low and mid-level incomes will be able to get a loan of up to Tk. 3 million for environment-friendly flats in multistoried buildings. Furthermore, the Central Bank will also provide loans of up to Tk. 300 million to builders interested in constructing multistory eco-friendly buildings. A major condition for availing the loan is that the flat must be smaller than 750 sq feet in size. The interest rate for such loans will be 5% if repaid within five years, according to the circular; 5.5% for loans with a tenure of more than five years but less than eight years; and 6% for loans with a tenure of over eight years, as compared to the previous rates of 7%, 7.5%, and 8%, respectively. Earlier, borrowers were not eligible to apply for loans under the scheme if they had loans under other refinancing schemes; however, the new circular has relaxed this condition to some extent. This loan will be disbursed from the Environment Friendly Refinancing Fund of the Central Bank by all Scheduled Banks and Financial Institutions operating in the country.

except Sharia-based banks and financial institutions. Housing companies must construct eco-friendly buildings with flats smaller than 750 square feet in order to qualify. Furthermore, both individual and institutional level borrowers are obligated to show an environment-friendly certificate, obtained within 90 days of applying for the loan.

- All eligible regular government officers and employees can avail of a housing loan as per the eligibility criteria of the loan scheme designed by the Ministry of Finance. According to the present circular, the maximum loan ceiling is Tk75 lakh and the maximum duration is 20 years. The applicable rate of interest under this scheme is 9%, of which the government will provide a subsidy of 5%, and the employee will bear the remaining 4% interest. A total of 13 banks, including one NBF, DBH Finance PLC, have been partnered with the Ministry of Finance to facilitate home loans to government employees under the Government Employee Home Loan Scheme.

Opportunities of Real Estate Sector

Approximately 2 million people are currently employed in the real estate and related industries, such as architects, engineers, management officials, and direct and indirect laborers. Over the past five years, this sector has generated roughly Tk. 20 billion in sales and an average of Tk. 2 billion in tax revenue annually for the government, contributing approximately 10% to GDP. To take advantage of the growth potential in the sector, the government has invested heavily in improving the country's infrastructure, resulting in better connectivity and improved access to markets. With the population projected to double by 2050, Bangladesh is experiencing rapid urbanization, thus creating numerous opportunities in the real estate sector due to an increased demand for housing and commercial space.

- The development of the Metro Rail, Elevated Expressway, and Bangabandhu Tunnel has created a great opportunity for real estate in Bangladesh. Commuters are increasingly choosing to reside outside the main cities of Dhaka and Chattogram, driving up the demand

for housing on the outskirts of Dhaka City. This surge in demand provides a great opportunity for real estate developers in Bangladesh.

- Currently, approximately 64% of the residents in Dhaka reside rented properties. This is a similar scenario in other major cities in Bangladesh. Therefore, real estate companies have a significant opportunity to explore the affordable housing market for this segment.
- Decentralizing the cities by transforming the upazilas and municipalities around Dhaka and Chittagong into small satellite towns will create housing opportunities for the local people, and provide additional economic benefits such as job creation and increased investment. DAP is applicable all the way from the forest area of Gazipur to the trade area of Narayanganj, covering Savar, Old Dhaka, and Keraniganj along the way. So, the outskirts of Dhaka are also included in the detailed area plan, resulting in an increased demand for housing in these areas. Similarly, according to the draft plan of the CDA, the new Chattogram metropolis will be almost five times larger than its current size (Source: Business Standard). The master plan aims to build at least 11 satellite towns and six industrial zones with an up-to-date water supply system, flood control, river management, drainage system, and a well-planned traffic management system. The satellite towns are Hathazari, Madunaghat, Kumira, Rauzan, Gahira, Pahartali, and Boalkhali, Patia, resulting in an increased demand for housing on the outskirts of Chattogram City.
- Now, digital land-registration services are available in 17 out of 495 upazilas in the country, under a pilot project (source: Financial Express). These services, such as e-mutation, land-development tax, civil-suit management, digital databank, hotline, map collection, certified copy of record of rights, khatian service, and mouza map, are being offered online on the website and through mobile apps, to make services more convenient and efficient. Moreover, these digital services offer various benefits, such as faster and easier processing of land documents, greater transparency in the land registration process, improved accuracy of the records, and

cost savings. Unfortunately, most general and real estate people are unaware of these digital services and the associated benefits. However, with more awareness, the services can become more widely used.

- New dimensions of the real-estate market, such as real-estate brokerage houses, online marketplaces, and ProTech companies, have been active in Bangladesh, resulting in the creation of new jobs and providing buyers with more options for dealing in their desired properties, in addition to the primary market being driven by developers.

Challenges of Real Estate Sector

In spite of its potential, the real estate business in Bangladesh was not without its challenges in 2022. The Real Estate sector has been facing difficulties due to the Russia-Ukraine war, a strain on foreign currency reserves, a dollar shortage, runaway inflation, higher construction costs, and an unstable situation of raw material prices in both domestic and international markets.

- The implementation of the new DAP has not put the sector in a comfortable position. In this new DAP, the Floor Area Ratio (FAR) has been determined in proportion to the road width, which may cause difficulties for the real estate industry. Previously, an 8 to 10-story building could be constructed even if there was no wide road, but now, only a 4 to 5-story building can be approved there. Consequently, the apartment selling price will also be higher, which may not be viable for customers.
- The year 2022 began with a set lending cap imposed by the central bank despite high inflation, however, maintaining a single rate became difficult for some Financial institutions due to the rising cost of funds in the current money market.
- The real estate market in Bangladesh is challenged by a lack of institutional-based education, with only Daffodil University offering courses in the field. Moreover, the high turnover rate of salespeople in this industry is higher than any other sector in Bangladesh, leading

to inadequate governance and making the job less attractive, thus making it challenging for companies to recruit professionals.

- Smaller flats are in high demand in the ever-busy corporate society of Dhaka, yet the supply of this kind of accommodation is not on the development list of the developers. A working person living in the city, either by themselves or with their spouse, could own a flat with a bank finance facility, paying a monthly installment equivalent to their rental amount for a 10-15 year period. The investors in the real estate sector may have thought about this, however, no signs of it have been seen yet.
- The Real Estate market had a first spike in Bangladesh in early 2006 and lasted till 2009, and we have witnessed the second spike from 2015 to 2018. We may see another spike in the current year, and we predict it will last from 2022 to 2025. Factors such as scarcity of land, DAP implementation, runaway inflation, higher construction costs, and new opportunities for cost-effective living will determine the new spike.

Both the government and the private developer companies must work together to promote growth in the real estate sector in Bangladesh. The government should put in place favorable policies to encourage developers to build low-cost and affordable housing for the masses. In addition, the concept of 'affordable housing' needs to be widely promoted to ensure everyone has access to basic accommodation. Solving the housing problem in the country requires joint efforts from both the industry and the government.

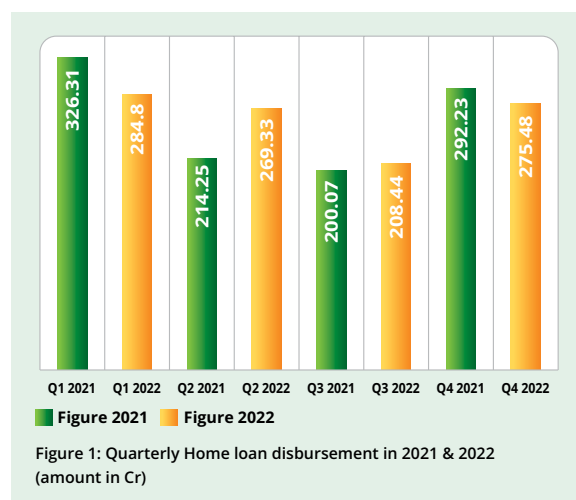
Product wise Performance

■ Performance of Home Loan Operations 2022

After a solid disbursement growth of 58% in 2021, the objective for 2022 was to achieve continued disbursement growth and achieve sizable portfolio growth. However, like most other sectors, the Ukraine war interrupted the robust growth of the real estate sector in Bangladesh which ultimately had an adverse effect on the loan disbursement

growth of DBH in the year 2022. Total loan disbursement in the year 2022 stood at BDT 1038.06 Cr resulting in 0.5% growth from loan disbursement in the year 2021.

In the first quarter of the year 2022, net loan disbursement was BDT 284.8 Cr which was 13% less than the same period of 2021. In the 2nd quarter of the year 2022, DBH disbursed 269.33 Cr., which was 20% more than the same period of the year 2021. In 3rd quarter DBH posted net loan disbursement of BDT 208.44 Cr and in the 4th quarter loan disbursement was BDT 275.48 Cr. In both quarters disbursement figures were very similar to the disbursement figures for the year 2021.



The rate of interest of home loans remained low and unchanged till the end of the first quarter of the year 2022 and most banks and FIs were lending at 7.5% to 9%. However, soon after, the cost of the fund started to increase due to multiple factors including the shift in the central bank's monetary policy to curb inflationary pressure. As a result, deposit rates took an upward trend from the beginning of the second quarter of the year 2022. At beginning of the year, DBH was able to source deposits at 6% which got increased to 6.5%-7% by April 2022. Most NBFIs and the number of banks started to source funds above 7% at that time. Bangladesh Bank imposed a cap for the maximum rate for deposits and lending for NBFIs. The maximum deposit rate is set at 7% and the lending cap was set at 11% for NBFIs effective from July 1, 2022. Even though for banks there was a lending cap in place by the central bank but there was no deposit cap applicable to banks.

As the cost of the fund increased, DBH's net interest margin (NIM) took a substantial hit and had no other alternative but to increase the lending rate. At the beginning of the year, DBH was offering loans at 9% or lower to compete with banks but was forced to increase its lending rate to slightly beyond 9%. However, a number of leading banks still continued to offer home loans at a lower rate of 8%-9%. As there was a difference in lending rate from banks offered by DBH, disbursement growth slowed down to some extent from the second quarter onwards. Even though DBH has revised its lending rate to cope with the cost of funds, the change in the weighted average Rate of Interest of DBH's home loan portfolio was minimal. The weighted average Rate of Interest of DBH's home loan portfolio was almost 9% in January 2022 which got increased to 9.38% in December 2022. DBH had to adjust lending rates keeping in mind market rates offered by different banks and NBFIs to remain competitive.

In August 2022, RAJUK published its Detail Area Plan for 2016-2035. One of the objectives of this new DAP was to reduce the density of the population of Dhaka. As a measure, the Floor Area Ratio was reduced in most parts of Dhaka city except the new towns, which will result reduce the number of floors and units in the new projects to be approved under this new DAP. This will have adverse effects on developers, landowners as well as clients as apartment prices will increase for a reduced number of units per project. The submission of plans for approval came to near zero level for new projects after this new DAP became active. If the issue is not addressed, it will create a vacuum on the supply side in the coming years and adversely affect the financial sector.

Some banks were focused on balance transfer and were offering home loans at a lower rate than the market to attract clients. These prompted some clients to transfer their balance. There was a high level of prepayment throughout the year which includes both voluntary prepayments as well as balance transfers to other banks. With the high level of prepayment and lower disbursement growth, net portfolio growth for the year was 1.50%, which was short of projected and targeted portfolio growth. The loan portfolio stood at appx BDT. 4400 crores at the end of December 2022.

However, despite challenges, DBH had always been able to keep the operational cost down and mobilize funds at a relatively lower cost due to the excellent market reputation and this enabled DBH to remain competitive in the market even with a number of front liner banks in operation. As of the end of December 2022, non-performing loans (NPL) for DBH stood at 0.86% which is still by far the lowest in the industry.

In the year 2022, DBH continued to penetrate the market with geographic expansion to cater to more prospective loan and deposit clients. After careful market analysis, DBH opened its 13th branch at Rajshahi, a divisional town in the northern region of the country in February 2022. Later on in September 2023, DBH opened another branch in the northern region of the country at Rangpur. In addition to geographical expansion, as part of product diversification and entertaining growing demand for Islamic products for both deposit and financing, DBH initiated the process to launch its Islamic wing which is expected to be operational by the second quarter of 2023. In addition, DBH also got enlisted as a participatory financial institution for the government employees' home loan scheme under the Ministry of Finance's subsidized government home loan scheme.

■ Performance of Deposit Portfolio

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

At the close of December 31, 2022 the deposit portfolio of DBH stands at Tk. 40,060.59 million with an interest payable worth another Tk. 802.00 million. The deposit portfolio of DBH closed almost 8.91 percent lower when compared that of the preceding year in FY 2022, gross amount of interest payable on the DBH deposit products have been decreased when compared to that of preceding twelve months. The deposit portfolio has decreased as DBH opted to broaden fund sourcing from bond issuance and, credit facilities from commercial banks and replace a portion of the deposit portfolio to ensure cost minimization and diversification.

DBH also provides loan against deposits (LAD) to cater to its customers' urgent financial need. As of December 31, 2022, the LAD portfolio of DBH stood at Tk. 184.95 million.

Recovery

Industry's aggregate classified loans and leases stood at BDT 173.27 billion at the end- September 2022 from BDT 159.36 billion at the end-June 2022. The ratio of classified loans and leases increased to 24.61 percent at the end-September 2022 which was 1.62 percentage points higher than that of the previous quarter and 6.99 percentage points higher than that of end-September 2021. Scammers siphoned off a large volume of funds from some of the NBFIs in the form of loans using fake documents, creating piles of defaulted loans in the sector. Besides many credit recipients who got benefits from the NBFIs during the Covid pandemic are now willingly turning into defaulters.

In terms of NPL, DBH is in far better position than the industry scenario. The Classified loans of DBH reached to Tk. 384.77 million with NPL ratio of 0.86% at the end of 2022. While aggregate NPL ratio for both Banks and FIs have gone up, DBH has been successful to restrain the increase to a minimum level. Needless to say, this is by far the best figure in Bank & FI industry. Special recovery team of the company played contributory role to get that figure with their all-out effort for recovery of loans. Intense follow-up and proper monitoring through frequent customer visits are the keys to efficient and effective recovery system.

Funding Operations

Being one of the largest non-bank depository institutions of the industry, the funding composition of the Company has remained significantly reliant on the deposit portfolio. These products are tailored to meet the diversified needs of our retail and corporate client base. The deposit portfolio of the Company has stood at Tk. 40,060.59 million which holds 67.74 percent of our funding basket.

The funding of our company also comprises of both long term and short term bank loans to manage our cost of fund efficiently. The Bank loan portfolio of DBH consists of funds received under Housing Loan Refinance Scheme of Bangladesh Bank worth Tk. 1239.99 million and received credit facilities and short term borrowing from local market worth Tk. 7,591.87 million.

DBH has also issued a 4-year Zero Coupon bond with an issue size of Tk. 3.00 billion, which has been fully subscribed and Tk. 2,248.28 million remains outstanding at the closing of 2022. Apart from that the shareholders' contribution to the funding mix is Tk. 7,995 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, 2022 is presented below:

Source	Amount in Million Taka
Deposits	40,060.59
Borrowing from Banks, FIs & Other Agents	11,080.14
Equity	7,994.96

Treasury Operations

Money market continued to tighten round the year especially during the latter half mainly due to quantitative tightening by BB by selling huge amount dollar into the local forex market coupled

with exchange rate devaluation, rising inflation owing to declining flow of remittance and rising import payments stemming from the effect of Russia-Ukraine war. The sale of foreign currencies to meet higher import demand than those of export earnings and inward remittances has resulted in a large volume of local currency withdrawal, significantly contributing to the declining trend of excess cash reserves/liquidity. The banks' total excess reserves and excess liquid assets declined from Tk. 26,876 crore and Tk. 2,03,435 crore at the end of June 2022 to Tk. 6,591 crore and Tk. 1,53,177 crore at the end of November 2022, respectively.

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

Treasury of DBH actively managed the liquidity gaps by managing the flow of assets and liabilities under strict regulatory requirements. The treasury department reorganized the funding mix and steadily shifted its objective towards maintaining stable liquidity coupled with fostering arbitrage income during 2022. 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 enhance treasury income. The treasury department contributed a significant portion of the interest income through investment activities during this period. Throughout the year the treasury department maintained a well-balanced liquidity position of the company by adhering to the rules and regulations of the Central Bank.

Investment in Securities

The year 2022 was closed in an unexpected way for the Bangladesh Stock Market. DSEX – the benchmark decreased from the peak point 7105.69 point to 6206.81 points; almost 898.88 point. During 2022, DSE observed the average turnover of BDT 9608.52 million whereas the average turnover during 2021 was 14,752.20 million. It means Average Turnover during 2022 was decreased by 34.87% from the previous year.

The performance of IPOs was not up to the mark during 2022 compared to 2021. During 2022, nine companies only got listed in the DSE's secondary market, raising around 1,088 crores. Among the newly listed companies, the banking sector IPOs performed worst whereas the Insurance sector topped the list by performing the best during 2022. In terms of sector wise transaction in DSE, the top performers were the pharmaceuticals and chemical sector followed by Miscellaneous sector. Pharma & Chemical sector transacted 15.59% of the total transaction whereas 11.22% of total transaction made by miscellaneous sector. The textile sector (10.24%), Engineering Sector (9.81%) & Insurance sector (7.41%) held the third, fourth & fifth position respectively.

Considering the market conditions, we followed wait and see policy and booked some profit when there was a chance. It saved us from occurring huge loss and thus it made our portfolio performance almost similar to the market condition.

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. 131 of this report.

Information Technology

During the last financial year, Information Technology (IT) department implemented some important technology solutions as well as maintained its existing ICT infrastructure and software systems securely.

A surveillance audit has been completed for the ISO 27001:2013 standard framework to ensure best practices in risk-based, systemic Information security management.

IT department has implemented an RTGS system for automatic Inter-Bank/FI money market settlement and developed a management system for Zero Coupon Bond, Treasury Bills & Treasury Bond. We have also integrated VAT management software with our centralized software. Moreover, our centralized software system has been enhanced with a new feature for Affordable loans, Cluster based loan approval, and a new Deposit Scheme (i.e., DPS) management. Furthermore, we have developed a system to contribute data of Geographical and Flat Characteristic Information of Builder for the "Residential Property Price Monitoring Database (RPPMDb) Solution" of Bangladesh Bank as per the proposal of IMF Mission.

IT department has been working relentlessly to maintain and implement ICT systems as per business demand and technology trends.

Internal Control system

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

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

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

Codes and Standards

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

Credit Rating

DBH Finance PLC. with its strong fundamentals has earned the highest credit rating award for the 17 (seventeen) consecutive years. Emerging Credit Rating Limited (ECRL) reaffirms AAA in the long term and ST-1 in the short term rating of DBH Finance PLC. in its latest entity rating done based on the Company's accounting year ended on 2021.

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. 26 of this annual report. Financial Highlights as required by Bangladesh Bank has also been given on page no. 27 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, 2022 was Tk. 44,536 million. We have extended loan to around 18,293 customers to meet their housing need, which is one of the basic needs of people.

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

<i>Taka in Million</i>		
Particulars	December 31, 2021	December 31, 2022
Income Tax paid on company's income	646.44	751.24
Tax collected at source on behalf of Government	328.54	359.96
Value Added Tax (VAT)	47.31	48.10
Excise Duty	64.40	73.96
Total	1,086.69	1233.26

Creating employment has a vital impact on the economy and number of employees of DBH as on December 31, 2022 was 344. Efficient workforce is very important for the organization as well as for the country. Keeping same in view, DBH has spent Tk. 0.51 million for training of its employees. During the period from January 1, 2022 to December 31, 2022, DBH has paid Tk. 390.44 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 it is working through its continuous effort to promote ownership of housing, wealth creation and also towards the improvement of the underprivileged of the society.

Corporate Social Responsibility policy of the Company was approved by the Board of Directors in line with the Bangladesh Bank's Guidelines on CSR with a view to engage the institution into a broad range of direct and indirect CSR activities including humanitarian relief and disaster response as well as to widening of advancement opportunities for disadvantaged population segments in the areas of healthcare, education and training as well as greening initiatives etc.

The details of the CSR initiatives have been presented under the head of Corporate Social Responsibility on the page no. 119 of this report.

Highlights on Financial Performance

(Figures in Million Taka)

Particulars	December 31, 2021	December 31, 2022
Operating Revenue	5,373	5,180
Interest Expense	2,890	3,045
Operating Expense	565	610
Profit Before Provisions	1,918	1,524
Profit Before Tax	1,721	1,580
Net Profit After Tax	1,044	1,017

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. 113).
- 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. 128.

Explanations on Significant Deviations from the last year's results

Given the prevailing macroeconomic landscape, it is noteworthy to mention that there has been a significant upsurge in the demand for deposits, which has correspondingly resulted in an increase in the deposit rate or the cost of funds, coupled with a rise in withdrawals during the fiscal year. As a result, the Net Operating Cash Flow Per Share (NOCFPS) has witnessed a marked deviation, with a net outflow of cash to the tune of Tk. 3,918 million.

Subsequently, it is important to highlight that the interest income recorded a decline of 4%, leading to a noticeable variance in the net interest income.

However, it is encouraging to note that the company's loan portfolio and disbursement have displayed remarkable resilience and growth. The loan portfolio increased by 1.5% in December 2022, with a value of Tk. 4,400 Cr, compared to Tk. 4,337 Cr in December 2021. The loan disbursement also reflected a marginal increase of 0.5% in 2022, amounting to a total disbursement of Tk. 1,038 Cr, compared to the previous year's disbursement of Tk. 1,033 Cr.

Board Meetings and Attendance by the Directors

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

Shareholding Pattern

Shareholding patterns of the Company as at the end of the 2022 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 2022 have recommended @ 17% dividend [@ 15% cash i.e. Tk. 1.50 per share and @ 2% stock i.e. 1(one) share against every 50 (fifty) shares held] from the distributable profits of the Company, which will be placed before the shareholders in the forthcoming AGM for approval.

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

Directors' Appointment & Re-appointment

The profile of Directors of the Company has been presented on page nos. 12 to 21 of the Annual Report.

As per the Companies Act and Articles of Association of DBH, the following Directors will retire in the 27th Annual General Meeting and are seeking re-election .

- Mr. Mohammad Anisur Rahman (representing BRAC)
- Mr. Nazir Rahim Chowdhury (representing DLICL)
- Mr. Khandkar Manwarul Islam (Representing DLICL)

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

- a) Brief resume of the Directors have been included on page nos. 12 to 21 of this Annual Report;
- b) Nature of the expertise of the Directors have been disclosed in the brief profiles;
- c) Name of the Directors and entities in which they have an interest as Directors have also been disclosed in the brief profiles as well as in the notes (no. 42.1) of the Financial Statements.

Appointment of Statutory Auditors

M/S. ACNABIN, Chartered Accountants, an eligible chartered accountant firm for auditing financial institutions as well as the listed companies (listed with BB, BSEC & FRC) was acting as the Statutory Auditors of the Company for the last 3 (three) consecutive years and will retire in the forthcoming AGM. According to Bangladesh Bank and BSEC rules, the auditors/audit firm cannot be appointed for a continuous period of more than 3 (three) years.

Accordingly, to appoint a new audit firm, the Board of Directors of the Company, on the recommendation the Audit Committee, has recommended M/s. Hoda Vasi Chowdhury, Chartered Accountants to appoint as the Statutory Auditors of the Company for the year 2023. The Firm is on the panel of Bangladesh Bank, Bangladesh Securities and Exchange Commission, and Financial Regulatory Council (FRC) for auditing the Banks and FIs as well as for the listed companies. The Board recommendation and evaluation were after due consideration of various factors such as industry experience, technical skills, independence, audit approach, competency of the audit team, etc.

In this regard, as per the expression of interest of the auditors the audit fee has been recommended at Tk. 5,00,000.00 plus VAT, subject to prior approval from Bangladesh Bank. Hence, the agenda for the appointment of Statutory Auditors (Hoda Vasi Chowdhury) will be placed before the shareholders for their approval.

Corporate Governance

As a listed housing finance company (DBH) with 26 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 2022	
				Date	
				Joining	Leaving
Mr. Nasir A. Choudhury Chairman	Green Delta Insurance Company Ltd.	9	9	-	-
Dr. A M R Chowdhury Vice Chairman	BRAC	9	6	-	-
Ms. Mehreen Hassan, Bar- at- Law	Delta Life Insurance Company Ltd.	9	8	-	-
Mr. Md. Mujibur Rahman	Delta Life Insurance Company Ltd.	9	7	-	26/10/2022
Mr. Syed Moinuddin Ahmed	Green Delta Insurance Company Ltd.	9	8	-	-
Mr. M. Anisul Haque, FCMA	Delta Life Insurance Company Ltd.	9	7	-	26/10/2022
Mr. Mohammad Anisur Rahman	BRAC	9	7	-	-
Mr. Khandkar Manwarul islam	Delta Life Insurance Company Ltd.	9	1	24/11/2022	-
Mr. Nazir Rahim Chowdhury	Delta Life Insurance Company Ltd.	9	1	24/11/2022	-
Ms. Rasheda K. Choudhury	Independent Director	9	6	-	-
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	6	48,000	7	56,000	0	0	1,04,000
Ms. Mehreen Hassan, Bar- at- Law	8	64,000	7	56,000	0	0	1,20,000
Mr. Md. Mujibur Rahman	7	56,000	0	0	4	32,000	88,000
Mr. Syed Moinuddin Ahmed	8	64,000	0	0	4	32,000	96,000
Mr. M. Anisul Haque, FCMA	7	56,000	0	0	4	32,000	88,000
Mr. Mohammad Anisur Rahman	7	56,000	0	0	0	0	56,000
Mr. Khandkar Manwarul islam	1	8,000	0	0	0	0	8,000
Mr. Nazir Rahim Chowdhury	1	8,000	0	0	0	0	8,000
Ms. Rasheda K. Choudhury	6	48,000	0	0	3	24,000	72,000
Major General Syeed Ahmed, BP (Retd.)	9	72,000	0	0	4	32,000	1,04,000
Total	-	5,52,000	-	1,12,000	-	1,52,000	8,16,000

Pattern of Shareholdings

As on 31st December 2022

Annexure-iii

Shareholding position of Sponsors:

Name	No. of Shares held	Percent (%)
BRAC	35,855,617	18.39
Delta Life Insurance Company Limited	34,371,750	17.63
Green Delta Insurance Company Limited	29,843,895	15.30
Mr. Kazi Fazlur Rahman	0	0.00
Mr. Faruq A. Choudhury	36	0.00
Dr. Salehuddin Ahmed	35	0.00
Mr. Q. M. Shariful Ala, FCA	0	0.00
Total	100,071,333	51.32

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

Name of the Directors	Nominated by	No. of Share(s) held	Percent (%)
Mr. Nasir A. Choudhury, Chairman	Green Delta Insurance Company Ltd.	-	-
Dr. A M R Chowdhury, Vice Chairman	BRAC	-	-
Ms. Mehreen Hassan, Bar- at- Law	Delta Life Insurance Company Ltd.	-	-
Mr. Syed Moinuddin Ahmed	Green Delta Insurance Company Ltd.	-	-
Mr. Mohammad Anisur Rahman	BRAC	-	-
Mr. Khandkar Manwarul Islam	Delta Life Insurance Company Ltd.	-	-
Mr. Nazir Rahim Chowdhury	Delta Life Insurance Company Ltd.	-	-
Ms. Rasheda K. Choudhury	Independent Director	51,201 (Shares held by her spouse)	0.00
Major General Syeed Ahmed BP, (Retd.)	Independent Director	-	-

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

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

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

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

Name of the Shareholders	No. of Share(s) held	Percent (%)
BRAC	35,855,617	18.39
Delta Life Insurance Company Limited	34,371,750	17.63
Green Delta Insurance Company Limited	29,843,895	15.30

Management Discussion and Analysis

World Economy

The global economy is facing mounting challenges. Growth has lost momentum, high inflation is proving persistent, confidence has weakened, and uncertainty is high. Russia's war of aggression against Ukraine has pushed up prices substantially, especially for energy, adding to inflationary pressures at a time when the cost of living was already rising rapidly around the world. Global financial conditions have tightened significantly, amidst the unusually vigorous and widespread steps to raise policy interest rates by central banks in recent months, weighing on interest-sensitive spending and adding to the pressures faced by many emerging-market economies.

Recently, the International Monetary Fund raised its 2023 global growth outlook slightly due to "surprisingly resilient" demand in the United States and Europe, an

easing of energy costs and the reopening of China's economy after Beijing abandoned its strict Covid-19 restrictions. The IMF said global growth would still fall to 2.9 percent in 2023 from 3.4 percent in 2022, but its latest World Economic Outlook forecasts mark an improvement over an October prediction of 2.7 percent growth this year with warnings that the world could easily tip into recession. For 2024, the IMF said global growth would accelerate slightly to 3.1 percent, but this is a tenth of a percentage point below the October forecast as the full impact of steeper central bank interest rate hikes slows demand. IMF chief economist Pierre-Olivier Gourinchas said recession risks had subsided and central banks are making progress in controlling inflation, but more work was needed to curb prices and new disruptions could come from further escalation of the war in Ukraine and China's battle against Covid-19.

Table: Global growth is projected to slow further

	Average 2013-2019	2021	2022	2023	2024	2022 Q4	2023 Q4	2024 Q4
Percent								
Real GDP growth ¹								
World ²	3.4	5.9	3.1	2.2	2.7	2.0	2.3	3.0
G20 ²	3.5	6.2	3.0	2.2	2.7	2.0	2.2	3.0
OECD ²	2.2	5.6	2.8	0.8	1.4	1.2	0.9	1.8
United States	2.4	5.9	1.8	0.5	1.0	0.2	0.3	1.6
Euro area	1.9	5.3	3.3	0.5	1.4	1.4	0.7	1.7
Japan	0.8	1.6	1.6	1.8	0.9	2.0	1.2	0.7
Non-OECD ²	4.4	6.2	3.4	3.3	3.8	2.7	3.6	4.0
China	6.8	8.1	3.3	4.6	4.1	4.4	4.5	4.0
India ³	6.8	8.7	6.6	5.7	6.9			
Brazil	-0.4	4.9	2.8	1.2	1.4			
OECD Unemployment rate ⁴	6.5	6.2	5.0	5.3	5.5	5.0	5.5	5.5
Inflation ^{1,5}								
G20 ²⁻⁵	3.0	3.9	8.1	6.0	5.4	8.0	5.5	5.5
OECD ⁶⁻⁷	1.6	3.8	9.4	6.5	5.1	9.6	5.5	5.1
United States ⁶	1.4	4.0	6.2	3.5	2.6	5.5	3.1	2.3
Euro Area ⁸	0.9	2.6	8.3	6.8	3.4	9.6	4.9	2.9
Japan ⁹	0.9	-0.2	2.3	2.0	1.7	3.2	1.4	1.9
OECD Fiscal Balance ¹⁰	-3.2	-7.3	-3.7	-3.6	-3.1			
World real trade growth ¹	3.4	10.0	5.4	2.9	3.8	2.4	3.2	4.0

1. Per cent; last three columns show the change over a year earlier.
2. Moving nominal GDP weights, using purchasing power parities.
3. Fiscal year.
4. Per cent of labour force
5. Headline inflation.
6. Personal consumption expenditures deflator.
7. Moving nominal private consumption weights, using purchasing power parities.
8. Harmonised consumer price index.
9. National consumer price index.
10. Per cent of GDP.

Source: OECD Economic Outlook 112 database.

Global growth has lost momentum amidst high inflation

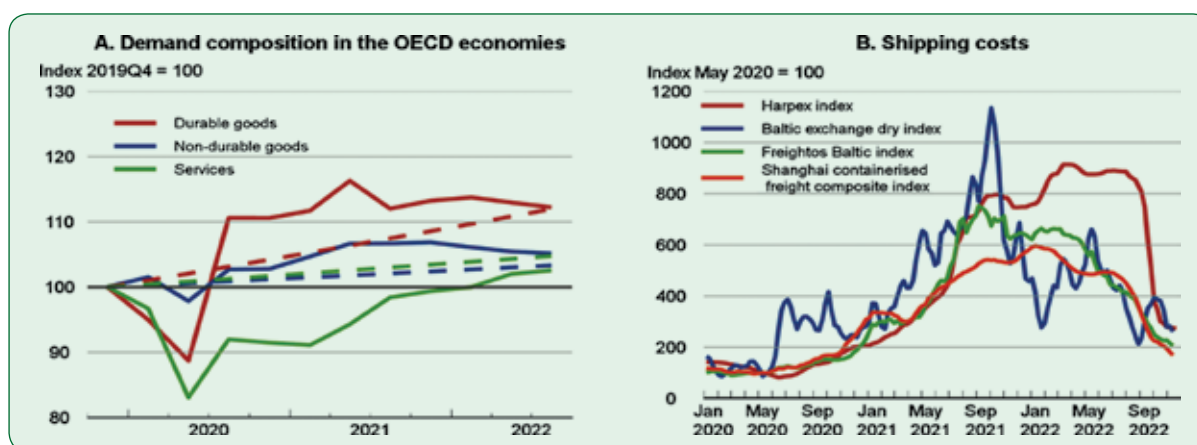
The surge in inflation during the pandemic recovery came as a surprise. Key factors driving inflation included supply disruptions, high energy prices following Russia's invasion of Ukraine, and massive monetary and fiscal stimulus that fueled spending on housing and durable goods. Inflation topped 6 per cent in more than four-fifths of the world's economies, while increasingly broad-based price gains lifted expectations for further increases to multi-decade highs.

Central banks in emerging markets responded by sharply tightening policy beginning in 2021, followed

by their counterparts in advanced economies. This led to a tightening of financial conditions globally through the fall of last year.

Global GDP stagnated in the second quarter of 2022, with sharp falls in output in both Ukraine and Russia, and a contraction of output in both China (reflecting lockdowns due to the zero COVID-19 policy) and the United States. Global growth picked up in the third quarter, helped by a rebound in China and the United States, but remained moderate, with weak real income growth holding back consumers' expenditure and higher energy prices resulting in a sharp slowdown in many economies, particularly in Europe

Figure: Some factors pushing up inflation prior to the war are now subsiding



Note: In Panel A, the dashed lines correspond to a continuation of the pre-pandemic trend (2010-19). The OECD index is based on a weighted sum of individual country growth rates using GDP weights in PPP terms. Consumption of durable goods, non-durable goods, and services is available for 35, 27 and 27 OECD countries, respectively, except for 2022Q3, where estimates are based on the subset of countries with available data.

Source: OECD Economic Outlook 112 database; Bureau of Economic Analysis; OECD, Quarterly National Accounts; Refinitiv; and OECD calculations.

Financial market conditions have tightened significantly

The accelerated pace of monetary policy tightening in major economies and rising risk aversion have led to a further tightening of global financial conditions. Volatility has surged, particularly in government bond markets, surpassing the peak observed at the height of the pandemic. Larger increases in market interest rates in the United States relative to many other economies have pushed the US dollar to its highest level in the last two decades, contributing to greater volatility in the currency markets of advanced and emerging-market economies. A sharp deterioration of liquidity conditions in sovereign and corporate bond markets has also exacerbated abrupt price

developments (OECD, 2022b; IMF, 2022a). Real long-term interest rates have risen in the United States, the United Kingdom and the euro area, reflecting a fast pass-through from surging policy interest rates to the long end of the yield curve, though they remain lower than typically observed prior to the global financial crisis.

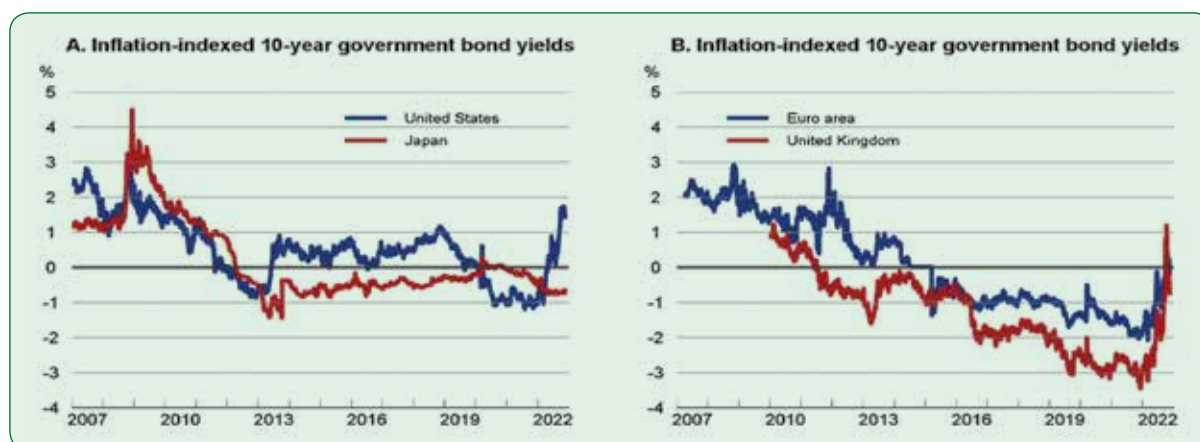
Slowing growth and rising interest rates have weighed on equity markets in most advanced economies (Panel A). Price declines have been relatively large in many Central and Eastern European countries, reflecting weakening growth prospects. Recurring waves of COVID-19 outbreaks in China and moderating growth in Korea have led to capital outflows and also hit equity markets. In

contrast, equity prices have risen in a few commodity exporters, as well as in India, where new free trade agreements have attracted foreign capital, and Türkiye, reflecting strong domestic investor demand to hedge against high inflation risk.

Government bond yields have increased in almost all countries since May (Panel B). In the euro area, government bond yields have increased broadly in line with those in the United States, despite the

earlier start to US monetary policy tightening. The announcement of the Transmission Protection Instrument by the ECB in July and a significant use of flexibility across countries in bond reinvestments have limited the increase in sovereign spreads within the area. Yields have increased significantly less in emerging-market economies and have remained stable in Japan, reflecting the yield curve control policy.

Figure: Real long-term interest rates have risen sharply in many countries



Source: Refinitiv; and OECD calculations.
StatLink <https://stat.link/wcuibq>

The US dollar has appreciated further against most advanced economy currencies since May reflecting a faster pace of monetary policy normalisation in the United States, particularly vis-à-vis Japan, and sharply deteriorating growth prospects in the euro

area and the United Kingdom. With the exception of a few commodity exporters, almost all emerging-market economy currencies have depreciated against the US dollar.

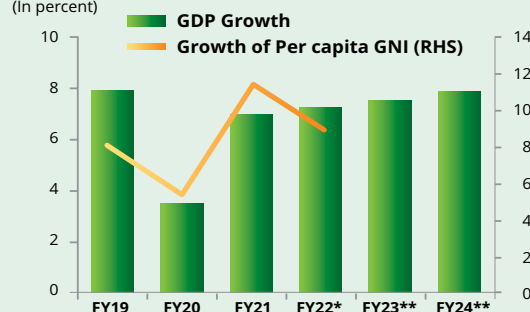
Bangladesh Economy

Bangladesh logged higher growth in gross domestic product (GDP) in 2021-22 fiscal year compared to the previous year, but it was 15 basis points below the provisional estimate. The economy grew by 7.1 per cent in 2021-22 fiscal year, up from 6.94 per cent the previous year. According to the data released by Bangladesh Bureau of Statistics on February 6, 2023, the provisional GDP growth rate figure was 7.25 per cent for FY22. Similarly, the state-owned statistical agency revised downwards the per capita GDP of the country to \$2,687 from \$2,824. The GDP size also increased to \$470.22 billion in FY22, which was \$416.26 billion the previous year.

The robust post-pandemic recovery of the Bangladesh economy has been facing several challenges towards sustaining its growth momentum

as the Russia-Ukraine war and the resulting supply chain disruptions and volatility in international commodities markets weakened the growth prospects. However, the economy managed the real

Chart I.1: Growth of Real GDP and Per Capita GNI
(In percent)



* Provisional ** Forecast
Source: Bangladesh Bureau of Statistics (BBS)

GDP to grow at 7.25 percent in FY22, according to the provisional estimates of the Bangladesh Bureau of Statistics (BBS) (Chart I.1). In the midst of ongoing uncertainties, the government and Bangladesh Bank (BB) have continued supportive policy measures to sustain the growth momentum, while controlling inflation at tolerable levels. During the first quarter of FY23, the Bangladesh economy has maintained a broad-based growth performance aided by the favorable growth in agriculture, industry and service sectors.

Agriculture Sector

Following a downward growth trend, the growth of agriculture sector decreased to 2.20 percent in FY22 from 3.17 percent in FY21. This downfall is mainly due to less production of crops and horticulture; and fishing subsectors. In contrast, the growth of animal farming; and forest and related services subsectors increased notably during the period under review. Overall, the growth of agriculture sector in FY22 was not good enough. This sector needs to be propped up by necessary interventions and supports..

Industry Sector

Though, simultaneously bashed by COVID-19 pandemic aftermath and economic disruption amid Russia-Ukraine war, industry sector has performed well by achieving 10.44 percent growth in FY22, which was higher than previous financial year. The industry sector, constituting more than one-third of gross value-added (GVA) in the economy, grew healthy even during the economic crisis. Sectoral Growth Rate of GDP Trends of the Real Sector of Bangladesh Economy because of rapid surge in both domestic and foreign demand. Growth in the industry sector was highly underpinned by the external demand which is mostly reflected by export

growth, supported by different policy supports like incrementing export development fund (EDF), working capital loans for the export-led industries, etc.

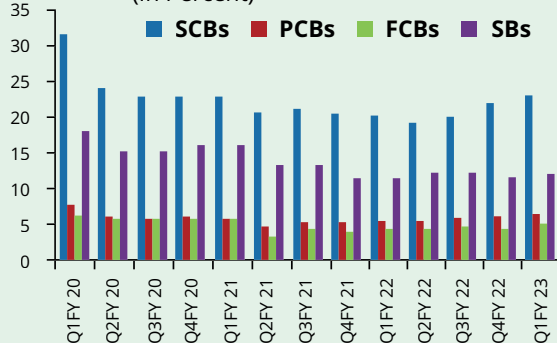
Service Sector

Despite the incessant economic downturn caused by COVID-19 pandemic which further reinforced by the Russia-Ukraine war, the service sector, comprising more than half of gross value added (GVA), stands firmly to its recovery phase in FY22 with a growth of 6.31 percent against 5.73 percent in FY21. Within the sector, a large growth impulse in FY22 primarily came from human health and social work activities; and; wholesale and retail trade, repair of motor vehicles, motorcycles and personal and household goods.

Banking Sector

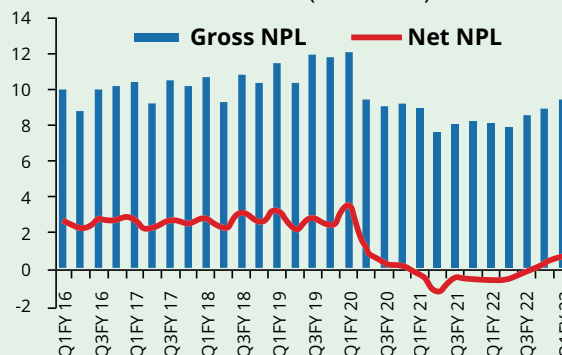
Banking sector faced several challenges during Q1FY23 caused by increasing global financial strain stemming from global tightening monetary policy. Recent global interest rate hike along with depreciation pressure on Taka made the external borrowings (costlier) more expensive which in turn put risk in asset quality. In addition, to mitigate the pressure on balance of payments BB's intervention in foreign exchange market altogether with high credit demand reflecting in 13.93 percent of private credit deteriorated the liquidity condition in banking sector at the end of September 2022. However, overall banking sector exhibited mixed performances at the end of Q1FY23 as reflected by a rising ratio of non-performing loans (NPLs) to total loans, a moderation in capital to risk-weighted asset ratio (CRAR), an upward trend in the growth of bank's advances, a fall in the growth of bank's deposits, worsening provision shortfall, an advancement in

Chart I.2: Ratio of Gross NPLs to Total Loans
(In Percent)



Source: Bangladesh Bank

Chart I.3: Ratio of Gross NPLs and Net NPL to Total Loans
(In Percent)



Source: Bangladesh Bank

profitability, and a deterioration of excess liquidity condition in the banking industry.

The defaulted loans in the banking sector further deteriorated during Q1FY23, partly caused by sluggishness in business activities originating from the adverse spillover effect of global economic slowdown and inflation surge. Moreover, withdrawing the deferral repayment facility and ending relaxation of loan classification further escalated the defaulted loans. At the end of Q1FY23, the ratio of gross NPLs to total loans edged up and reached at 9.36 percent from 8.96 percent at the end of Q4FY22. The gross NPLs ratio in the SCBs and PCBs grew to 23.04 percent and 6.20 percent respectively at the end of Q1FY23 from 21.93 percent and 6.01 percent respectively at the end of Q4FY22. Moreover, NPLs ratio of FCBs marginally increased to 4.77 percent at the end of Q1FY23 from 4.40 percent of the previous quarter (Chart I.2- Chart I.3). The ratio of net NPLs to total loans also rose to 0.90 percent at the end of Q1FY23 from 0.49 percent at the end of Q4FY22, reflecting weaker provision maintained against classified loans.

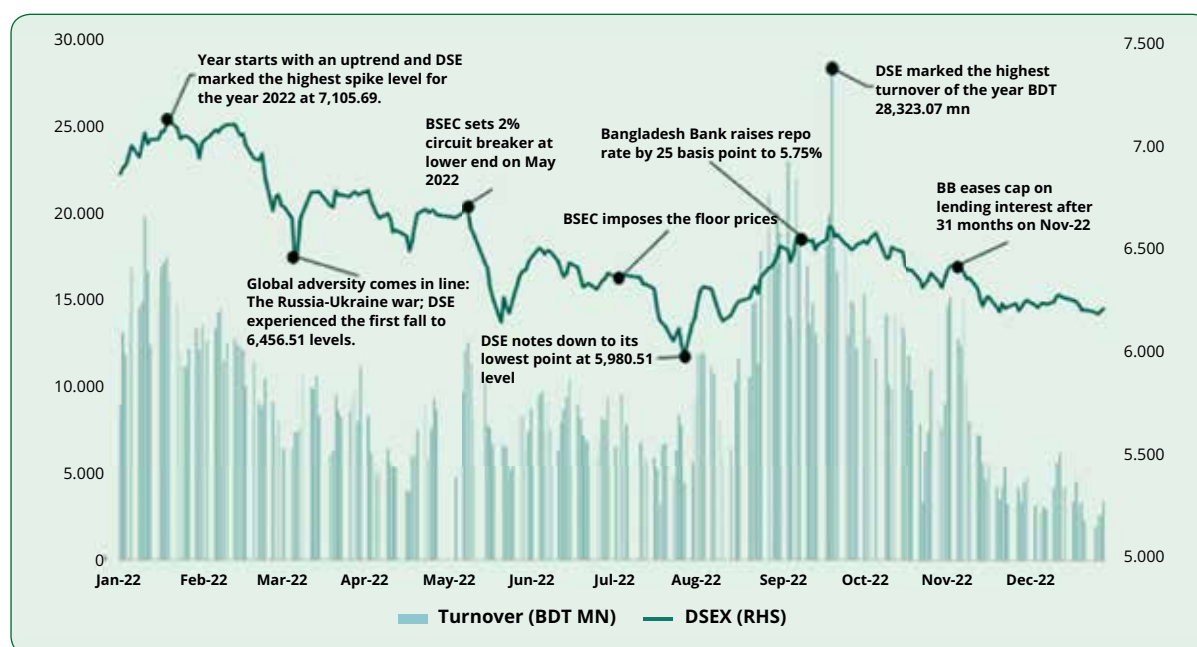
Capital Market

The capital market of Bangladesh is ranked as the third largest in South Asia. It has been contributing to overall economic growth with the help of its two full-fledged automated stock exchanges, Dhaka Stock Exchange Ltd. (DSE) & Chittagong Stock Exchange PLC. (CSE). Between these two, DSE has

been leading the market by generating lion's share (94%) of total market turnover. Besides this, DSE also operates in Small Capital Platform, Alternative Trading Board & Over the Counter Market.

During the year 2022 the market remained bearish most of the time. Major indices of the stock market saw a decline throughout the year, while turnover also took a plunge amid the gloomy economic scenario. DSEX, the key index of DSE, dropped by a total of 898.88 points from the annual peak of 7105.69 points, which equals 12.65 percent. During 2022, the market started on a positive note with 6756 points, but it closed at 6206.81 points on the last trading session of the year. At the end of the year, the price-earnings ratio of the market stood at 14.08, with the banking sector having the lowest ratio (7.73).

During the beginning of the year, when the market was reacting positively, the investors had expected that the economic condition would recover from the impact of covid pandemic but that could not sustain for long as Russia-Ukraine war issue came and caused the bearish trend of the capital market. The war has damaged the global economy by making the dollar and oil market volatile which ultimately affected the local economy. As there was a low profit margin for the local currency depreciation in Bangladesh & massive hike of policy rate in the USA, foreign investors continued to withdraw their funds. As a result, the year 2022 ended in an unexpected way.



Overview of the Financial Services Industry

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

The financial industry comprised of 61 banks and 34 NBFIs and out of which some of the NBFIs are struggling since last couple of years to survive amid rising default loans and inability to repay depositors money. In the meantime, Bangladesh Bank issued a new FI license to Nagad, an MFS company to be a full pledged financial institution and the total number of FI become 35. As per BB data, the amount of defaulted loans in the non-bank financial institutions (NBFIs) reached to Tk. 17,372 crore or 24.61% of the total loans at the end of September 2022.

Loans at Affordable Cost and Term

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

funds as well as a market for securitization of loan book.

Pursuant to the Corporate Governance Code, 2018 the management of DBH has prepared the following analysis in relation to the company's position and operations along with brief discussion of changes in the financial statements among others, focusing on:

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

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

As Bangladesh Bank is the primary regulator of Financial Institutions, Bangladesh Bank's guidelines, circulars, notifications and any other requirements are given preference to IAS and IFRS, where any contradictions arises. Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.

(b) Changes in accounting policies and estimation

DBH selects and applies its accounting policies consistently for similar transactions, other events and conditions, unless an IFRS requires or permits categorization of items for which different policies may be appropriate. During the year 2022 the company has not adopted any change in accounting policies and estimates.

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

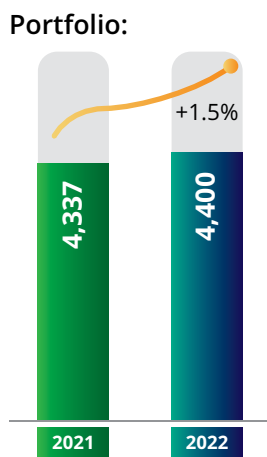
The economy was facing mounting challenges, due to the Russia-Ukraine war-related inflationary pressure, and Covid-induced shocks, and accordingly, the country's economic outlook for 2022 was downgraded by international organizations. However, we are pleased to report that our company has managed to perform well amidst these multidimensional challenges. This can be attributed to our superior management acumen in comprehending the excellence in the home loan business and our expertise in human capital. To provide a comprehensive analysis of our financial performance, we present the DuPont analysis of our results for the current year.

Loan Disbursement & Portfolio Summary:

Despite the ongoing economic distress caused by global events, the company has shown resilience in its loan portfolio and disbursement growth.

Portfolio:

The loan portfolio summary indicates an increase in the loan portfolio by 1.5% in December ending 2022 compared to the same period in 2021. The loan portfolio value in December 2022 was BDT 4,400 Cr, while it was BDT 4,337 Cr in December 2021. This shows that DBH has been successful in expanding its loan portfolio - a positive sign for its growth and financial sustainability.



Disbursement:

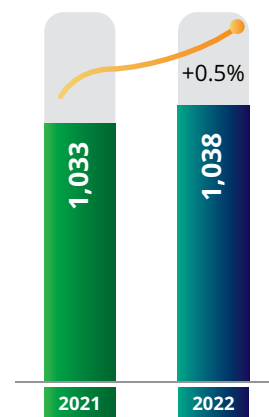
The loan disbursement reflects a marginal increase of 0.5% in 2022, amounting to a total disbursement of BDT 1,038 Cr, compared to the previous year's disbursement of BDT 1,033 Cr. This suggests that DBH has been able to maintain a

consistent level of loan disbursement, despite various challenges.

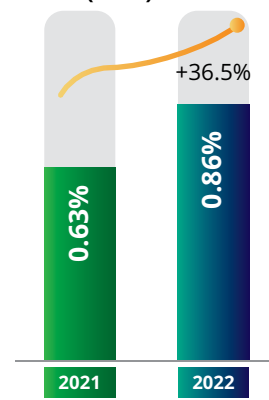
Non-Performing Loan (NPL):

At the end of 2022, DBH's Non-Performing Loan (NPL) ratio witnessed an increase from 0.63% in the preceding year to 0.86%. However, DBH has historically maintained a low NPL ratio of approximately 0.50% without any significant write-offs. Despite the prevailing overall economic recession, inflationary pressure, and Covid-induced shocks, DBH has managed to sustain one of the industry's lowest NPL ratios, underscoring its prudent risk management practices. The financial institution's resilient credit portfolio is a reflection of its proactive measures in mitigating risks and maintaining sound asset quality.

Loan Disbursement



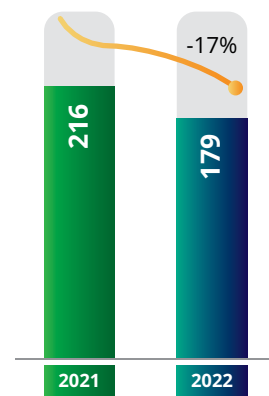
Non-Performing Loan (NPL):



Net Interest Income:

Due to the overarching economic circumstances, the demand for deposits witnessed an upsurge, leading to an upward trajectory in the rate of deposit or the cost of funds. The rate of deposit ascended from 5.4% in January 2022 to 6.71% in December 2022. However, due to the imposition of the loan rate cap on banks, the pace of loan rate revision was impeded, consequently causing a shrinkage in the spread from 3.6 in January 2022 to 2.63 in December 2022. Accordingly, the interest income was

Net Interest Income:



down by 4%, on the other hand, interest expenses raised by 5%. Thus, in the year 2022, the company's net interest income recorded a noticeable decline of 17%, settling at BDT 179 Cr as compared to the preceding year's figure of BDT 216 Cr.

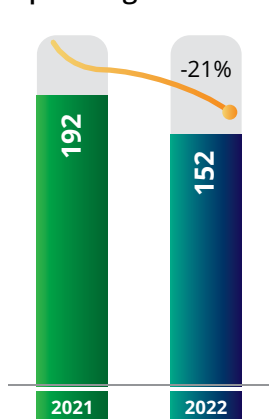
Investment Income:

In the year 2022, DBH's total investment was Tk. 252 Cr. Out of this amount, Tk. 79 Cr. was in the marketable securities and the remaining amount of Tk. 166 cr. was in Govt. Securities. The total income generated from investments in the year 2022 amounted to Tk. 15 cr., indicating an increase of 15.4 % compared to the previous year's income of 13 Cr.

Operating Profit:

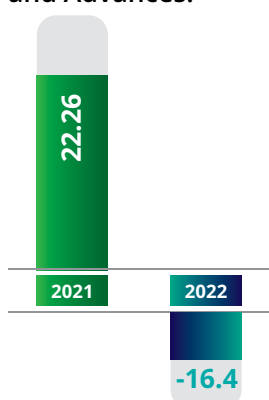
The overall economic situation played a reflecting role in the Operating Profit of the company in 2022 as there has been a substantial surge in the rate of deposit/cost of funds. But, the loan rate could not be adjusted concurrently due to the loan rate cap imposed on Banks thus the decrease in spread led to a reduction in Operating Income as the interest income from loans decreased.

Operating Profit:



Accordingly, DBH's Operating Profit experienced a moderate deviation in the year spanning from January to December 2022 compared to the previous year's earnings. Specifically, the Operating Profit amounted to BDT 152 Cr, which differs by 21% vis-à-vis the preceding year's Operating Profit of BDT 192 Cr.

Provisions for Loans and Advances:



Provisions for Loans and Advances:

During the year under review, DBH observed a marginal increase in the non-performing loan (NPL) ratio from 0.63% to 0.86%. Nevertheless,

it is noteworthy that DBH managed to maintain its position as one of the lowest NPL ratios in the industry. This is due to the fact that DBH has implemented a strict loan provisioning policy that aligns with globally accepted best practices. DBH provisions for 100% of the loan amount, if it becomes overdue for more than 180 days. While this policy has impacted the company's pre-tax and net profit after tax, it has been put in place to safeguard the company's interests against any unforeseen future events.

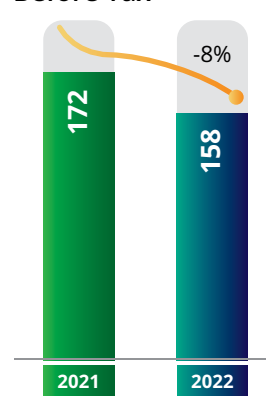
It is essential to emphasize that DBH's stringent adherence to prudent provisioning policies has established a foundation for the company's long-term financial stability and sustainability.

Net Profit Before Tax and Net Profit After Tax:

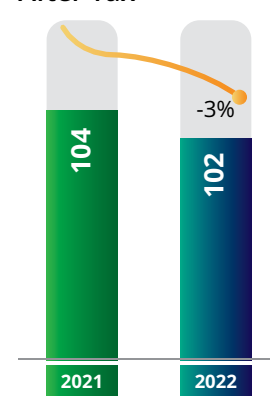
Despite the company's net interest income decreasing by 17%, the decrease in Net Profit Before Tax & Net Profit After Tax was limited to 8%, & 3% respectively, which was possible for the strong recovery effort of the company.

The Company's Net Profit Before Tax amounted to BDT 158 Cr in 2022, indicating a reduction from the preceding year's Net Profit Before Tax of BDT 172 Cr.

Net Profit Before Tax



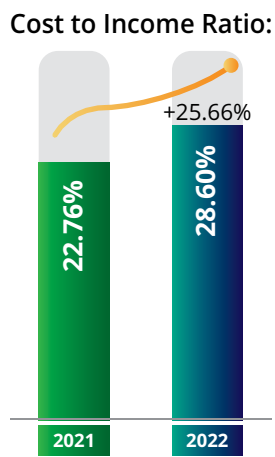
Net Profit After Tax



Furthermore, the company's Net Profit After Tax also experienced slight contraction in 2022 in comparison to the previous year. The Net Profit After Tax amounted to BDT 102 Cr in the year 2022, compared to the preceding year's Net Profit After Tax of BDT 104 Cr.

Cost to Income Ratio:

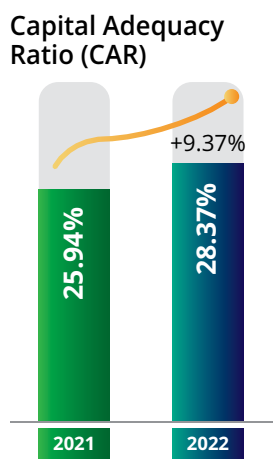
The cost-to-income ratio has witnessed a shift to 28.60% as compared to the preceding year's ratio of 22.76%. The increase in the cost of operation was due to inflationary adjustment of the cost of human capital, some additional expenses for the digital marketing and expansion of the branches network of the company as well as one-time expenditure related to the name change of the company.



Despite these increases in cost-to-income, DBH has been able to keep the ratio minimus compared to the other players in the industry.

Capital Adequacy Ratio (CAR)

The CAR (Capital Adequacy Ratio) of DBH for the year 2022 stands at 28.37% (compared to the minimum requirement of 10% as per Bangladesh Bank guidelines), exhibiting an upward trend from the previous year's CAR of 25.94%. This represents a significant growth of 9.37% in the organization's capital reserves and indicates that the organization holds a substantial amount of capital in proportion to its risk-weighted assets, thereby ensuring its ability to withstand any potential financial shocks and pursue growth opportunities in the future.

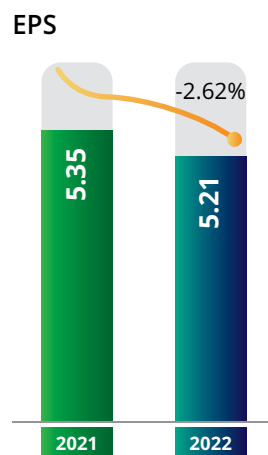
**EPS:**

Despite the recent economic distress, DBH was able to maintain its EPS at a relatively stable level of 5.21 in 2022, only slightly lower than the previous year's EPS of 5.35. Overall, DBH's ability to maintain a relatively stable EPS in a challenging

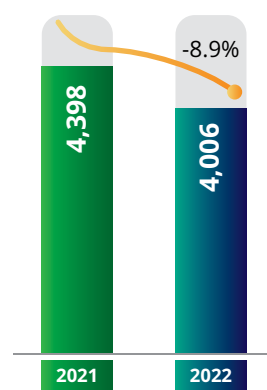
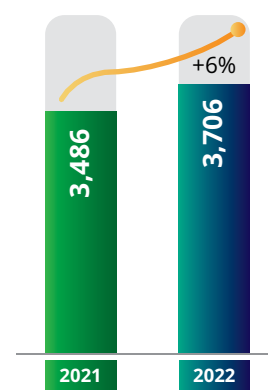
economic environment demonstrates the company's resilience and proactive measures taken to mitigate the effects of the market downturn.

Dividend Payout Ratio:

The company consistently pays a high level of dividends to its shareholders. In 2022 also, DBH proposed 15% cash dividend and 2% stock dividend, which is 32.60% of the net profit after tax. In the last 5 years, DBH paid dividends in the range of 25%-35% every year in line with its income and EPS.

**Deposit Mobilization and Portfolio:**

DBH's loan portfolio is largely funded by its deposit base, which stood at Tk. 4,398 Cr and Tk. 4,006 Cr in 2021 and 2022, respectively. This decrease in deposit amount, mostly bank deposits, was due to the release of excess liquidity to save the cost of funds. Despite this significant decrease, DBH has maintained a sufficient level of liquidity to repay deposits upon maturity or in case of early encashment by clients., DBH's commitment to maintaining a strong deposit base and effectively managing its liquidity position has helped ensure the company's financial stability and sustainability

Deposit Portfolio**Core Deposit Potfolio**

during the challenging economic landscape. Weighted average rate of interest of deposit portfolio was 5.40% at the beginning of 2022, which increased to 6.71% on December 31, 2022.

DuPont Analysis

In light of the prevailing economic circumstances, the demand for deposits exhibited an upswing, ultimately causing an upward trajectory in the cost of funds or rate of deposit. As a result, DBH's net profit after tax witnessed a decline of 3% to reach Tk. 1,017 mn in 2022. Notwithstanding, the profit margin increased to 21.05% in 2022 from 20.66% in the preceding year, thereby marking a slight growth of 1.88% during the period of January to December 2022. The pace of loan rate revision was

obstructed by the imposition of the loan rate cap on banks & NBFIs, causing a contraction in the spread from 3.6 in January 2022 to 2.63 in December 2022 consequently, the Asset turnover dwindled to 7.92% in 2022. Moreover, the Equity multiplier declined to 8.01 mn in 2022 from 8.69 mn in the previous year. The Return on Equity, which is a product of profit margin, asset turnover, and financial leverage, experienced a deviation of -12.64%. This could be attributed to the combined effect of reduced asset turnover and financial leverage in 2022, which ultimately led to a decline in the return on equity.

Taka in million					
Particulars	2018	2019	2020	2021	2022
Interest income	5,855	6,353	5,909	5,054	4,831
Profit after tax	1048	1073	891	1,044	1,017
Average assets	56,040	58,389	58,943	59,443	61,012
Average equity	4,699	5,424	6,120	6,838	7,620
Profit Margin	17.90%	16.89%	15.08%	20.66%	21.05%
Asset Turnover	10.45%	10.88%	10.02%	8.50%	7.92%
Financial leverage	11.93	10.76	10	8.69	8.01
Return on equity	22.30%	19.79%	14.56%	15.27%	13.34%

Cash Flow Analysis

Taka in million					
Particulars	2018	2019	2020	2021	2022
Net cash flow from operating activities	1,328.14	1,930.06	2,777.12	(7.94)	(3,830.34)
Net cash flow from Investing activities	22.85	42.85	(16.47)	9.98	(1,673.42)
Net cash used in financing activities	(365.56)	(304.63)	(1,598.46)	487.78	4,383.53
Net increase/ (decrease) in cash and cash equivalents	985.43	1,668.28	1,162.19	489.83	(1,120.23)
Cash and cash equivalent at the beginning of the year	10,815.92	11,801.35	13,469.63	14,631.82	15,121.64
Cash and cash equivalent at the end of the year	11,801.35	13,469.63	14,631.82	15,121.64	14,001.46

Cash Flow from Operating Activities

Net cash generated from operating activities diminished to Tk. (3,830.34) mn in 2022 compared to Tk. (7.94) mn in 2021.

Cash Flow from Financing Activities

Net cash Flow/(used) in financing activities rose

to Tk. 4,383.53 mn in 2022 against Tk. 487.78 in previous year.

Overall Scenario

The cash and cash equivalent balance of the company decreased to Tk. 14,001.46 mn in 2022 compared to Tk. 15,121.64 mn in 2021.

Key Operating & Financial Highlights

Taka in Million

Sl #	Financial performance	2018	2019	2020	2021	2022	Growth-YoY	5 years CAGR (%)
1	Loans & Advances	43,848	44,522	42,750	43,831	44,536	1.61%	0.31%
2	Total Assets	57,499	59,280	58,607	60,279	61,746	2.43%	1.44%
3	Deposit	43,319	43,411	43,827	43,978	40,061	-8.91%	-1.55%
4	Total Liabilities	52,459	53,471	52,175	53,034	53,751	1.35%	0.49%

Sl #	Operational Performance	2018	2019	2020	2021	2022	Growth-YoY	5 years CAGR (%)
1	Net Interest Income	1,793	1,708	1,949	2,164	1,786	-17.46%	-0.08%
2	Operational income	1,996	1,941	2,148	2,483	2,135	-14.02%	1.35%
3	Operational expenses	495	524	523	565	611	8.03%	4.28%
4	Operating Profit	1,501	1,418	1,625	1,918	1,524	-20.52%	0.31%
5	Profit before tax	1,607	1,555	1,498	1,721	1,580	-8.18%	-0.33%
6	Net profit after tax	1,048	1,073	891	1,044	1,017	-2.60%	-0.60%

Sl #	Financial Ratios	2018	2019	2020	2021	2022	Growth-YoY	
1	Debt equity ratio (Times)	10.41	9.21	8.11	7.32	6.72	-8.17%	-
2	Cost to income ratio(%)	24.80	27.00	24.35	22.76	28.60	25.65%	-
3	Non performing loan (%)	0.3	0.45	0.41	0.63	0.86	36.51%	-
4	Dividend payout ratio (%)	40.69	43.72	51.90	42.45	32.60	-23.20%	-

Horizontal Analysis

Balance Sheet

Taka in Million

	2018		2019		2020		2021		2022	
Cash	798.51	26%	873.00	9%	575.24	-34%	558.07	-3%	575.26	3%
Balance with other banks and financial institutions	11,779.17	10%	13,028.73	11%	14,338.78	10%	14,725.96	3%	11,018.07	-25%
Money at Call on Short Notice									2,700.00	
Investments	607.82	-5%	462.11	-24%	489.02	6%	678.22	39%	2,516.95	271%
Loans and advances	43,847.70	4%	44,521.89	2%	42,750.38	-4%	43,830.51	3%	44,535.97	2%
Fixed assets	169.52	-5%	279.70	65%	289.88	4%	262.58	-9%	254.48	-3%
Other assets	296.26	60%	114.50	-61%	163.71	43%	223.28	36%	145.35	-35%
Total Assets	57,498.98	5%	59,279.93	3%	58,607.02	-1%	60,278.61	3%	61,746.09	2%
Borrowing from other banks and financial institutions	6,085.48	-7%	7,051.34	16%	5,571.06	-21%	6,175.67	11%	11,080.14	79%
Deposits and other accounts	43,318.72	5%	43,411.28	0%	43,826.87	1%	43,978.36	0%	40,060.59	-9%
Other liabilities	3,054.80	21%	3,008.70	-2%	2,777.62	-8%	2,880.45	4%	2,610.39	-9%
Total Liabilities	52,459.00	4%	53,471.32	2%	52,175.56	-2%	53,034.48	2%	53,751.12	1%
Paid-up capital	1,218.52	0%	1,340.37	10%	1,541.43	15%	1,772.64	15%	1,949.90	10%
Share premium	55.00	0%	55.00	0%	55.00	0%	55.00	0%	55.00	0%
Reserve and surplus	3,766.46	22%	4,413.23	17%	4,835.03	10%	5,416.49	12%	5,990.06	11%
Shareholders equity	5,039.98	16%	5,808.60	15%	6,431.46	11%	7,244.13	13%	7,994.96	10%
Total Liabilities and Shareholders' equity	57,498.98	5%	59,279.93	3%	58,607.02	-1%	60,278.61	3%	61,746.09	2%

Horizontal Analysis

Profit and Loss Account

Taka in Million

	2018		2019		2020		2021		2022	
Interest Income	5,855.19	28%	6,352.77	8%	5,908.79	-7%	5,053.57	-14%	4,831.16	-4%
Interest paid on deposits and borrowings etc.	4,062.41	37%	4,644.85	14%	3,960.18	-15%	2,889.90	-27%	3,045.38	5%
Net Interest Income	1,792.78	12%	1,707.92	-5%	1,948.60	14%	2,163.67	11%	1,785.79	-17%
Income from investment	45.91	6%	26.84	-42%	24.15	-10%	125.11	418%	145.22	16%
Commission, exchange and brokerage	146.12	-3%	199.77	37%	155.86	-22%	177.52	14%	182.89	3%
Other operating income	11.24	-40%	6.80	-40%	19.67	190%	16.47	-16%	20.73	26%
Total operating income	1,996.04	10%	1,941.33	-3%	2,148.29	11%	2,482.77	16%	2,134.63	-14%
Operating expenses	495.37	10%	523.66	6%	523.43	0%	565.13	8%	610.46	8%
Operating profit	1,500.66	10%	1,417.66	-6%	1,624.87	15%	1,917.65	18%	1,524.17	-21%
Provision for Loans and investments	(105.87)	-14%	(137.21)	30%	126.71	-192%	196.60	55%	(56.09)	-129%
Profit before tax	1,606.54	8%	1,554.87	-3%	1,498.16	-4%	1,721.05	15%	1,580.26	-8%
Provision for tax	558.64	3%	481.62	-14%	607.23	26%	677.16	12%	563.53	-17%
Profit after tax	1,047.90	10%	1,073.25	2%	890.93	-17%	1,043.89	17%	1,016.73	-3%

Vertical Analysis

Balance Sheet

Taka in Million

	2018		2019		2020		2021		2022	
Cash	798.51	1.4%	873.00	1.5%	575.24	1.0%	558.07	0.9%	575.26	0.9%
Balance with other banks and financial institutions	11,779.17	20.5%	13,028.73	22.0%	14,338.78	24.5%	14,725.96	24.4%	11,018.07	17.8%
Investments									2,700.00	4.4%
Investments	607.82	1.1%	462.11	0.8%	489.02	0.8%	678.22	1.1%	2,516.95	4.1%
Loans and advances	43,847.70	76.3%	44,521.89	75.1%	42,750.38	72.9%	43,830.51	72.7%	44,535.97	72.1%
Fixed assets	169.52	0.3%	279.70	0.5%	289.88	0.5%	262.58	0.4%	254.48	0.4%
Other assets	296.26	0.5%	114.50	0.2%	163.71	0.3%	223.28	0.4%	145.35	0.2%
Total Assets	57,498.98	100.0%	59,279.93	100.0%	58,607.02	100.0%	60,278.61	100.0%	61,746.09	100.0%
Borrowing from other banks and financial institutions	6,085.48	10.6%	7,051.34	11.9%	5,571.06	9.5%	6,175.67	10.2%	11,080.14	17.9%
Deposits and other accounts	43,318.72	75.3%	43,411.28	73.2%	43,826.87	74.8%	43,978.36	73.0%	40,060.59	64.9%
Other liabilities	3,054.80	5.3%	3,008.70	5.1%	2,777.62	4.7%	2,880.45	4.8%	2,610.39	4.2%
Total Liabilities	52,459.00	91.2%	53,471.32	90.2%	52,175.56	89.0%	53,034.48	88.0%	53,751.12	87.1%
Paid-up capital	1,218.52	2.1%	1,340.37	2.3%	1,541.43	2.6%	1,772.64	2.9%	1,949.90	3.2%
Share premium	55.00	0.1%	55.00	0.1%	55.00	0.1%	55.00	0.1%	55.00	0.1%
Reserve and surplus	3,766.46	6.6%	4,413.23	7.4%	4,835.03	8.2%	5,416.49	9.0%	5,990.06	9.7%
Total Shareholders equity	5,039.98	8.8%	5,808.60	9.8%	6,431.46	11.0%	7,244.13	12.0%	7,994.96	12.9%
Total Liabilities and Shareholders' equity	57,498.98	100.0%	59,279.93	100.0%	58,607.02	100.0%	60,278.61	100.0%	61,746.09	100.0%

Vertical Analysis

Profit and Loss Account

Taka in Million

	2018		2019		2020		2021		2022	
Interest Income	5,855.19	293.3%	6,352.77	327.2%	5,908.79	275.0%	5,053.57	203.5%	4,831.16	226.3%
Interest paid on deposits and borrowings etc.	4,062.41	203.5%	4,644.85	239.3%	3,960.18	184.3%	2,889.90	116.4%	3,045.38	142.7%
Net Interest Income	1,792.78	89.8%	1,707.92	88.0%	1,948.60	90.7%	2,163.67	87.1%	1,785.79	83.7%
Income from investment	45.91	2.3%	26.84	1.4%	24.15	1.1%	125.11	5.0%	145.22	6.8%
Commission, exchange and brokerage	146.12	7.3%	199.77	10.3%	155.86	7.3%	177.52	7.2%	182.89	8.6%
Other operating income	11.24	0.6%	6.80	0.4%	19.67	0.9%	16.47	0.7%	20.73	1.0%
Total operating income	1,996.04	100.0%	1,941.33	100.0%	2,148.29	100.0%	2,482.77	100.0%	2,134.63	100.0%
Operating expenses	495.37	24.8%	523.66	27.0%	523.43	24.4%	565.13	22.8%	610.46	28.6%
Operating profit	1,500.66	75.2%	1,417.66	73.0%	1,624.87	75.6%	1,917.65	77.2%	1,524.17	71.4%
Provision for Loans and investments	(105.87)	-5.3%	(137.21)	-7.1%	126.71	5.9%	196.60	7.9%	(56.09)	-2.6%
Profit before tax	1,606.54	80.5%	1,554.87	80.1%	1,498.16	69.7%	1,721.05	69.3%	1,580.26	74.0%
Provision for tax	558.64	28.0%	481.62	24.8%	607.23	28.3%	677.16	27.3%	563.53	26.4%
Profit after tax	1,047.90	52.5%	1,073.25	55.3%	890.93	41.5%	1,043.89	42.0%	1,016.73	47.6%

(d) Comparative Financial Performances with the Peer Industry

The financial institution industry is characterized by a vigorous climate of competition, as evidenced by the presence of 35 Non-Bank Financial Institutions (NBFIs) within the market. Although a handful of NBFIs have encountered setbacks throughout the year, several well-established players in the industry have garnered an admirable reputation and earned the trust of their customers. Notably, DBH represents a unique entity within the NBFI sector, as it is the sole financial institution in the country to exclusively focus on housing finance. While Housing Finance Companies (HFCs) are commonplace abroad, within Bangladesh, all private sector NBFIs engage in a multiplicity of products such as SME loans, lease finance, home loans, car loans, suppliers' credit, and the like. Consequently, a direct comparison with other NBFIs may not be entirely practical, given that we operate with only a single product on the asset side, in selected geographical locations. Nonetheless, within this section, we shall explicate comparative financial performances with two other established NBFIs, namely IDLC and IPDC.

(in million Taka except ratios and EPS)

Particulars	IPDC	IDLC	DBH
Loans & Advances	68,105	103,753	44,536
Deposits	59,139	79,410	40,061
Home Loan Portfolio	9,489	30,804	44,004
NPL	4.14%	3.81%	0.86%
ROE	13.70%	10.97%	13.34%
ROA	1.05%	1.32%	1.67%
CAR	15.92%	19.29%	28.37%
EPS	2.43	4.61	5.21
Cost to Income Ratio	45.8%	43.77%	28.60%

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

The Company always concentrates on delivering high value to its stakeholders through appropriate

tradeoff between risk and return. A well-structured and proactive risk management system is in place within the Company to address the risks relating to credit, market, liquidity and operations. Details of the Risk Management have been described at notes 2.31 of the Financial Statements on page no. 160 of this annual report.

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

The company is planning to continue its operation with a steady outlook. Considering the market condition, DBH planned its budget for the year 2023, where the budgeted disbursement growth is 12% higher than in 2022 and the forecasted loan portfolio growth is 6%. While preparing the budget, the management considered the assumptions related to interest rate movement during 2023 and also estimated the total new provision of Tk. 6 crore for the year ending 2023.

The Company expects to maintain the continuity of dividends to its shareholders in line with previous years.

Going Forward

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



Nasimul Baten
Managing Director & CEO

Report on Corporate Governance

Across the world, the role of Boards is continually evolving. In the recent period, Boards have had to address a number of challenges such as economic uncertainty as a result of war and geopolitical tensions, the pandemic, and supply chain disruptions. In addition, Boards need to ensure strategies to overcome the situation with their past experiences. Organizations that follow robust corporate governance practices with the highest ethical standards are able to weather crises more effectively. Successful Boards have acted as the stewardship body of the organization, both guiding and supporting management in taking decisions, particularly during uncertain times, and ensuring that the organization emerges from the crisis stronger and more resilient.

Philosophy on Corporate Governance

Corporate Governance is a combination of voluntary practices and compliance with laws and regulations leading to effective control and better management of the organization. The Company has consistently focused on governance practices that meet the highest ethical standards, prudence, and long-term growth. Commitment to good governance has a distinctive competitive advantage, enhances reputation, and creates long-term sustainability. The Company's guiding principle is that the strong relationship between culture and strategy will consistently produce improved financial performance, better employee engagement, ethical behavior, and stakeholder satisfaction. The directors' deep industry knowledge aided the company in addressing various issues such as economic uncertainty, regulatory changes, digitalization, and market volatility.

The Company has complied with the applicable provisions of the Companies Act, 1994, Code of Corporate Governance- 2018, and Listing Regulations- 2015, as applicable. DBH believes that it not only has legal, contractual, and social responsibilities but also has obligations toward its stakeholders such as shareholders, bankers, regulators, government agencies, employees,

investors, creditors, and customers, among others. DBH strives that all its stakeholders to have access to clear, adequate, and factual information relating to the Company. As a result of its Governance culture, the company was adjudged with the 'ICSB Gold Award for Excellence in Corporate Governance' for four consecutive years. The Company was also awarded the 'ICMAB Best Corporate Award' and 'ICAB National Award' from time to time.

To provide factual information to the stakeholders, the Company has been maintaining its official website linked with the website of the Exchanges (www.dbhfinance.com) for a long and the information requires to upload (pursuant to the regulatory requirement) uploads regularly.

1. BOARD INDEPENDENCE & GOVERNANCE

DBH's Board of Directors is committed to upholding the highest standards of governance. The Board ensures the integrity of the 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 and 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 the 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

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

Role of the Managing Director & CEO

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 which is necessary to achieve the Company's objectives. He has overall control over 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 the 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. The independence of the respective Independent Directors is confirmed during selection and appointment and they remain committed to continuing with such independence throughout their tenure.

Role of Independent Directors

Independent Directors 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 its inputs in achieving its strategic direction.

(d) DBH's Policy for Induction of Directors

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

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

(e) Composition and Category

The Composition of the Board of Directors of the Company is in compliance with Bangladesh Bank's Circular No. 9 dated September 11, 2002, and the condition nos. 1.1 & 1.2 of Bangladesh Securities and Exchange Commission's Corporate Governance Code dated June 3, 2018. 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, and understanding of the Business model of the company.

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

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

Board's Appraisal

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

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

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

The following criteria are considered for the evaluation:



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

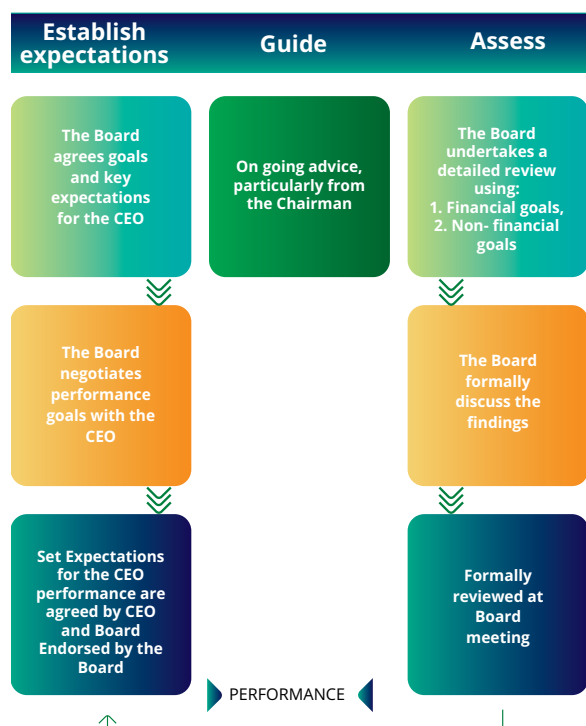
The Companies Act, 1994, requires the Directors to prepare financial statements for each accounting year.

The Board of Directors accepts the responsibility for the preparation of the financial statements (as well as the quarterly financial statements), maintaining adequate records for safeguarding the assets of the Company, preventing and detecting fraud and/or other irregularities, selecting suitable accounting policies and applying those policies consistently and making reasonable and prudent judgments and estimates where necessary.

The Board of Directors is also responsible for the implementation of the best and most suitable corporate governance practices. A separate statement of the Directors' responsibility for financial reporting and corporate governance has been presented on page no. 130 of this Annual Report.

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

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



(j) Board nomination and election process

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

The Board of Directors of the Company is in compliance with Bangladesh Bank's Circular No. 9 dated September 11, 2002, and the condition nos. 1.1 & 1.2 of Bangladesh Securities and Exchange Commission's Corporate Governance Code-2018. The Board has an optimum combination of Non-Executive and Independent Directors. The Board comprises of total nine (9) Directors, out of which seven (7) are Non-Executive Directors and two (2) are Independent Directors. The Managing Director

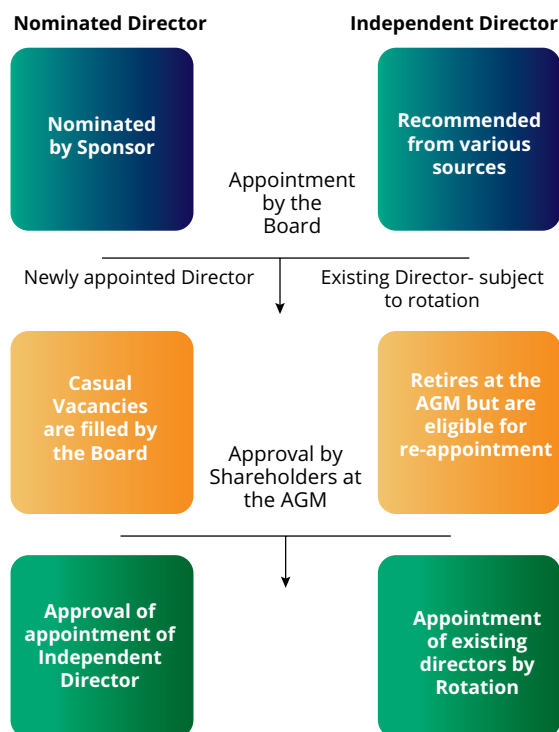
is an Executive and ex-officio Director of the Board.

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

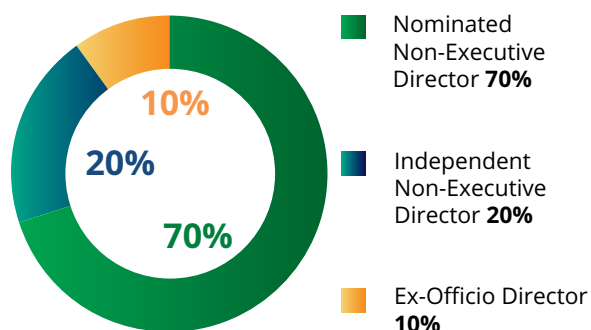
The Directors of DBH are:

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

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



Board composition



2. BOARD SYSTEMS AND PROCEDURES

(a) Board Meetings

The meetings of the Board of Directors are normally held at the Company's head office at Gulshan, Dhaka. During the year under review, the board met 9 (nine) times. In view of the COVID-19 pandemic and its aftermath, 6 (six) of the meetings were held virtually, through audio-visual means in accordance with the relaxations granted by the Bangladesh Securities and Exchange Commission and two meetings were held in the Hybrid system & one in physical form. Meetings are generally scheduled well in advance and the notice of each board meeting is given in writing to each director. The board meets at least once a quarter to review the quarterly performance and financial results of the company. In case of a special and urgent business need, board approval is taken by passing resolutions by circulation as permitted by law, which is noted and confirmed at the subsequent board meeting. The board papers, agenda, and explanatory notes are circulated to the directors well in advance and are also made available on a digital platform. The Chairman moderates the overall discussion to arrive at a conclusive and consensus opinion and also summarises the discussions to ensure that decisions taken are appropriately recorded. Senior management is invited to attend the board meetings so as to provide additional input on the matters being discussed by the board.

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

The Board in its 103rd Meeting held on December 27, 2018, laid down and adopted a Code of Conduct

for the Chairperson, other Board Members, and CEO of the Company in accordance with Condition No. 1 (7) of the Corporate Governance Code – 2018. This code of conduct has successfully replaced the earlier code of conduct for the Directors and Senior Management approved by the Board in its 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 establishing the highest levels of ethics and compliance.

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

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

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

http://www.dbhfinance.com/downloads/Code_of_Conduct_2018.pdf

and

http://www.dbhfinance.com/downloads/Code_of_Conduct_Chairperson.pdf

(c) Attendance in Board of Directors and Committee Meetings

During the financial year under reporting total nine (9) Board Meetings, four (4) Audit Committee Meetings & seven (7) Executive Committee Meetings were held and the attendance of the Directors are noted below:

Name of Directors	Attendance at 26 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	6	7	7	0	0
Ms. Mehreen Hassan, Bar- at- Law	√	9	8	7	7	0	0
Mr. Md. Mujibur Rahman	√	7	7	0	0	4	4
Mr. Syed Moinuddin Ahmed	√	9	8	0	0	4	4
Mr. M. Anisul Haque, FCMA	√	7	7	0	0	4	4
Mr. Mohammad Anisur Rahman	√	9	7	0	0	0	0
Mr. Khandkar Manwarul Islam	-	1	1	0	0	0	0
Mr. Nazir Rahim Chowdhury	-	1	1	0	0	0	0
Ms. Rasheda K. Choudhury	√	9	6	0	0	4	3
Major General Syeed Ahmed, BP (Retd.)	√	9	9	0	0	4	4

(d) Particulars of Whistle Blower Policy

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

(e) Independence of the Chairman of all Board Committee

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

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

DBH's Board of Directors consists of members who possess a wide variety of knowledge and experience in finance, economics, management, business administration, marketing, and law. This ensures that together, they formulate the right policy for the development of the business while

having the specialized skills and the ability to foresee developments across a larger perspective and with enough independence to audit the management in a balanced manner.

Two of the Board Members are business graduates, one of the directors is Ph.D., and one Director is Barrister-at-law. Respective qualifications of the Directors are appended in the Directors' profile on page nos. 12-21 of this annual report.

(g) Nomination and Remuneration Committee (NRC)

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

(h) Information Applied to the Board

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

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

Related Acts, Regulations, and Guidelines:

Sl.	Particulars
1	The Companies Act, 1994;
2	The Financial Institutions Act, 1993;
3	Securities & Exchange Ordinance-1969 and Securities & Exchange Rules- 2020;
4	Corporate Governance Code- 2018 issued by the Bangladesh Securities and Exchange Commission (BSEC);
5	Policies, Procedures, Directives of BB & BSEC;
6	Listing regulations 2015 of Stock Exchanges;
7	Code of Conduct for Banks/FIs issued by Bangladesh Bank.

Related internal principles and guidelines:

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

(i) Disclosure of Board Committees

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

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

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

Audit Committee

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

The Audit Committee of the Board was last re-constituted on December 22, 2022, 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 the requisite knowledge of accounting and financial management.

A separate report on the activities of the Audit Committee has been presented on page no. 115 of this annual report.

Executive Committee

The Executive Committee of the Board is authorized to review all the proposals of loans and advances above authority delegated to the Managing Director & CEO with an upper limit of Tk. 2.00 crore. During the period under review, 7 (seven) meetings of the Executive Committee were held.

The Executive Committee was last reconstituted on December 2, 2022, and the members are Ms. Mehreen Hassan as its Chairperson, Dr. A M R Chowdhury, Mr. Nazir Rahim Chowdhury, and Mr. Nasimul Baten, Managing Director & CEO.

(j) Role of Company Secretary & his Background

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 the bridge between the regulators/stakeholders and the company.

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

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

3. BOARD SYSTEMS AND AUDIT COMMITTEE

(a) Financial Expert in the Audit Committee

The Audit Committee of the Board was last re-constituted on December 22, 2022. All the Members of the Audit Committee have the required qualifications and expertise for appointment to the Committee and possess the requisite knowledge of accounting and financial management.

(b) Reporting of Internal Auditor to the Audit Committee

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

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

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

DBH made relevant mandatory disclosure in its financial statements under the regulatory framework, including compliance with the provisions of International Financial Reporting Standards (IFRS) as adopted in Bangladesh, that it submits all the reports/ statements regularly, which are required to submit to the regulators as well as the other

stakeholders of the Company. However, a separate report on Internal Control has been given on page no. 113 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 December 22, 2022, 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. Syed Moinuddin Ahmed	Member
Ms. Rasheda K. Choudhury Independent Director	Member
Mr. Mohammad Anisur Rahman	Member
Mr. Khandkar Manwarul Islam	Member

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

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

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

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

- On conflict of interest;
- Suspected and presumed fraud or irregularity or material defect in the internal control system;
- Suspected infringement of laws, including securities-related laws, rules and regulations and
- Any other matter, which should be disclosed to the Board of Directors immediately.

No such issues arose at DBH during the year that ended on 31 December 2022.

(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 26th 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 2022.

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

Transactions with related parties have been made on an arm's length basis and are in the ordinary course of business. Detailed transactions with related parties have been described in notes- 40 of the Financial Statements on page no. 179 of this annual report.

(c) Disclosure regarding Compliance with IFRS

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

(d) Disclosure regarding Compliance of ICSB Secretarial Standards

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

(e) Adverse Remarks in the Auditors' Report

The audit report 2021 contained no adverse observations of the activities by the Statutory Auditors of the Company.

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

The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) provide a certification on annual basis to the Board of Directors under Condition No.3 (3)

(C) of the Corporate Governance Code- 2018 of BSEC.

(g) Presentation of Financial Statements on the Website

The Company's financial results and official news releases have been displayed on the company's website and also on the websites of the Dhaka Stock Exchange 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, that it submits all the reports/statements regularly, which are required to submit to the regulators as well as the other stakeholders of the Company and also displayed on the company's website and the websites of the Dhaka and Chittagong Stock Exchanges for the prospective foreign/ local investors.

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

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

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

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

The details of attendance along with the amount of remuneration of Directors in the meeting of the Board and its committees have been presented in Annexure II of the Directors' Report. The amount of

remuneration paid to the Directors is also disclosed in Note No. 28 of the audited financial statements.

5. TRANSPARENCY AND INTERNAL AUDIT FUNCTIONS

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

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

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

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

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

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

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

The Company has taken proper steps and sufficient care in building a system of internal control, which is reviewed, evaluated, and updated regularly. The internal audit department of the Company conducts a periodic audit to provide reasonable assurance

that the established policies and procedures of the Company were consistently followed. However, a Statement of Directors' responsibility to establish an appropriate system of internal controls has been presented on page no. 130 of this report.

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

DBH has an 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 checks and balances.

Your Company ensures that a reasonably effective internal control framework operates throughout the organization, 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 authorization, 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 improvements 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, and their findings/report was referred to the Audit Committee of the Board for appropriate actions/review.

6. SHAREHOLDERS INFORMATION & VALUE ENHANCEMENT

Patterns of shareholdings as on 31st December 2022 are given below:

Based on Shareholders types:

Group Name	No. of Share holders	No. of Shares	Percent (%)
Sponsors/ Directors	5	100,071,333	51.32
General Public	9,223	22,682,876	11.63
Financial Institutions & Other Companies	193	36,696,062	18.82
Foreign Investors	15	35,540,093	18.23
Total:	9,436	194,990,364	100.00

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

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

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

Shares held by the Directors/ Executives and relatives of Directors/ Executives of the Company have been shown in Annexure-iii on page no. 63 of this annual report.

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

The shareholding position of ten percent (10%) or more voting interests in the Company has been shown in Annexure-iii on page no. 63 of this annual report.

(d) Redressal of Investors' Complaints

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

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

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

Key operating and financial data of last preceding 5 (five) years has been shown under the heading of Operational and Financial Highlights on page no. 26 of this annual report.

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

The Company started its journey in early 1997 and commenced to pay the dividend to its shareholders in 2000, thereafter the Company has been paying dividends regularly. The historical record of payment of dividends and the summary of unclaimed dividends have been given on pages nos. 28 and 92 of this annual report as general disclosure to the stakeholders of the Company.

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

The Earnings per Share (EPS) for the year 2022 stood at Tk. 5.21 in place of Tk. 5.35 in the previous year.

The last preceding 5 (five) years of EPS have been shown under the heading of Operational and Financial Highlights on page no. 26 of this annual report.

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

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

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

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

The level of Shareholders' satisfaction and confidence in the Company has been shown under the heading of the Market value added (MVA) statement which has been included on page no. 32 of this annual report.

(j) Means of Communication with the Shareholders

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

7. STAKEHOLDERS VALUE ENHANCEMENT

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

A separate report named Stakeholders Analysis has been presented on page no. 133 of this report.

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

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

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

(b) Payment to Vendors on Time

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

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

DBH contributes to the national exchequer in the form of Income Tax, VAT & Excise duty regularly and in a timely manner. The company's contribution to the national exchequer has been given on page no. 57 of this annual report.

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

The report of dispute/ default in respect of payment of Govt. taxes has been shown under the heading of Contingent liabilities on page no. 174 of this annual report.

(e) Policy of Supply Chain Management

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

8. CORPORATE SOCIAL RESPONSIBILITY

(a) Policy of CSR

The Corporate Social Responsibility (CSR) policy of the Company was approved by the Board of Directors in line with the Bangladesh Bank's Guidelines on CSR with a view to engaging the institution in a broad range of direct and indirect CSR activities including humanitarian relief and disaster response as well as to widening of advancement opportunities for disadvantaged population segments in the areas of healthcare, education, and training as well as greening initiatives, etc.

The report on Corporate Social Responsibility has been given on page no. 119 of this annual report.

(b) Particulars of the Forestation and Plantation of Trees

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

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

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

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

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

(e) Scheme Maintain under CSR Programs

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

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

- Promoting the education of the Country;
- Preventive and curative healthcare support in the Country;
- 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 4 Gold awards in a row in the 6th, 7th, 8th & 9th ICSB National Awards in the NBFI Category, for the good corporate governance practices of the Company. The Company had also won various other awards in earlier years since the introduction of the ICSB Corporate Governance Awards.

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

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

The Vision and Mission statement of the Company has been given on page no. 7 of this annual report.

(c) Overall Strategic Objectives

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

(d) Core Values and Ethical Principles

The core values and code of conduct/ ethical

principles of the Company have been given on page no. 6 of this annual report.

(e) Code of Conduct

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

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

The brief resumes of the Directors have been included on pages nos. 10 to 19 of this Annual Report and as well as their representation on the Board of other companies & organizations has also been given in notes no. 42.1 of the Financial Statements.

10. TIMELINESS IN ISSUING FINANCIAL STATEMENTS AND HOLDING AGMs

DBH holds a General Meeting of members once a year and the meeting is held within 6 (six) months of completion of the respective financial year, as per the guidelines of BSEC as well as the permitted time limit of the Companies Act- 1994. The Company ensures effective interaction with the members at the Annual General Meeting. The Directors pay special attention to answering the various queries raised by the members at the Annual General Meeting.

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

Extra-ordinary General Meeting-2022:

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

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

26th Annual General Meeting:

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

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

Resolutions passed by the shareholders on the following:

- (i) Consideration and adoption of the Directors' Report, Audited Financial Statements for the year ended December 31, 2020, and the Auditors' Report thereon;
- (ii) Dividend @ 25% (@ 15% cash & 10% stock);
- (iii) Appointment/re-appointment of Directors;
- (iv) Appointment of M/S ACNABIN, Chartered Accountants as statutory auditors, and re-appointment of M/s. ARTISAN, Chartered Accountants as a professional to provide the certificate on compliance with the BSEC's Corporate Governance Code - 2018.

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

25th Annual General Meeting:

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

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

Resolutions passed by the shareholders on the following:

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

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

24th Annual General Meeting:

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

Participants: 59 Shareholders which represent 103,371,320 shares 77.12% of paid-up shares of the Company.

Resolutions passed by the shareholders on the following:

- (i) Consideration and adoption of the 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 with the BSEC's Corporate Governance Code - 2018.

	Record Date	Voting Start Date	Voting End Date	Voting Result
24th AGM E-VOTING SCHEDULE	Wednesday, March 11, 2020	Tuesday, June 16, 2020 (10:00 a.m.)	Wednesday, June 17, 2020 (12:00 p.m.)	All the agenda are approved by around 99.99% votes.

11. DELEGATION OF AUTHORITY

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

12. AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

The Company has complied with all mandatory requirements of Corporate Governance Guidelines as enumerated in the Corporate Governance Code- 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. 96 of this report.

13. RISK MANAGEMENT

The Company always concentrates on delivering high value to its stakeholders through an appropriate trade-off between risk and return. A well-structured and proactive risk management system is in place within the Company to address the risks relating to credit, market, liquidity, and operations. Details of the Risk Management have been described in notes 2.31 of the Financial Statements on page no. 160 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. 128 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 dividends by Bangladesh Securities and Exchange Commission (BSEC) No. BSEC/CMRRCD/2021-386/03/ dated January 14, 2021, the Board of Directors has approved the dividend distribution policy of the Company. Moreover, DBH also ensures timely adaption of any directives and circulars prescribed by Bangladesh Bank and Bangladesh Securities and Exchange Commission related to dividend distribution and management from time to time.

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

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

16. SUMMARY OF UNPAID OR UNCLAIMED DIVIDEND

We 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 setup. As a result, every year a portion of dividends remain undistributed.

In this regard, Bangladesh Securities and Exchange Commission vide their letter No. SEC/SRMIC/165-2020/part-1/166 has directed listed companies to transfer the amounts held against unclaimed or undistributed or unsettled dividends in cash (remained for more than three years) or non-refunded public subscription money or others to the Capital Market Stabilization Fund (CMSF). In this regard, we have transferred the unclaimed or undistributed or unsettled dividend in cash and non-refunded public subscription money for the last 9 (nine) years to the Capital Market Stabilization Fund (CMSF) on August 25, 2021. The amount of unclaimed dividend over three years as per this year's audited accounts will be transferred to CMSF shortly after the AGM.

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

Aging analysis of unpaid/unclaimed cash dividend (As of December 2022)

	BDT in Taka
Up to 1 year	782,776.28
Over 1 year but within 3 years	1,416,353.10
Over 3 years but within 4 years	323,251.68
Interest received from Bank	1,561,786.47
Present Amounts	4,084,167.53

Annexure-A
[As per condition No. 1(5) (xxvi)]
DBH Finance PLC.
Declaration by CEO and CFO

Date: March 28, 2023

The Board of Directors
DBH Finance PLC.
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 2022.

Dear Sir(s),

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

- (1) The Financial Statements of DBH Finance PLC. for the year ended on 31st December 2022 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 2022 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
DBH Finance PLC.
On Compliance on the Corporate Governance Code**

We have examined the compliance status to the Corporate Governance Code of DBH FINANCE PLC. for the year ended on 31st December, 2022. 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 except as stated in the remarks column of the status of Corporate Governance Code.
- b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code.
- c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- d) The Governance of the company is satisfactory.


Md. Selim Reza FCA FCS

Partner

ARTISAN-Chartered Accountants



Place: Dhaka

Dated: 16 April, 2023

Annexure-C
[As per condition No. 1(5)(xxvii)]

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

(Report under Condition No. 9)

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	BOARD OF DIRECTORS:			
1(1)	Size of the Board of Directors: The total number of members of the company's Board of Directors shall not be less than 5 (five) and more than 20 (twenty)	✓		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 Directorsw	✓		2 (two) Independent Directors namely: (1). Ms. Rasheda K. Choudhury and (2). Maj. Gen. Syeed Ahmed, BP (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;	✓		

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

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	✓		
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	✓		
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.			N/A
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;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	✓		
1(5)(xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	✓		
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;			N/A
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	✓		
1(5)(xx)	An explanation on the reasons, if the issuer company has not declared dividend (cash or stock) for the year;			N/A
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	✓		
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	✓		
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name- wise details where stated below) held by :-	✓		Annex # iii, page no. 63
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);			N/A
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	✓		
1(5)(xxiii)(c)	Executives; and	✓		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);	✓		
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. 64
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements;	✓		
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;			N/A
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(5)(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	✓		
1(5)(xxv)(e)	briefly explain the financial and economic scenario of the country and the globe;	✓		
1(5)(xxv)(f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	✓		
1(5)(xxv)(g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	✓		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A; and	✓		Page no. 95
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. 96
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

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
3.	MANAGING DIRECTOR (MD) OR CHIEF EXECUTIVE OFFICER (CEO), CHIEF FINANCIAL OFFICER (CFO), HEAD OF INTERNAL AUDIT AND COMPLIANCE (HIAC) AND COMPANY SECRETARY (CS):			
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		✓	Persuant to BB letter date 04-11-2021 NRC is not required for FIs
5.	AUDIT COMMITTEE:			
5(1)	Responsibility to the Board of Directors:			
5(1)(a)	The company shall have an Audit Committee as a sub-committee of the Board;	✓		

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;		✓	Persuant to BB letter date 04-11-2021 NRC is not required for FIs
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;			Do
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).			Do
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

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;			Do
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders			Do
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

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
7.	EXTERNAL OR STATUTORY AUDITORS:			
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 2022 appointed in the last AGM (26 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 policies and guidelines. However, Departmental/ Unit heads may sign daily letters/statements as set out in DFIM circular no. 2 dated 06 January 2009 if so authorized by MD.	Complied

DBH Team



Glimpse of 2022



DBH signed agreement with IFC to strengthen its Affordable Housing Finance Business



DBH won ICSB National Gold Award for 4th Consecutive Year



DBH Finance supported JPGSPH Brac University midwifery project



DBH opened 13th branch in Rajshahi



DBH opened 14th branch in Rangpur

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

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

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

Composition of the Committee

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

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

The current Audit Committee was last reconstituted on December 22, 2022, 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. Syed Moinuddin Ahmed	Member	Director
Ms. Rasheda K. Choudhury	Member	Independent Director
Mr. Mohammad Anisur Rahman	Member	Director
Mr. Khandkar Manwarul Islam	Member	Director

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

Activities of the Audit Committee during the year

The Committee normally meets quarterly, but an emergency meeting of the Committee may be called if required. However, during the period under review, 4 (four) meetings of the Committee were held. The Committee reviewed the financial reporting process, the system of internal control, and management of financial & operational risks through the audit process. The committee evaluated all the quarterly accounts before being placed in the respective Board Meetings. It also recommended the appointment of the Statutory Auditors for the year 2022.

The audit committee reviewed the annual accounts

for the period of January 1, 2022, to December 31, 2022, and placed its recommendations to the Board of Directors. Based on the review, the Audit Committee is of the view that the internal control and compliance procedures are adequate to present a true and fair view of the activities and financial status of the Company and to ensure that its assets are safeguarded properly.

Roles and Responsibilities of the Committee

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

(a) Internal Control

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

(b) Financial Reporting

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

(c) Internal Audit

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

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

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

(d) External Audit

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

(e) Compliance with existing Laws and Regulations

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

(f) Other Responsibilities

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

Reporting to the Board and the Shareholders

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

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

Acknowledgement

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



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

Chairman
Audit Committee

Date: March 28, 2023

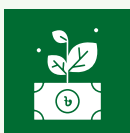
Green Banking

Activities of DBH

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

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

Environment Friendly Loan Financing



We have incorporated sustainability principles into day-to-day activities of the Company. Our aim is to do best to ensure that the credits we extend to our customers are utilized for environmentally sound and sustainable purposes. DBH complies with environmental standard while financing. Projects with likely adverse impact on environment are strongly discouraged by DBH. As an environment responsive Financial Institution, DBH ensures that the borrower has the due environmental clearance certificate from the concerned authorities while granting or renewing credit facilities. DBH has

assessed environmental and social issues related to the projects at the time of granting credit facilities which reflects DBH's strong commitment in ensuring environmental and social safeguard of the projects, while creating a sense of accountability for the borrowers.

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

Improved In-house Management & Green practices



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

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

Environmental Due Diligence (EDD)



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

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

Report on National Integrity Strategy

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

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

NIS and Private Sector:


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

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

together to implement the NIS within every financial institution. Accordingly, DBH has formed a 7 (seven) members committee called "Ethics Committee of DBH" headed by Head of HR of the Company as well as determined a Focal Point. The committee has undertaken the responsibilities to work closely with the Bangladesh Bank to implement the NIS and in this regards finalizes the annual work plans as per their guidelines 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 2022-2023, as prescribed by Bangladesh Bank and accordingly, quarterly reports have been submitted to Bangladesh Bank in a 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 2021-2022 & their names have also been published in the website.
- Introduced effective measures for combating money laundering and the financing of terrorism.
- Ensured transparency in all activities of the Company.



Jashim Uddin, FCS

Focal Point
DBH, Ethics Committee

Corporate Social Responsibility (CSR) at DBH

DBH Finance PLC, 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 customers' 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 to be 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 promoting diversity in the workforce by considering 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 various CSR activities during the period under reporting i.e. from January 1, 2022 to December 31, 2022. The Highlights of the activities taken during the reporting period are as follows:

- **Education:**

Education is one of the basic rights for every human being. Bangladesh has enormous potential for rapid development in the world economy. The people of the country are ambitious, hardworking and well conscious regarding the value of education. Unfortunately, due to inability, some of the students are unable to get quality education. Without quality education a nation cannot develop, as education is an essential component of human development and empowerment of nation. Considering the fact, DBH has come forward to do something in this area and engaged itself by donating an amount of Tk 3.5 lac only to Prime Minister Education Trust Fund.

- **Health Care:**

To fulfill the commitment of the Prime Minister at the UN General Assembly's Special Session in September 2010, BRAC University (BracU) started its journey in the field by establishing the Developing Midwives Project (DMP) in April 2012, with support from DFID and Brac. To promote the institution and its students, DBH has come forward and donated an amount of Tk 7 lac only

in the year 2022 to BracU James P Grant School of Public Health (JPGSPH).

DBH also donated an amount of Tk. One lac only to a seriously ill kidney patient for his kidney transplant treatment on humanitarian ground. The applicant applied through Bangladesh Bank officials and we have verified the fact before allocating the fund.

- **National Integrity:**

Under the National Integrity Strategy (NIS) program of the country, Banks and FIs are playing a tremendous role in creating awareness among the common people by publishing the Rhyme in the national daily from the Book 'Choray Choray Shuddasar' published by Bangladesh Bank. Accordingly, DBH also published two rhymes during this period and spent an amount of Tk. 44,850.00 only from its CSR fund.

- **Others:**

Recently, DBH has amended its object clause by inserting a new clause in its Memorandum & Articles of Association for facilitating the Islamic Financing business of the company side by side with its running traditional interest-based financing. In this regard, as per the order of the Company Court of Hon'ble High Court Division of Supreme Court, an amount of Tk. 5 lac was donated to a charitable Trust Fund named 'Fulchari Hazi Sattar Trust' for their activities in socio-economic development in their targeted area.

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

A) Scope of Application

Qualitative Disclosures:

- (a) These guidelines apply to DBH Finance PLC.
- (b) DBH has no subsidiary companies.
- (c) Not Applicable

Quantitative Disclosures:

- (d) Not Applicable

B) Capital Structure

Qualitative Disclosures:

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

Tier 2 Capital includes:

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

Conditions for maintaining regulatory capital:

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

Quantitative Disclosures:

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

Particulars	Amount in Crore Taka
Paid up capital	194.99
Non-repayable share premium account	5.50
Statutory reserve	189.49
General reserve & other reserve	332.50
Retained earning	52.01
Dividend equalization account	25.00
Amount in Crore Taka	
The total amount of Tier 2 capital	30.77
(d) Other deductions from capital	-
(e) Total eligible capital	830.27

C) Capital Adequacy

Qualitative Disclosures

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

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

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

Strategy to Achieve the Required Capital Adequacy:

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

Quantitative Disclosures

(b) Capital requirement for Credit Risk	246.20
(c) Capital requirement for Market Risk	12.50
(d) Capital requirement for Operational Risk	33.98
(e) Total and Tier 1 capital ratio:	
CAR on Total capital basis (%)	28.37
CAR on Tier 1 capital basis (%)	27.32

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	4,136.73
Loan against Deposit	18.49
Staff Loan	14.35
Term Loan	284.03
Total	4,453.60

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

Area	Amount in crore Taka
Dhaka	3,879.96
Chattogram	218.14
Sylhet	20.00
Cumilla	53.06
Gazipur	207.68
Narayangonj	50.05
Khulna	16.44
Rajshahi	7.10
Rangpur	1.18
Total	4,453.60

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

Sector	Amount in crore Taka
Housing & Real Estate	4,151.32
Consumer Finance	302.28
Total	4,453.60

- (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	22.18
Not more than 3 months	229.46
Over 3 months but not more than 1 year	612.45
Over 1 year but not more than 5 years	2,173.91
Over 5 years	1,415.60
Total	4,453.60

- (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	0.28
Housing loans over 5 years	38.19
Totals	38.48

- 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	38.48
Provision on unclassified loans and advances	55.68
Total	94.15

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

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

Particulars	Amount in crore Taka
Provision on classified loans and advances	10.82
Provision on unclassified loans and advances	(27.25)
Total	(16.43)

	Amount in crore Taka
(g) Gross Non Performing Assets (NPA)	38.48
Non Performing Assets (NPAs) to outstanding Loans and Advances	0.86%

Movement of Non-Performing Assets (NPAs)

	Amount in crore Taka
Opening Balance	27.65
Additions	15.54
Reductions	4.72
Closing Balance	38.48

Movement of Specific Provisions for NPAs**

	Amount in crore Taka
Opening Balance	4.62
Provisions made during the period	1.79
Write-off	0.00
Written-back of excess provisions	0.00
Closing Balance	6.41

** As per Bangladesh Bank's Guidelines.

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, 2022. 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)	62.48
Quoted shares (Cost Price)	79.09
Unquoted shares	6.45

Breakup of Total Investment

Particulars	Amount in crore Taka
Government securities	165.86
Non marketable securities	6.45
Preference share	0.30
Marketable Securities	79.09

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

Particulars	Amount in crore Taka
Cumulative realized gain (loss)	1.19

- d)

Particulars	Amount in crore Taka
Total unrealized gains(Losses)	(14.22)
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 62.48 crore.. Capital requirement is 10% of the said value which stands at BDT 6.25 crore.

General Risk – Market value of investment in equities is BDT 62.48 crore. Capital requirement is 10% of the said value which stands at BDT 6.25 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)	108.98	95.35	413.27	333.07	255.50
B. Total Rate Sensitive Assets (B)	582.18	205.47	399.63	211.65	397.64
C. Mismatch	473.20	110.11	-13.64	-121.42	142.14
D. Cumulative Mismatch	473.20	583.31	569.67	448.25	590.39
E. Mismatch (%)	434.22%	115.48%	-3.30%	-36.45%	55.63%

Interest Rate Risk

Magnitude of Shock	Minor	Moderate	Major
	2%	4%	6%
Change in the Value of Bond Portfolio (BDT in Crore)	-27.96	-55.91	-83.87
Net Interest Income (BDT in Crore)	11.81	23.62	35.42
Revised Regulatory Capital (BDT in Crore)	814.07	797.92	781.77
Risk Weighted Assets (BDT in Crore)	2,926.78	2,926.78	2,926.78
Revised CAR (%)	27.81%	27.26%	26.71%

G) Market Risk

Qualitative Disclosures

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

Method used to measure Market risk

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

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

Market Risk Management System

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

Interest Risk Management

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

Market analysis

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

GAP analysis

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

Continuous Monitoring

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

Equity Risk Management

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

Equity Risk is managed by the following manner:

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

Quantitative Disclosures

- (b) The capital requirements for Market Risk:

	Amount in crore Taka
Interest rate risk	-
Equity position risk	12.50
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:	33.98

Report on Going Concern

DBH Finance PLC. (formerly known as Delta Brac Housing Finance Corporation Ltd.) is a non-banking financial institution continuing its business since 1997, on a going concern basis. Financial Statements of a Company are required to be prepared based on the 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 liquidating, therefore the Company must be able to generate enough resources to stay operational.

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

Financial Indications

Less reliance on short-term borrowing:

At the end of December 2022, total short-term borrowings of the company were Taka 7592 million, representing only 14.12% of total liabilities which indicates the Company has the 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 funding sources to meet our increasing need for growth. By the end of December 31, 2022, our deposit portfolio stood at Taka 40,061 million which covers almost 90% of our total loan portfolio and it reflects the confidence of depositors/lenders on DBH.

Positive business growth:

DBH always focuses on business expansion by offering its products to potential customers. During the year 2022, the company recorded positive growth both in disbursement and portfolio as well.

Positive key financial ratios:

The comprehensive financial summary laid out on page no. 26 of this Annual Report clearly depicts the Company's financial ratios in an affirmative light. These positive financial ratios provide testimony to the Company's robust financial foundation and promising prospects.

Consistent payment of dividends:

The Company has been paying dividends consistently to its shareholders before listing which reflects Company's long-term viability in operational existence over many years. Historical dividend payment record has been given on page no. 30 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 the loan agreement.

Fixed deposit with realistic renewal or repayment:

At the close of 12 months period ended on December 31, 2022, the total fixed deposits of the Company were Taka 40,061 million. Based on experience, we can say that there is every possibility that a major part of the deposit would be renewed further.

Operating Performance:

The overall financial sectors suffered during the year 2022. DBH has maintained almost the same level of performance like 2021. The Company's total loans & advances have increased from

Taka 43,830 million to Taka 44,536 million indicating a growth of 1.6% from December 2021. Total profit after tax during 2022 is Taka 1017 million as against Taka 1044 million in 2021. All those indicators support Company's continuance in foreseeable periods.

Operating Indications

Product diversification and introduction of the Islamic Financing Wing:

The Company is always focusing to expand its products/services line by introducing new products and services. In the year 2022, the company got conditional approval from Bangladesh Bank for opening an Islamic Financing wing (IFW). On April 11, 2023, Bangladesh Bank granted final approval to DBH for the establishment of the Islamic Finance wing.

Corporate environment and employee satisfaction:

There exists a very good corporate environment in the Company. DBH is an excellent workplace with a friendly environment. The employee communication within the company is conducted with utmost proficiency, ensuring that information is disseminated both horizontally and vertically with ease and clarity.

The company endeavors to be honest and practices fair treatment to all employees which ensures a good corporate environment. The Company pays a very competitive compensation package and there exists a good number of employee benefits like transport benefits, maternity benefits, performance bonuses, gratuity, provident funds, etc., which are 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 17 (Seventeen) 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, 2022, the Company's total paid-up capital stands at Taka 1,949.90 million, while the minimum paid-up capital as required by Bangladesh Bank is Taka 1,000.00 million. DBH's capital adequacy ratio is 28.37% against the minimum requirement of 10% as set by the regulator under Basel-II.

Strong equity base:

As on December 31, 2022, the total equity of the Company stands at Taka 7,994.96 million representing an increase of 10.36% over December 2021 that reflects the 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, the Directors feel it is appropriate to adopt the 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 DBH Finance PLC. would like to inform that the audited accounts containing the Financial Statements for the year ended 31st December 2022 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:

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, 2022 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 has 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

HR Planning

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 96 new regular employees were hired of which number of male employees was 92 and female employees was 4. During the year 2022, 66 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, total 13 in-house and external training programs were conducted where 302 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.

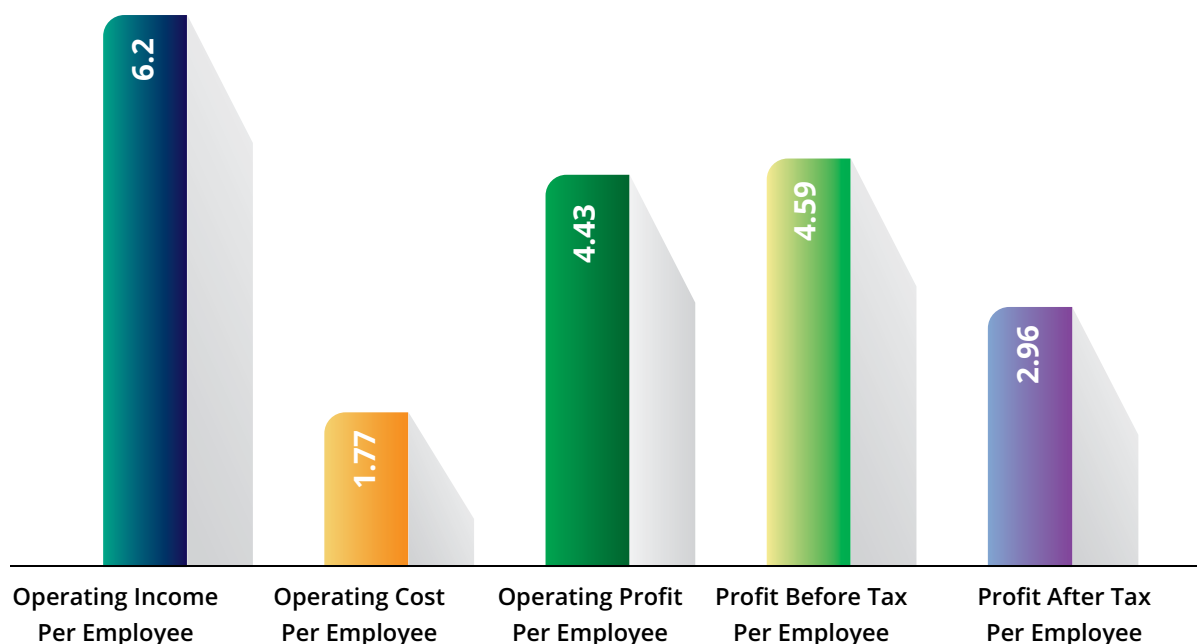
Human Resource Accounting

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 2022, the number of regular employees is 344 (Male - 295, Female - 49). Per employee productivity (in BDT million) is as follows:

Operating Income per employee	6.2
Operating Cost per employee	1.77
Operating Profit per employee	4.43
Profit Before Tax per employee	4.59
Profit After Tax per employee	2.96

Per Employee Productivity (in million)



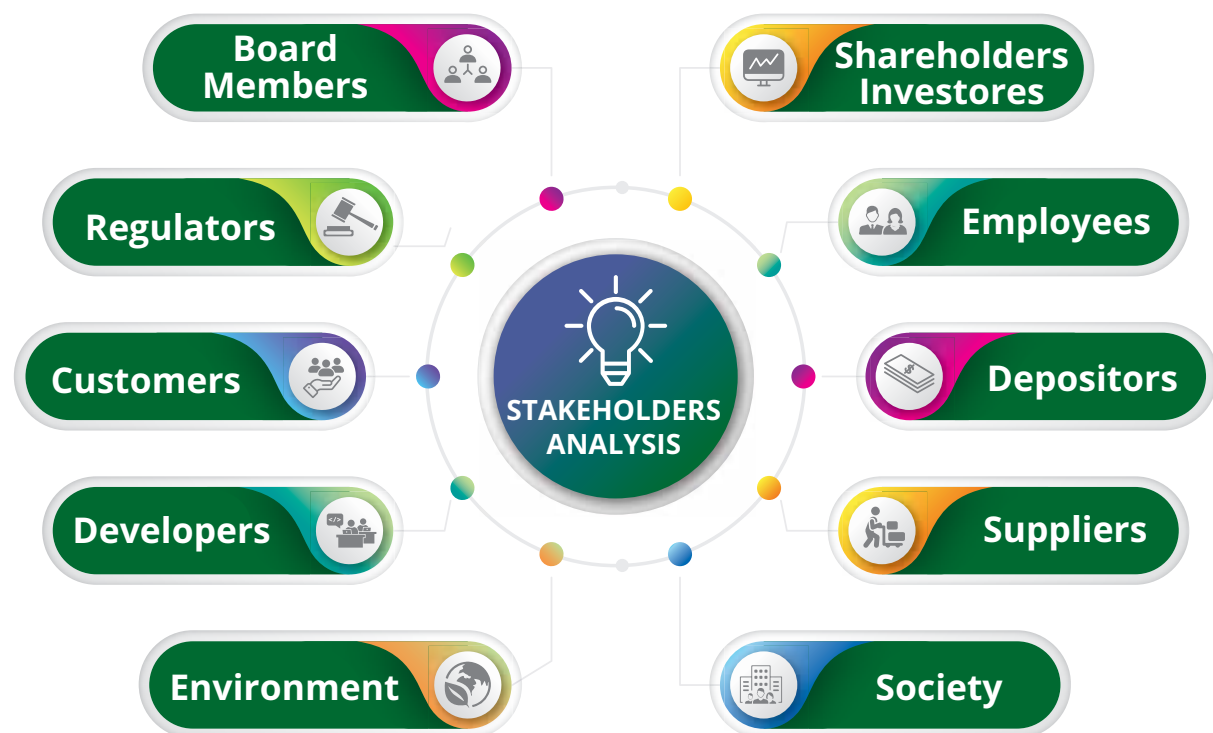
Stakeholders Analysis

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.

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Auditor's Report and Financial Statements

Independent Auditor's Report

To the Shareholders of DBH Finance PLC.

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of DBH Finance PLC. (the Company), which comprise the balance sheet as at 31 December 2022, 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 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note # 2 to the financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk
Measurement of provision for loans and advances	
<p>The process for estimating the provision for loans and advances portfolios 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>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;

<p>At year end the Company reported total gross loans and advances of BDT 44,535,972,899 (2021: BDT 43,830,505,644) and provision for loans and advances of BDT 941,521,996 (2021: BDT 1,105,800,154).</p> <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, FID circular no.03 dated 29 April 2013 and DFIM circular no.04 dated 26 July 2021; ■ 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 primarily depends on key assumptions relating to the probability of default, the ability to repossess collateral, and recovery rates. 	<ul style="list-style-type: none"> ■ Reviewed the process of Identification of loss events, including early warning and default warning indicators; ■ Reviewed quarterly Classification of Loans (CL); <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.
See note # 7, note # 12.1.1 and note #12.1.2 to the financial statements.	
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 # 2.27, note # 17.1 and note # 17.2 to the financial statements.	

Accuracy and completeness of revenue recognized

The Company reports revenue of BDT 518.00 crore from Interest on loans, short-term investment, term deposit receipts, Commission, exchange and brokerage income, investment income and related activities.

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.

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.

Our audit approach included a combination of controls testing, data analysis, and substantive procedures covering the following:

- 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 notes # 18, 20, 21 and 22 to the financial statements

Investment and provision for diminutions in the value of investments

The Company reports investments of BDT 251.70 crore, which is comprised of Government securities BDT 165.86 crore, marketable securities of BDT 79.09 crore, non-marketable securities of BDT 6.45 crore, and preference shares BDT 0.30 crore.

The process for estimating the provision against the investments associated with credit risk is significant and complex.

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.

Our audit approach included a combination of controls testing, data analysis, and substantive procedures covering the following:

- 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

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, configurations 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

During our audit, we checked the Information Technology General Controls (ITGC) of DBH Finance PLC. and observed that there are rooms for further improvements, which are being communicated to the management through our letter to the management for their consideration and taking action.

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 2400 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 Bank Company Act, 1991 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
29 March 2023

ACNABIN, Chartered Accountants



Muhammad Aminul Hoque, FCA
Partner
ICAB Enrollment # 1129
DVC : 2303291129AS543002

DBH FINANCE PLC.


Balance Sheet

As at 31 December 2022

	Notes	Amount in Taka	
		31 December 2022	31 December 2021
PROPERTY AND ASSETS			
Cash		575,264,085	558,066,972
In hand	3.1	99,203	101,102
Balance with Bangladesh Bank and its agent Bank	3.2	575,164,882	557,965,870
Balance with other banks and financial institutions		11,018,065,981	14,725,958,032
In Bangladesh	4.1	11,018,065,981	14,725,958,032
Outside Bangladesh		-	-
Money at call on short notice	5	2,700,000,000	-
Investments	6	2,516,950,591	678,218,185
Government		1,658,567,002	8,241,093
Others		858,383,589	669,977,092
Loans and advances		44,535,972,899	43,830,505,644
Loans and advances	7	44,535,972,899	43,830,505,644
Fixed assets including land, building, furniture and equipments	8	254,482,380	262,581,058
Other assets	9	145,349,837	223,282,992
Total Assets		61,746,085,773	60,278,612,883
LIABILITIES AND CAPITAL			
Liabilities			
Borrowing from other banks, financial institutions and agents	10	11,080,141,587	6,175,673,065
Deposits and other accounts		40,060,590,590	43,978,360,429
Fixed deposits	11.1	40,060,590,590	43,978,360,429
Other deposits		-	-
Other liabilities	12	2,610,392,699	2,880,448,299
Total Liabilities		53,751,124,876	53,034,481,793
Shareholders' equity			
Paid-up capital	13.2	1,949,903,640	1,772,639,680
Share premium	14	55,000,000	55,000,000
Statutory reserve	15	1,894,903,641	1,693,914,189
Other reserves	16	3,575,040,000	3,125,040,000
Retained earnings	33	520,113,616	597,537,221
Total equity		7,994,960,897	7,244,131,090
Total liabilities and Shareholders' equity		61,746,085,773	60,278,612,883
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	17.1		
Acceptances and endorsement		-	-
Letter of guarantee		-	-
Irrevocable letter of credits		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
Total contingent liabilities		-	-
Other commitments	17.2		
Documentary credit & short-term trade related transaction		-	-
Forward assets purchased and forward deposit placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total other commitments		-	-
Total Off-Balance Sheet items including contingent liabilities		-	-

Notes:


1. Independent Auditor's Report-Page 1 to 8
2. The annexed notes 1 to 42 form an integral part of these financial statements.
3. These financial statements were approved by the Board of Directors on 28 March 2023 and were signed on its behalf by:


Nasir A. Choudhury
 Chairman


Dr. A M R Chowdhury
 Vice Chairman


Nasimul Baten
 Managing Director & CEO

ACNABIN, Chartered Accountants


Muhammad Aminul Hoque, FCA
 Partner
 ICAB Enrollment # 1129
 DVC : 2303291129AS543002

Dated, Dhaka
 28 March 2023


Profit and Loss Account

For the year ended 31 December 2022

	Notes	Amount in Taka	
		2022	2021
Interest Income	18	4,831,162,037	5,053,574,673
Interest paid on deposits and borrowings etc.	19	(3,045,375,756)	(2,889,901,976)
Net Interest Income		1,785,786,281	2,163,672,697
Income from investment	20	145,220,701	125,111,081
Commission, exchange and brokerage	21	182,889,368	177,520,507
Other operating income	22	20,733,705	16,469,035
Total operating income		2,134,630,055	2,482,773,320
Salary and allowances	23	377,439,782	364,346,554
Rent, taxes, insurance, electricity etc.	24	35,613,730	37,625,863
Legal & professional expenses	25	17,808,124	15,777,000
Postage, stamp, telecommunication etc.	26	8,428,116	8,673,069
Stationery, printing, advertisements etc.	27	19,997,884	11,309,741
Managing Director's salary and fees	27.1	13,000,000	13,000,000
Directors' fees and expenses	28	956,075	1,069,840
Auditor's fees	29	575,000	546,250
Depreciation, repairs & maintenance	30	70,854,191	66,127,992
Other expenses	31	65,789,218	46,651,883
Total operating expenses		610,462,120	565,128,192
Profit before provisions		1,524,167,935	1,917,645,128
Provisions:			
Loans and advances	12.1.A	(164,278,158)	226,288,475
Diminution in value of investments	12.1.3	105,946,283	(33,795,686)
Other Assets		2,239,804	4,107,129
Total provisions		(56,092,071)	196,599,918
Profit before tax		1,580,260,006	1,721,045,210
Provision for tax:	32		
Current tax		563,325,906	691,404,197
Deferred tax expense/(income)		208,341	(14,247,960)
		563,534,247	677,156,237
Profit after tax		1,016,725,759	1,043,888,973
Appropriations			
Statutory reserve		200,989,452	207,488,378
General reserve		450,000,000	300,000,000
		650,989,452	507,488,378
Retained surplus		365,736,307	536,400,595
Earnings Per Share	34	5.21	5.35

Notes:

1. Independent Auditor's Report-Page 1 to 8
2. The annexed notes 1 to 42 form an integral part of these financial statements.
3. These financial statements were approved by the Board of Directors on 28 March 2023 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
28 March 2023

ACNABIN, Chartered Accountants


Muhammad Aminul Hoque, FCA
Partner
ICAB Enrollment # 1129
DVC : 2303291129AS543002

DBH FINANCE PLC.

Cash Flow Statement

For the year ended 31 December 2022

	Notes	Amount in Taka	
		2022	2021
Cash flows from operating activities			
Interest receipts		4,862,890,986	5,074,370,924
Interest payments		(2,932,185,465)	(3,052,499,223)
Dividend receipts		33,308,674	44,972,394
Fees and commission receipts in cash		182,889,368	177,520,507
Cash payments to employees, suppliers and various operating expense		(563,849,822)	(501,978,998)
Income tax paid		(751,242,259)	(646,436,953)
Receipts from other operating activities		115,445,861	16,323,437
Cash generated from operating activities before changes in operating assets and liabilities		947,257,343	1,112,272,088
Increase/(decrease) in operating assets and liabilities			
Loans and advances to customers		(702,202,181)	(1,082,426,820)
Investment in trading securities		(179,526,069)	(128,888,015)
Other assets		31,417,955	(77,246,445)
Loans and deposits from banks and other customers		(3,917,769,839)	151,485,493
Interest suspense		(3,368,205)	22,888,384
Other liabilities		(6,146,184)	(6,023,628)
Cash generated/ (utilized) in operating assets and liabilities		(4,777,594,523)	(1,120,211,031)
Net cash flows from/(used in) operating activities	37	(3,830,337,180)	(7,938,943)
Cash flows from investing activities			
Net proceeds(Payments) for sale/purchase of Treasury Bond		(1,650,325,909)	(7,200,770)
Other investments		3,000,000	27,000,000
Purchase of property, plant & equipment		(27,979,469)	(10,127,450)
Proceeds from sell of property, plant & equipment		1,887,651	311,619
Net cash flows from/(used in) investing activities		(1,673,417,727)	9,983,399
Cash flows from financing activities			
Net Receipt of Loan & Zero Coupon Bond		4,649,422,568	718,995,786
Cash dividend paid		(265,895,952)	(231,213,872)
Net cash flows from/(used in) financing activities		4,383,526,616	487,781,914
Net increase/(decrease) in cash and cash equivalents		(1,120,228,291)	489,826,370
Effects of exchange rate changes on cash and cash equivalents		36,852	2,162
Cash and cash equivalents (net off overdraft) at the beginning of the period		15,121,649,494	14,631,820,962
Cash and cash equivalents (net off overdraft) at the end of the period	37A	14,001,458,055	15,121,649,494

Notes:

1. Independent Auditor's Report-Page 1 to 8
2. The annexed notes 1 to 42 form an integral part of these financial statements.
3. These financial statements were approved by the Board of Directors on 28 March 2023 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
 28 March 2023

ACNABIN, Chartered Accountants


Muhammad Aminul Hoque, FCA
 Partner
 ICAB Enrollment # 1129
 DVC : 2303291129AS543002

DBH FINANCE PLC.
Statement of Changes in Equity
For the year ended 31 December 2022

Particulars	Amount in Taka				
	Paid-up Capital	Share Premium	Statutory Reserve	General & Other Reserves	Retained earnings
Balance as on 1 January 2022	1,772,639,680	55,000,000	1,693,914,189	3,125,040,000	597,537,221
Net profit (after tax) for the period	-	-	-	-	1,016,725,759
Transferred to reserve funds	-	-	200,989,452	450,000,000	(650,989,452)
Stock dividend issued	177,263,960	-	-	-	(177,263,960)
Cash dividend paid	-	-	-	-	(265,895,952)
Balance at 31 December 2022	1,949,903,640	55,000,000	1,894,903,641	3,575,040,000	520,113,616
					7,244,131,090

Statement of Changes in Equity
For the year ended 31 December 2021

Particulars	Amount in Taka				
	Paid-up Capital	Share Premium	Statutory Reserve	General & Other Reserves	Retained earnings
Balance as on 1 January 2021	1,541,425,810	55,000,000	1,486,425,811	2,825,040,000	523,564,368
Net profit (after tax) for the period	-	-	-	-	1,043,888,973
Transferred to reserve funds	-	-	207,488,378	300,000,000	(507,488,378)
Stock dividend issued	231,213,870	-	-	-	(231,213,870)
Cash dividend paid	-	-	-	-	(231,213,872)
Balance at 31 December 2021	1,772,639,680	55,000,000	1,693,914,189	3,125,040,000	597,537,221
					7,244,131,090

DBH FINANCE PLC.
Liquidity Statement
 As at 31 December 2022

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)	575,264,085	-	-	-	-	575,264,085
Balance with other banks and financial institutions	4,810,675,819	6,207,390,162	-	-	-	11,018,065,981
Money at call on short notice	2,700,000,000	-	-	-	-	2,700,000,000
Investments	770,884,089	-	9,500,000	-	1,736,566,502	2,516,950,591
Loans and advances	925,304,504	1,591,147,149	6,124,456,201	21,739,100,868	14,155,964,177	44,535,972,899
Fixed assets including land, building, furniture, equipments & ROU asset	3,187,247	6,277,657	18,975,850	73,639,304	152,402,322	254,482,380
Other assets	29,993,544	98,009,069	13,177,224	4,170,000	-	145,349,837
Total Assets	9,815,309,288	7,902,824,037	6,166,109,275	21,816,910,172	16,044,933,001	61,746,085,773
Liabilities						
Borrowing from other banks and financial institutions	6,047,185,076	1,348,705,841	1,143,891,921	2,540,358,749	-	11,080,141,587
Deposits and other accounts	1,042,588,560	5,037,536,758	4,741,858,166	109,766,059	29,128,841,047	40,060,590,590
Other liabilities	421,580,130	457,005,142	742,522,223	500,628,216	488,656,988	2,610,392,699
Total liabilities	7,511,353,766	6,843,247,741	6,628,272,310	3,150,753,024	29,617,498,035	53,751,124,876
Net liquidity gap	2,303,955,522	1,059,576,296	(462,163,035)	18,666,157,148	(13,572,565,034)	7,994,960,897

Notes to the Financial Statements

As at and for the year ended 31 December 2022

1 Company and its activities

(a) Legal status

DBH Finance PLC. (here-in-after referred to as “DBH” or “the Company”) formerly known as Delta Brac Housing Finance Corporation Ltd. 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 2022 to 31 December 2022.

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:

As per IAS 1: "Presentation of Financial Statements" complete set of financial statements are:

- i) statement of financial position,
- ii) statement of profit or loss and other comprehensive income,
- iii) statement of changes in equity,
- iv) statement of cash flows,
- v) notes, comprising significant accounting policies and other explanatory information and
- vi) comparative information in respect of the preceding period

As per DFIM Circular No. 11, dated 23 December 2009, complete set of financial statements are

- i) balance sheet,
- ii) profit and loss account,
- iii) cash flows statement,
- iv) statement of changes in equity,
- v) statement of liquidity,
- vi) notes, comprising significant accounting policies and other explanatory information.

There is no financial impact for this departure in the financial statements.

ii) Current/ Non-current distinction**IAS-1 "Presentation of Financial Statement"**

As per Para 60 of IAS-1 "Presentation of Financial statement" an entity shall present current and non-current assets and current and non-current liabilities as separate classification in its statement of financial position.

Treatment adopted as per Bangladesh Bank

As per DFIM Circular No. 11, dated 23 December 2009, Bangladesh Bank has issued templates for financial statements which is applicable for all the Financial Institutions. In the templates, there is no current and non-current segmentation of assets and liabilities.

There is no financial impact for this departure. However, the liquidity statement shows the current/ non-current portion of assets and liabilities in this regard.

iii) Off-balance sheet items**IAS 1 "Presentation of Financial Statements"**

There is no concept of off-balance sheet items in IAS-1 ; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.

Treatment adopted as per Bangladesh Bank

As per DFIM Circular No. 11, dated 23 December 2009, off-balance sheet items (e.g. letter of credit, letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.

There is no financial impact for this departure in the financial statements.

iv) Intangible asset**IAS 1 "Presentation of Financial Statements"**

As per IAS 1 "Presentation of Financial Statements" Para 54, the statement of financial position shall include separate line item for intangible assets.

Treatment adopted as per Bangladesh Bank

As per DFIM Circular No. 11, dated 23 December 2009, there is no option for separate line item for intangible asset in the balance sheet. We present intangible asset in the balance sheet as part of fixed assets and provide details in note-8 and annexure-A as separate line item.

There is no financial impact for this departure.

v) Other comprehensive income

IAS 1 "Presentation of Financial Statements"

As per IAS 1: "Presentation of Financial Statements" Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single OCI statement.

Treatment adopted as per Bangladesh Bank

Bangladesh Bank has issued templates for financial statements which will strictly be followed by financial institutions. The templates of financial statements issued by Bangladesh Bank neither include Other Comprehensive Income (OCI) nor are the elements of OCI allowed to be included in a single OCI statement. As such the financial institution does not prepare the Other Comprehensive Income statement. However, elements of OCI, if any, are shown in the statements of changes in equity.

There is no financial impact for this departure during the year.

vi) Disclosure of presentation of profit

IAS/IFRS

There is no requirement to show appropriation of profit in the face of statement of comprehensive income.

Treatment adopted as per Bangladesh Bank

As per DFIM circular no 11, dated 23 December 2009, an appropriation of profit should be disclosed in the face of profit and loss account.

This is a presentation issue and there is no financial impact.

vii) Preparation of "Statement of Cash Flows"

IAS 7 "Statement of Cash Flows"

The Cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

Treatment adopted as per Bangladesh Bank

Cash flow statement has been prepared in compliance with DFIM Circular No. 11, dated 23 December 2009 which is the mixture of direct and indirect method.

Presentation of statement of cash flows is not fully aligned with the requirement of IAS and there is no financial impact.

viii) Presentation of cash and cash equivalents

IAS 7 "Statement of Cash Flows"

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and only include those investments which are for a short tenure like: 3 months or less period. In the light of above, balance with Bangladesh Bank and fixed term deposits should be treated as investment asset rather than cash equivalents as it is illiquid asset and not available for use in day to day operations.

Treatment adopted as per Bangladesh Bank

Bangladesh Bank has issued templates for financial statements vide DFIM Circular No. 11, dated 23 December 2009 which will strictly be followed by all NBFIs. The templates of financial statements provided detail presentation for statement of cash flows.

Presentation of financial statements is not fully aligned with the requirement of IAS.

ix) Measurement of deferred tax asset

IAS 12 "Income Tax"

A deferred tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.

Treatment adopted as per Bangladesh Bank

As per DFIM circular No.7, dated 31 July 2011, no deferred tax asset can be recognized for any deductible temporary difference against loans and advances.

During the year net provision charged for loans and advances was Taka (57.42) million (note#12.1) and deferred tax liability of Taka 21.53 million was not recognized on this temporary difference.

x) Presentation and disclosure of Financial Statements and Financial Instruments

IFRS 7 “Financial Instruments: Disclosure”

IFRS 9 “Financial Instruments”

IFRS 7 and IFRS 9 require specific presentation and disclosure relating to all financial instruments.

Treatment adopted as per Bangladesh Bank

Bangladesh Bank has issued templates for financial statements vide DFIM Circular No. 11, dated 23 December 2009 which will strictly be followed by all NBFIs.

As per Bangladesh Bank guidelines, financial instruments are categorized, recognized and measured differently from those prescribed in IFRS 9. As such some disclosure and presentation requirements have not been made in the accounts.

Presentation of financial statements is not fully aligned with all the requirements of IAS.

xi) Measurement of provision for loans and advances (financial assets measured at amortized cost)

IFRS 9 “Financial Instruments”

As per IFRS 9 an entity shall recognize an impairment allowance on loans and advances based on expected credit loss. At each reporting date an entity shall assess whether there is any objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired. If any such evidence exists, expected credit loss are required to be measured through a loss allowance at an amount equal to (i) the 12 month Expected Credit Losses, ECL-Stage 1, (expected credit loss that result from those default events on the financial instrument that are possible within 12 months after the reporting period); or (ii) full lifetime expected credit losses, ECL-Stage-2, (expected credit losses that result from all possible default events over the life of the financial instrument).

Treatment adopted as per Bangladesh Bank

As per DFIM circular No. 04, dated 26 July 2021 (Master Circular: Loan/Lease Classification and Provisioning) and other related circulars of Bangladesh Bank a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained irrespective of objective evidence of impairment on loans and advances. Also provision for sub-standard investments, doubtful investments and bad losses has to be provided at 20%, 50% and 100% respectively for investments depending on the duration of overdue.

In the Financial Statements, provision amounting to Taka 164.28 million has been released for the year 2022. Among which Taka 2.1 million is charged as General Provision and Taka 166.42 million is released as specific provision.

xii) Recognition of interest income for SMA and classified loans and advances

IFRS 9 “Financial Instruments”

Income from financial assets measured at amortized cost is recognized through effective interest rate method over the term of the investment. Once a financial asset is impaired, investment income is recognized in profit and loss account on the same basis based on revised carrying amount.

Treatment adopted as per Bangladesh Bank

As per DFIM circular No. 04, dated 26 July 2021, once an investment on loans and advances is termed as “Special Mention Account (SMA)”, interest income from such investments are not allowed to be recognized as income, rather the respective amount needs to be credited as a liability account like: interest suspense account.

During the year interest suspense has decreased to Taka 77.18 million from taka 80.55 million resulting in an decrease of Taka 3.37 million.

xiii) Valuation of Investments in quoted and unquoted shares

IFRS 9 “Financial Instruments”

IFRS 9 requires entities to measure all investments in equity instruments at fair value (as measured as per IFRS 13 “Fair Value Measurement”). Investment in shares falls either under at “fair value through profit/loss” or “fair value through other comprehensive income” where any change in the fair value in case of fair value through profit/loss at the year-end is taken to profit and loss, and any change in fair value in case of fair value through other comprehensive income is taken to other comprehensive income.

Treatment adopted as per Bangladesh Bank

As per FID circular No. 08, dated 03 August 2002 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made as per Bangladesh Bank DFIM circular No. 02 dated January 31, 2012 for investments in marketable securities and as per Bangladesh Bank DFIM circular No. 05 dated May 11, 2015 for Mutual funds.

There is no financial impact during the year.

2.06 Use of estimates and judgments

The preparation of financial statements require management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses, estimates. Assumptions also require for disclosure of contingent assets and contingent liabilities at the date of financial statements. Such estimates and assumptions are made on historical experience and other factors that are considered reasonable under the required circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The key item which involve these judgments, estimates and assumptions are discussed below:

Impairment losses on loans and advances

In addition to the provision made for loans and advances based on the guideline of Bangladesh Bank, DBH reviews its loans and advances portfolio on monthly basis to assess whether any further allowances/ write back for impairment should be provided in the income statement. The judgment by the management is required in the estimation of these amounts and such estimations are based on assumption about a number of factors though actual results may differ, resulting in future changes to the provisions.

2.07 Materiality and aggregation

Each material item considered by management as significant has been presented separately in financial statements. No amount has been set off unless the DBH has a legal right to set off the amounts and intends to settle on net basis. Income and expenses are presented on a net basis only when permitted by the relevant accounting standards.

2.08 Foreign currency transactions

Transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing at the balance sheet date. Exchange differences are recognized in profit or loss in the period in which they arise.

2.09 Liquidity Statement

The liquidity statement of assets and liabilities as on the reporting date has been prepared on residual maturity term as per the following bases:-

- a) Balance with other banks and financial institutions, money at call on short notice , etc. are on the basis of their maturity term and past historical trend.
- b) Investments are on the basis of their respective maturity.
- c) Loans and advances are on the basis of their repayment schedule and past trend of early settlement.
- d) Fixed assets are on the basis of their useful lives.
- e) Other assets are on the basis of their realization / amortization.
- f) Borrowings from other banks, financial institutions and agents are as per their maturity/repayment term.
- g) Deposits and other accounts are on the basis of their maturity term and past trend of withdrawal by the depositors.
- h) Other liabilities are on the basis of their payment/ adjustment schedule.

2.10 Accounting for Leases (IFRS 16)

At inception of a contract, DBH assess whether a contract is or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess the right to control the use of an identified asset, DBH assess whether:

- i) The contract involves the use of an identified asset;
- ii) DBH has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use;
- iii) DBH has the right to direct the use of the asset. When DBH has the decision making rights that are most relevant to changing how and for what purpose the asset is used.

The policy is applied to all the lease agreements having lease term for 12 months or more as on 1st January 2019 and the contracts entered into, or changed on or after that date.

As lessee

As lessee DBH recognizes the Right-of-use Asset and lease liability at the inception of lease contract. The right of use asset is initially measured at cost which comprise the initial amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is depreciated using the straight line methods from the commencement date to the earlier of the end of useful life or the end of lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted using the interest rate implicit in the lease or, if that rate could not be readily available, DBH's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest rate method. When lease liability is re-measured for any change of an index or rate, the corresponding adjustments are made.

As lessor

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance lease or operating lease and account for those two types of lease differently.

2.11 Property, plant and equipments

a. Recognition

In pursuant to IAS 16 "Property, Plant and Equipment" the cost of an item of property, plant and equipment is recognized as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

Fixed assets have been accounted for at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs of enhancement of an existing assets are recognized as a separate asset, only when it is probable that additional future economic benefits associated with the item will flow to the company and the cost of such items can be measured reliably. All other expenditures are charged to the Profit & Loss account during the financial period in which they are incurred.

b. Depreciation

Fixed assets are recorded at historical cost less accumulated depreciation as per IAS-16 "Property, Plant and Equipment". Depreciation is charged on straight line method using the following rates on all fixed assets:

Category of assets	Rates of depreciation per annum	Estimated useful life
Furniture & Fixtures	15% - 20%	5- 6.67 years
Equipment	20% - 25%	4 - 5 years
Computer and computer equipment	20% - 25%	4 - 5 years
Vehicles	20%	5 years
Building	3%	33.33 years
Intangible asset	20%	5 years
Right-of-use asset	Based on lease term	Lease term
Land	Not depreciated	-

Depreciation on newly acquired assets are calculated from the month of acquisition (full month) and no depreciation is charged for the month in which the assets are disposed off.

c. De-recognition

An item of property, plant and equipment is de-recognized on its disposal. Sale price of fixed assets are determined on the basis of fair value of the assets. Gain or loss on sale of assets are recognized in profit & loss account as per provision of IAS 16 "Property, Plant and Equipment". Such gain or loss is determined as the difference between sales proceeds and carrying amount of the asset.

2.12 Intangible assets

In accordance with IAS 38 "Intangible assets", intangible assets (computer software) are recorded at historical cost less accumulated amortization. Amortization is calculated on straight line method using the rate of 20% (estimated five years useful life).

2.13 Loans - secured

Repayment of mortgage loans is made by way of Equated Monthly Installments (EMI) consisting of principal and interest. There are two modes of interest calculation on loans i.e., monthly reducing or annual reducing method as per loan agreement between customer and DBH. Effective interest rate is same as the rate quoted in case of monthly reducing method but higher under annual reducing method. EMI commences once the entire loans are disbursed. Pending commencement of EMIs, pre-EMI interest is payable every month.

2.14 Investment in securities

Investments are initially recognized at cost including acquisition charges with the investments. After initial recognition, investments in marketable securities except DBH 1st Mutual Fund, 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-1 and Peninsula AMCL Unit Fund have been valued at 85 % of latest published NAV as on December 31, 2022 or cost price whichever is lower. Investment in non marketable securities have been valued at cost. Full provision for diminution in value of securities at the year end on aggregate portfolio basis excepts investment in mutual funds and unit funds are made in the financial statements as required by Bangladesh Bank DFIM circular No. 02 dated January 31, 2012. Provision for above mutual funds and unit funds at the year end is made as required by Bangladesh Bank DFIM circular No. 05 dated May 11, 2015.

2.15 Investment in Government Treasury Bond

As per IFRS 9, Financial assets are classified as either (i) amortized cost (ii) fair value through profit or loss (iii) fair value through other comprehensive income. In case of valuation of investment in Government Bonds, DBH followed amortized cost method, as it meets both the business model assessment and Contractual cash flow assessment.

2.16 Cash and cash equivalents

Cash and cash equivalents consist of cash, FDR, call investment and bank balances. For the purpose of statement of cash flow, cash and cash equivalents are prepared net off bank overdrafts.

Cash Flow Statement

The cash flow statement is prepared in compliance with the DFIM circular No. 11, dated December 23, 2009 of Bangladesh Bank.

2.17 Revenue recognition

As per IFRS 15: "Revenue from Contracts with Customers", revenue is only recognized when it meets the following five steps model: (i) Identify the contract(s) with customer, (ii) Identify performance obligations in the contract, (iii) Determine the transaction price, (iv) Allocate the transaction price to the performance obligation in the contract and (v) Recognize the revenue when the entity satisfies a performance obligation.

Interest income

Interest income on loans and advances is recognized on accrual basis except overdue interest and interest of the loan accounts considered as non-performing. Interest income is suspended and full provision is made against the interest receivables on all non-performing loans when the installments are outstanding for more than six months or any other accounts which are considered doubtful of recovery on the basis of judgment of the management.

Fees and other charges on loans

Receipt of loan processing/servicing fees and other fees are recognized as income when the performance obligations are satisfied and the amount of the transaction price is allocated to the performance obligations.

Dividend income and profit/(loss) on sale of marketable securities

Dividend income is recognized on accrual basis when the right to receive income is established. Profit or loss arising from the sale of securities is accounted for only when shares are sold in the market and profit is realized and loss is incurred.

Interest suspense account

Interest on non-performing loans is not recognized as revenue and credited to interest suspense account. Non performing loans refer to the loans when the installments are outstanding for more than six months and any other accounts which are considered impaired on the basis of judgments of the management.

2.18 Employee's benefit obligation**i) Defined benefit pan (Gratuity scheme)**

The Company has a funded gratuity scheme for all confirmed employees who complete minimum 5 years of service with the Company. Required amount of gratuity is calculated on the basis of last basic pay depending on the length of service for every completed year as well as proportionate to the fraction period of service as of the respective financial year. This scheme is approved by the National Board of Revenue (NBR) and administered by an independent Board of Trustees. Actuarial valuation of the gratuity scheme was made in 2021 to assess the adequacy of the liability for the scheme as per International Accounting Standard - 19 "Employee Benefits".

Following benefits are payable on retirement, death or leaving service:

Less than 5 year of service - Nil

Service between 5 and 10 year - One month's last drawn basic pay for every completed year of service.

On completion of 10 years confirmed service and above - Two month's last drawn basic pay for every completed year of service.

Maximum benefits - 50 times basic pay

ii) Defined Contribution plan (Contributory provident fund)

The Company has a contributory provident fund for its regular employees. The fund is approved by the National Board of Revenue (NBR), administered separately by a Board of Trustees and is contributed equally by the Company and the employees.

2.19 Workers Profit Participation and Welfare Fund (WPPF)

Establishment of Workers' Profit Participation and Welfare Fund (WPPF) is a matter of Banking and Financial Institutions Sector as a whole. Ministry of Finance through its letters no. 53.00.0000.311.22.002.17-130 dated February 14, 2017 and no. 53.00.0000.311.22.002.17-140 dated February 25, 2018 expressed its opinion that Chapter 15 on "Participation in Company Profits by Workers" in the Bangladesh Labor Act 2006 and amendments made therein on July 22, 2013 should not be applicable for Banks and Financial Institutions and requested to the Ministry of Labor and Employment to take necessary steps in this regard as well as not to apply the said chapter of Labor Act 2006 for Banks and Financial Institutions. Therefore, like other Banks and Financial Institutions, DBH did not recognize the WPPF.

2.20 Taxation**Current tax**

Provision for income tax has been made at best estimate keeping in view the provisions of Income Tax Ordinance 1984 and amendments made thereto from time to time. Applicable rate of income tax for the company is 37.5%.

Deferred tax

Pursuant to IAS - 12 "Income Taxes" deferred tax is provided using the asset & liability method for all temporary timing differences arising between the tax base of assets and liabilities and their carrying value for financial reporting purposes. Tax rate prevailing at the balance sheet date is used to determine deferred tax as the same rate is expected to be applicable at the time of settlement/adjustment of deferred tax asset or liability.

2.21 Provision for loans

In addition to the provision made for loans and advances based on the guidelines of Bangladesh Bank, the Company's policy is to make provision for the loans and advances to cover the principal amount in respect of non performing loans when installments are outstanding for more than six months and any other overdue accounts on the basis of management's assessment where there are possibilities of impairment in future. The Company has made adequate provision which is more than the minimum regulatory requirement.

2.22 Write off

Write off refers to recognition of the reduced or zero value of an asset. It also refers to an investment for which a return on the investment is now impossible or unlikely. Potential return along with such investment is thus cancelled and removed ("written off") from the company's balance sheet.

Recovery against debts written off is credited to revenue. Income is recognized where amounts are either recovered and/or adjusted against securities/properties or advances there against or are considered recoverable.

2.23 Interest expense

The Company has incurred interest and related expenses on account of term loan, deposit, overdraft and short term loan. In terms of provision of the International Accounting Standard (IAS) -1 "Presentation of Financial Statements" interest expenses are recognized on accrual basis.

2.24 Earnings per share

Earnings Per Share (EPS) has been calculated in accordance with International Accounting Standard - 33 "Earnings Per Share" and shown on the face of profit and loss account and computation shown in note 34.

2.25 Related party disclosures

As per International Accounting Standards (IAS) 24 "Related Party Disclosures", parties are considered to be related if one of the party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with its related parties. Related party disclosures have been given in note 40.

2.26 Events after the balance sheet date

As per IAS 10 "Events after the balance sheet date", all material events occurring after the balance sheet date have been considered and where necessary, adjusted for or disclosed in note 42.3.

2.27 Contingent liabilities and contingent assets

The Company does not recognize contingent liability and contingent assets but discloses the existence of contingent liability in the financial statements. A contingent liability is possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of uncertain future events not within the control of the company or present obligation that is not recognized because outflow of resources is not likely or obligation cannot be measured reliably.

2.28 Branch accounting

The Company has fourteen offices (head office & thirteen branches), with no overseas branch as on December 31, 2022. Accounts of the branches are maintained at the head office which are included in the accompanying financial statements.

2.29 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.

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

<u>Name of the IAS</u>	<u>IAS No.</u>	<u>Status</u>
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
<u>Name of the IFRS</u>	<u>IFRS No.</u>	<u>Status</u>
First-time adoption of International financial Reporting Standards	1	N/A
Share-based Payment	2	N/A
Business Combinations	3	N/A
Insurance Contracts	4	N/A
Non-currents Assets held for sale and discontinued operations	5	N/A
Exploration for and Evaluation of Mineral Resources	6	N/A
Financial Instruments : Disclosures	7	**
Operating Segments	8	N/A
Financial Instruments	9	**
Consolidated Financial Statements	10	N/A
Joint Arrangements	11	N/A
Disclosure of Interests in other Entities	12	N/A
Fair Value Measurement	13	Applied
Regulatory Deferral Accounts	14	N/A
Revenue from Contracts with Customers	15	Applied
Leases	16	Applied

** DBH management has followed the principles of IAS & IFRS consistently in the preparation of the financial statements to that extent as applicable to the financial institution. Some of the standards have not been complied with, about which Bangladesh Bank has special guideline.

N/A = Not applicable

2.31 Financial risk management

The Company always concentrates on delivering high value to its stakeholders through appropriate trade-off between risk and return. A well structured and proactive risk management system comprising risk management forum supported by risk management unit is in place within the Company to address risks relating to credit, market, liquidity and operations. In addition to the industry best practices for assessing, identifying and measuring risks, the Company also considers guidelines for managing core risks of financial institutions issued by the Country's Central Bank, Bangladesh Bank, vide FID Circular No. 10 dated September 18, 2005 for management of risks and DFIM Circular No. 03 dated 24 January 2016.

Credit risk

To encounter and mitigate credit risk, the company employed multilayer approval process, policy for customers maximum asset exposure limit, mandatory search for credit report from Credit Information Bureau, looking into payment performance of customer before financing, annual review of clients, adequate insurance coverage for funded assets, vigorous monitoring and follow up by special assets management team, strong follow up of compliance of credit policies by internal audit department, taking collateral, seeking external legal opinion, maintaining neutrality in politics and following arm's length approach in related party transactions, regular review of market situation and industry exposure etc.

Market risk

The Asset Liability Committee (ALCO) of the Company regularly meets to assess the changes in interest rate, market conditions, carry out asset liability maturity gap analysis, re-pricing of products and thereby takes effective measures to monitor and control interest rate risk. To encounter market risk we are negotiating for facilities that match the maturity structure with ideal interest rate, maintaining a balanced diversification in investments and maintaining prudent provisioning policies. The Company has also strong access to money market and credit lines at a competitive rate through good reputation, strong earnings, financial strength and credit rating.

Liquidity Risk

Liquidity risk arises when a company is unable to meet the short term obligation to its lenders and stakeholders. This arises from the adverse mismatch of maturities of assets and liabilities. Liquidity requirements are managed on a day to day basis by the Treasury Division which is responsible for ensuring that sufficient funds are available to meet short term obligations, even in a crisis scenario and for maintaining a diversity of funding sources. Treasury Division maintains liquidity based on historical requirements, anticipated funding requirements from operations, current liquidity positions, collections from financing, available sources of funds and risks and returns.

Operational Risk

Operational risk is the potential loss arising from a breakdown in company's systems and procedures, internal control, compliance requirements or corporate governance practices that results in human error, fraud, failure, damage of reputations, delay to perform or compromise of the company's interests by employees. Appropriate internal control measures are in place, at the Company, to address operational risks. The Company has also established an internal control & compliance department (ICCD) to address operational risk and to frame and implement policies to encounter such risks. This department assesses operational risk across the Company as a whole and ensures that an appropriate framework exists to identify, assess and manage operational risk.

Money Laundering and Terrorist Financing Risk

In DBH, money laundering and terrorist financing risk takes two broad dimensions:

- i) Business risk i.e. the risk that DBH may be used for money laundering or terrorism financing &
- ii) Regulatory risk i.e. the risk that DBH fails to meet regulatory obligations under the Money Laundering Prevention Act 2012 and Anti-Terrorism Act 2009 (amended in 2013).

DBH has been adhering to various guidelines and circulars issued by the Bangladesh Financial Intelligence Unit (BFIU) and put in place a strict compliance program consisting of the following components to mitigate above risk:

- a) Development and implementation of internal policies, procedures and controls to identify and report instances of money laundering and terrorist financing;
- b) Creation of structure and sub-structure within the organisation, headed by a Central Compliance Unit (CCU), for AML and CFT compliance;
- c) Appointment of an AML/CFT Compliance Officer, known as the Chief Anti Money Laundering Officer (CAMLCO), to lead the CCU;
- d) Independent testing procedures carried out by internal audit function to ensure effectiveness of AML/ CFT program.
- e) Ongoing employee training programs.

Additional risks required to be addressed under new regulatory requirements

The Integrated Risk Management Guidelines for Financial Institutions which was issued by DFIM through Circular No. 03 dated 24 January 2016 explains a number of following additional risks that financial institutions are now required to address to cover all the major aspects of risks which may arise at any point of time.

Strategic Risk

Strategic risk means the current or prospective risk to earnings and capital arising from imperfection in business strategy formulation, inefficiencies in implementing business strategy, less adaptability with the changes in the business environment and adverse business decisions. Strategic risk induces operational loss that consequentially hampers the capital base. Major roles of the board of the directors, senior management and business units in managing strategic risks, steps to be followed in the strategic risk management process and also measures for strategic risk control are explained in the guidelines.

Since its inception, DBH has been managing strategic risks which are evident from the dynamic business model of the company over the years. Major organizational units are assigned to address the major strategic risks aspects with a view to minimize the negative impact of those risks.

Compliance Risk

Compliance risk is the risk of legal sanctions, material financial loss or loss to reputation the FI may suffer as a result of its failure to comply with laws, its own regulations, code of conduct, and standards of best/good practice. Compliance risk is sometimes also referred to as integrity risk because a FI's reputation is closely connected with its adherence to principles of integrity and fair dealing.

The guidelines set out the respective roles of the board, senior management and compliance function units in managing compliance risks and the FI's board of directors is responsible for overseeing the management of the FI's compliance risk. The board should establish a compliance function and approve the FI's policies and processes. The Board discharges its responsibilities itself and through delegation of authorities to Executive Committee, Audit Committee and Risk Management Committee of the Board. The Compliance department of DBH is responsible for assessing compliance risk in relation to institutional matters such as governance, best practices and corporate social responsibility.

The objective is to identify any compliance risks at an early stage that may undermine the integrity and the success of DBH and to mitigate the risks in most appropriate way.

Reputation Risk

Reputational risk is defined as the risk of losses, falling business volume or income as well as reduced value of the company arising from business events that may reduce the confidence of the customers & clients, shareholders, investors, counterparties, business partners, credit rating agencies, regulators and general public on DBH.

The guidelines explain the roles of the Board and senior management in managing reputation risk. The management ensures that DBH is aware of any changes in market perceptions as soon as possible. Accordingly, all business policies and transactions are subjected to careful consideration. DBH takes necessary precautions to avoid business policies and transactions that may result in significant tax, legal or environmental risks. Reputational risk is also factored into major credit decisions that may lead to credit proposal being declined.

Environmental and Social Risk

Environmental risk is a facilitating element of credit risk arising from environmental issues. DBH uses Environmental Risk Rating (EnvRR) while financing to new projects. Company is making its credit appraisal process to be much more stringent from an Environment and Social (E&S) perspective – evaluating all the environmental and social factors such as project impacts on the environment and the community in the long run, prior to approving a loan.

2.32 Implementation of BASEL-II

To comply with international best practices to make the FI's capital more risk sensitive as well as to make the FI industry more shock absorbent and stable, Bangladesh Bank provided regulatory capital framework "Risk Based Capital Adequacy for FI's" with effect from 01 January 2012.

DBH management is aware about guideline of Bangladesh Bank and implemented Capital Adequacy requirement according to BASEL-II. BASEL-II implementation committee is headed by Managing Director & CEO.

2.33 Islamic Finance Wing

The Board of Directors of DBH Finance PLC. (DBH) at its 124th meeting held on September 2, 2021 approved the proposal for opening of Islamic Financing Wing (IFW) at all the existing DBH branches in addition to its Conventional Financing subject to the approval of Bangladesh Bank. Accordingly, DBH applied to Bangladesh Bank (BB) and received a letter on March 09, 2022 from them to proceed with conditions and submissions of necessary documents for opening DBH IFW. As per their letter, DBH amended its Memorandum of Association and Articles of Association and incorporated the provision of Shari'ah-based Islamic Financing businesses as well as the appointment of Shari'ah Supervisory Committee. Afterward, DBH formed Shari'ah Supervisory Committee and Islamic Financing Division (IFD) including its Organizational Structure and provided training to the concerned Executives and Officials of its IFW. It also adopted required policies, processes and Product Programme Guidelines (PPGs). Besides, Islamic Core Business Software (i-CBS) has been developed by DBH IT Department for operating Shari'ah-based businesses. On January 16, 2023 DBH applied to BB for approval of opening DBH IFW at all the existing branches of DBH. In response, on February 23, 2023 we received conditional approval from DFIM of Bangladesh Bank including their instruction of submitting further few documents for obtaining final approval for opening DBH IFW.

	31 December 2022 Taka	31 December 2021 Taka
3 Cash		
3.1 Cash in hand		
Local Currency	99,203	101,102
Foreign Currency	-	-
	99,203	101,102
3.2 Balance with Bangladesh Bank and its agent bank		
Bangladesh Bank:		
Local Currency	574,900,376	557,718,669
Foreign Currency	224,177	186,612
	575,124,553	557,905,281
Balance with Sonali Bank being an agent of Bangladesh Bank	40,329	60,589
	575,164,882	557,965,870

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	541,617,554	529,409,292
Actual average reserve maintained	568,857,056	548,433,458
Surplus/(deficit)	27,239,502	19,024,166

3.3.2 Statutory Liquidity Reserve (SLR)

Required reserve (including CRR)	2,003,207,047	1,844,250,534
Actual reserve maintained (including CRR note -3.3.1)	7,816,862,183	13,584,780,502
Surplus/(deficit)	5,813,655,136	11,740,529,968

4 Balance with other banks and financial institutions

In Bangladesh (Note 4.1)	11,018,065,981	14,725,958,032
Outside Bangladesh	-	-
	11,018,065,981	14,725,958,032

4.1 In Bangladesh

Current deposits	14,523,190	14,760,292
Short-term deposits	4,336,630,059	5,482,075,239
Fixed deposits	6,666,912,732	9,229,122,501
	11,018,065,981	14,725,958,032

		31 December 2022 Taka	31 December 2021 Taka
4.2 Maturity grouping of balance with other banks and financial institutions			
Payable on demand		2,610,675,819	2,748,387,471
Up to 1 month		2,200,000,000	2,522,819,531
Over 1 month but not more than 3 months		6,207,390,162	7,227,480,992
Over 3 months but not more than 6 months		-	1,705,946,875
Over 6 months but not more than 1 year		-	521,323,163
Over 1 year but not more than 5 years		-	-
Over 5 years		-	-
		11,018,065,981	14,725,958,032
5 Money at call on short notice		-	-
NCC Bank Ltd.		1,000,000,000	-
Agrani Bank Ltd.		1,000,000,000	-
NRB Bank Ltd.		100,000,000	-
Community Bank Bangladesh Limited		600,000,000	-
		2,700,000,000	-
6 Investments			
Government securities:		1,658,567,002	8,241,093
Other investments:			
Non marketable securities (Note-6.1)		64,499,500	64,499,500
Preference Share (Union Capital Ltd.)		3,000,000	6,000,000
Marketable securities (Note-6.2)		790,884,089	599,477,592
		858,383,589	669,977,092
		2,516,950,591	678,218,185
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
Vanguard AML	761,614	10,000,000	10,000,000
		64,499,500	64,499,500
6.2 Investment in marketable securities			
Sectors	Market price 31 December 2022 Taka	Cost price	Cost price
Bank	56,878,372	72,155,258	52,892,706
Cement	9,345,000	12,588,252	8,926,251
Ceramics Sector	-	-	8,757,240
Engineering	39,302,230	48,095,001	21,545,561
Financial Institutions	21,840,602	27,749,799	7,468,775
Food & Allied	63,368,199	74,841,010	51,895,382
Fuel & Power	26,783,682	33,614,408	4,382,284
Insurance	14,820,224	23,634,260	28,214,198
IT Sector	11,920,360	12,197,798	14,821,810
Mutual Funds	144,900,000	219,742,081	210,623,841
Miscellaneous	-	-	2,360,244
Pharmaceuticals & Chemicals	180,104,095	201,086,017	130,414,042
Tannery	354,883	370,900	-
Telecommunication	49,357,940	58,265,122	45,748,523
Textile	5,849,758	6,544,183	11,426,736
	624,825,344	790,884,089	599,477,592

All investment in marketable securities are valued on an aggregate portfolio basis except Mutual Funds. Mutual Funds have been valued at 85% of latest published NAV available as on December 31, 2022. As on December 31, 2022 there was Tk. 119,147,745 provision on investment in marketable listed securities and Tk. 23,057,098 for non marketable securities (Bangladesh Rating Agencies Ltd., Primaenergy Ltd., Preference Share of Union Capital Ltd., Vanguard AML Growth Fund, Peninsula AMCL Unit Fund and SBC Peninsula Unit Fund). Market value has been determined on the basis of the value of securities at last trading date of December 2022 (last trading date was December 29, 2022).

	31 December 2022 Taka	31 December 2021 Taka
6.3 Maturity grouping of investments:		
On demand*	770,884,089	579,477,592
Up to 1 month	-	58,500,000
Over 1 month but not more than 3 months	-	-
Over 3 months but not more than 6 months	-	-
Over 6 months but not more than 1 year	9,500,000	9,500,000
Over 1 year but not more than 5 years	-	-
Over 5 years	1,736,566,502	30,740,593
	2,516,950,591	678,218,185
*Excluding BDT 20,000,000 investment in DBH Mutual Fund.		
7 Loans and advances		
<i>Inside Bangladesh</i>		
Housing Loan	41,367,250,623	40,881,560,141
Term Loan	2,840,321,322	2,683,736,281
Loan against Deposits	184,945,027	128,526,734
Staff loan	143,455,927	136,682,488
	44,535,972,899	43,830,505,644
<i>Outside Bangladesh</i>	-	-
	44,535,972,899	43,830,505,644
7.1 Maturity grouping of loans and advances		
Repayable on demand	221,813,406	218,550,204
Not more than 3 months	2,294,638,247	2,331,864,728
Over 3 months but not more than 1 year	6,124,456,201	6,383,874,123
Over 1 year but not more than 5 years	21,739,100,868	21,973,669,664
Over 5 years	14,155,964,177	12,922,546,925
	44,535,972,899	43,830,505,644
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	34,672,829	22,860,716
d) Loans and advances to customer group:		
i) Housing loan - customer	41,367,250,623	40,881,560,141
ii) Staff loan-housing & others	108,783,098	113,821,772
iii) Loan to depositors	184,945,027	128,526,734
iv) Term Loan	2,840,321,322	2,683,736,281
	44,535,972,899	43,830,505,644
e) Details of loan and advances industry-wise		
i) Housing Finance/ Real Estate	41,513,192,567	40,961,140,321
ii) Consumer Finance	3,022,780,332	2,869,365,323
	44,535,972,899	43,830,505,644

7.3 Loans and advances - geographical location-wise**Inside Bangladesh:****Urban**

Dhaka
 Chattogram
 Sylhet
 Cumilla
 Gazipur
 Narayangonj
 Khulna
 Rajshahi
 Rangpur

31 December 2022 Taka	31 December 2021 Taka
38,799,587,406	38,888,314,025
2,181,357,827	2,217,153,504
199,996,539	204,999,175
530,562,635	486,920,562
2,076,797,218	1,693,093,594
500,537,618	332,531,045
164,387,238	7,493,739
70,974,826	-
11,771,592	-
44,535,972,899	43,830,505,644
-	-
44,535,972,899	43,830,505,644

Outside Bangladesh:**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.	44,392,332,848	43,767,623,400
ii) Loans and advances considered good against which the financial institution holds no security other than the debtors personal security.	6,351,381	5,635,861
iii) Loan and advances considered good and secured by the personal security of one or more parties in addition to personal guarantee of debtors.	137,288,670	57,246,383
iv) Loan and advances adversely classified: for which no provision is created.	-	-
	44,535,972,899	43,830,505,644
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.	143,455,927	136,682,488
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.	143,455,927	140,396,911
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)	(166,418,711)	208,253,557
ii) Amount of written off debt against fully provided debts	-	-
iii) Amount of debt recovered against the debt which was previously written off	-	-
b) Amount of provision kept against loan classified as bad/loss at balance sheet date	306,518,001	251,490,708
c) Amount of interest creditable to interest suspense account	77,181,131	80,549,336
xi) Cumulative amount of written off loans and advances		
Opening Balance	8,820,658	8,820,658
Amount written off during the year	-	-
Amount recovered against loans and advances previously written off	-	-
Balance of written off loans and advances yet to be recovered	8,820,658	8,820,658
The amount of written off loans, advances and leases for which law suits have been filed.	9,425,086	9,425,086

	31 December 2022 Taka	31 December 2021 Taka
7.6 Classification of loans and advances		
<i>Unclassified:</i>		
Standard (including Staff Loan, Loan against Deposits and Others)	44,003,423,839	43,300,860,396
Special mention account (SMA)	147,782,361	253,125,075
	44,151,206,200	43,553,985,471
<i>Classified:</i>		
Sub-standard	70,152,435	13,025,535
Doubtful	8,096,263	12,003,930
Bad/loss	306,518,001	251,490,708
	384,766,699	276,520,173
	44,535,972,899	43,830,505,644

7.7 Calculation of provision for loans and advances as per Loan Classification Report as on December 31, 2022.

Nature	Base for provision	Rate (%)	Provision required
Standard	43,580,410,192	1	435,804,102
Standard (Loans to Assets Management Company)	94,612,693	2	1,892,254
Special mentioned account	134,491,303	5	6,724,565
Sub-standard	11,827,422	20	2,365,484
Doubtful	1,214,439	50	607,220
Bad/loss	61,136,000	100	61,136,000
Staff loan - standard	143,455,927	1	1,434,559
Loan against deposit - standard	184,945,027	1	1,849,450
			511,813,634

8 Fixed assets including land, building, furniture, equipment and right-of-use asset:

Cost

Balance as of 01 January	531,228,869	516,305,586
Addition during the year	41,804,980	20,107,089
	573,033,849	536,412,675
Disposal/Adjustments	(4,585,524)	(5,183,806)
Balance as of 31 December	568,448,325	531,228,869

Depreciation

Balance as of 01 January	268,647,811	226,424,638
Addition during the year	49,861,986	47,830,946
	318,509,797	274,255,584
Disposal/Adjustments	(4,543,852)	(5,607,773)
Balance as of 31 December	313,965,945	268,647,811
Written down value	254,482,380	262,581,058

Details are shown in annexure A.

9 Other assets

Accounts receivable (Note-9.1)	125,600,497	178,902,729
Advances, deposits and prepayments (Note-9.2)	6,674,786	30,971,855
Stamps and pay orders in hand	3,450,762	3,642,395
Deferred tax assets (Note-9.3)	9,623,792	9,766,013
	145,349,837	223,282,992

9.1 Account receivables

Interest receivable	42,687,539	91,543,925
Dividend receivable	10,494,882	7,021,419
Sundry receivable	72,418,076	80,337,385
	125,600,497	178,902,729

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

	31 December 2022 Taka	31 December 2021 Taka
9.2 Advances, deposits and prepayments		
Advance to employees	132,668	920,260
Advance to suppliers	1,299,000	2,070,224
Advance against IPO	-	22,083,930
Security deposits	4,170,000	3,670,000
Prepaid expenses	1,073,118	2,227,441
	6,674,786	30,971,855
9.3 Deferred tax assets		
Opening balance	9,766,013	-
Addition /(Release) during the year (Note-9.3 a)	(142,221)	9,766,013
	9,623,792	9,766,013
9.3 a Calculation of deferred tax assets		
Carrying amount of Fixed Assets (excluding land and ROU Assets)	206,508,888	204,288,057
Tax base value of Fixed Assets	232,172,334	230,330,757
Deductible temporary difference	25,663,446	26,042,700
Applicable tax rate	37.50%	37.50%
i) Deferred tax assets on fixed assets	9,623,792	9,766,013
Carrying amount-Loss on sale of securities	-	-
Tax base	-	-
Deductible temporary difference	-	-
Applicable tax rate	10%	10%
ii) Deferred tax assets on loss on sale of securities	-	-
Total deferred tax assets (i+ ii)	9,623,792	9,766,013
Deferred tax assets at the beginning of the year	9,766,013	-
Deferred tax income/(expenses)	(142,221)	9,766,013
10 Borrowing from other banks, financial institutions and agents		
Inside Bangladesh (Note 10.1)	11,080,141,587	6,175,673,065
Outside Bangladesh	-	-
	11,080,141,587	6,175,673,065
10.1 Inside Bangladesh		
a Secured Short-term loan:		
Standard Chartered Bank	1,300,000,000	1,300,000,000
Citi Bank, NA	-	290,000,000
	1,300,000,000	1,590,000,000
b Unsecured Short-term loan:		
Brac Bank Ltd.	2,500,000,000	-
National Credit and Commerce Bank Ltd.	1,000,000,000	-
The City Bank Ltd.	800,000,000	-
The Trust Bank Ltd.	600,000,000	-
Eastern Bank Ltd.	-	800,000,000
Dhaka Bank Ltd.	-	500,000,000
	4,900,000,000	1,300,000,000
c Unsecured long-term loan:		
Bangladesh Bank (Housing refinance)	1,239,991,060	1,470,263,573
	1,239,991,060	1,470,263,573

	31 December 2022 Taka	31 December 2021 Taka
d Bank overdraft:		
Commercial Bank of Ceylon PLC	5,836,346	1,373,084
Woori Bank	163,545,227	146,642,878
Pubali Bank Ltd.	122,490,438	8,243,694
Standard Chartered Bank	-	6,115,816
IFIC Bank Ltd.	-	38
	291,872,011	162,375,510
e Call loans:		
Community Bank Bangladesh Ltd.	600,000,000	-
Brac Bank Ltd.	500,000,000	-
United Commercial Bank Ltd.	-	500,000,000
Janata Bank Ltd.	-	400,000,000
	1,100,000,000	900,000,000
f Zero Coupon Bond:		
Zero Coupon Bond	2,248,278,516	753,033,982
Total inside Bangladesh(a+b+c+d+e+f)	11,080,141,587	6,175,673,065
10.2 Security against borrowings from other banks, financial institutions and agents		
Secured	1,591,872,011	1,752,375,510
Unsecured	9,488,269,576	4,423,297,555
	11,080,141,587	6,175,673,065
The aforesaid secured short term 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, financial institutions and agents		
Payable on demand	1,100,000,000	900,000,000
Up to 1 month	4,947,185,076	1,312,364,987
Over 1 month but within 3 months	1,348,705,841	1,136,333,974
Over 3 months but within 1 year	1,143,891,921	1,046,640,902
Over 1 year but within 5 years	2,540,358,749	1,296,308,032
Over 5 years	-	484,025,170
	11,080,141,587	6,175,673,065
11 Deposits and other accounts		
Fixed deposits (Note: 11.1)	40,060,590,590	43,978,360,429
Other deposits	-	-
	40,060,590,590	43,978,360,429
11.1 Fixed deposits		
Opening balance	43,978,360,429	43,826,874,936
Addition during the year	78,893,892,765	91,403,586,210
	122,872,253,194	135,230,461,146
Repayment made during the year	82,811,662,604	91,252,100,717
Closing balance	40,060,590,590	43,978,360,429
11.2 Group-wise break-up of deposits and others accounts		
Government	257,737,144	235,392,591
Bank	3,000,000,000	8,650,000,000
Other institutions	17,387,994,916	16,496,814,658
Individuals	19,414,858,530	18,596,153,180
	40,060,590,590	43,978,360,429

	31 December 2022 Taka	31 December 2021 Taka
11.3 Maturity analysis of deposits		
Payable on demand	-	-
Up to 1 month	1,042,588,560	3,426,424,121
Over 1 month but within 6 months	7,982,194,485	9,336,497,062
Over 6 months but within 1 year	1,797,200,438	3,006,567,378
Over 1 year but within 5 years	109,766,059	63,391,321
Over 5 years but within 10 years	23,815,940,111	22,661,743,972
Over 10 years	5,312,900,936	5,483,736,575
	40,060,590,590	43,978,360,429
12 Other liabilities		
Provision for loans & investment (Note: 12.1)	1,083,726,839	1,142,058,714
Provision for income tax (Note: 12.2)	246,921,782	434,838,135
Interest suspense (Note: 12.3)	77,181,131	80,549,336
Other payables (Note:12.4)	1,190,489,725	1,214,414,733
Deferred tax liability (Note:12.5)	1,642,121	1,576,001
Other Assets Provision	6,346,933	4,107,129
Unclaimed dividend account	4,084,168	2,904,251
	2,610,392,699	2,880,448,299

As per the BSEC directive No. BSCE/CMRRCD/2021 dated 14/1/2021, a separate line item is required to be presented in the Statement of Financial Position for Unclaimed dividend account. DBH, being a financial institution, is required to prepare and present financial statements as per DFIM Circular No. 11, dated 23 December 2009 and there is no scope of such presentation. Therefore, a separate line item for Unclaimed dividend account is presented in notes to the financial statements.

12.1 Provision for loans and investment		
Opening balance	1,142,058,714	949,565,925
Provision written off	-	-
Provision recovered for the year	-	-
Provision charged/ (released) for the year	(58,331,875)	192,492,789
Provision no longer required written back.	-	-
Recoveries of amounts previously written off	-	-
Closing balance	1,083,726,839	1,142,058,714
12.1.1 General provision		
Opening balance	445,564,377	427,529,459
Charged during the year	2,140,553	18,034,918
Closing balance	447,704,930	445,564,377
12.1.2 Specific provision		
Opening balance	660,235,777	451,982,220
Provision written off	-	-
Provision recovered during the year	-	-
Provision charged/ (released) for the year	(166,418,711)	208,253,557
Provision no longer required written back	-	-
Recoveries of amounts previously written off	-	-
Closing balance	493,817,066	660,235,777
12.1.3 Provision for diminutions in the value of investments		
Opening balance	36,258,560	70,054,246
Provision charged/(released) during the year	105,946,283	(33,795,686)
Closing balance	142,204,843	36,258,560
12.1.A Provision on loans and advances		
General Provision charged during the year	2,140,553	18,034,918
Specific Provision charged/(released) during the year	(166,418,711)	208,253,557
	(164,278,158)	226,288,475

	31 December 2022 Taka	31 December 2021 Taka
12.2 Provision for income tax		
Provision		
Opening balance	5,965,392,054	5,273,987,857
Less: Adjustment during the year for completed tax assessment	-	-
Less: Excess/(Short) provision adjustment	-	-
	5,965,392,054	5,273,987,857
Add: Provision made during the year	563,325,906	691,404,197
Closing balance	6,528,717,960	5,965,392,054
Advance tax		
Opening balance	5,530,553,919	4,884,116,966
Add: Payment made during the year		
Under Section 64 and 74 of ITO, 1984	629,471,514	539,956,350
Deduction at source	121,770,745	106,480,603
Others	-	-
	6,281,796,178	5,530,553,919
Less: Adjustment during the year for completed tax assessment	-	-
Closing balance	6,281,796,178	5,530,553,919
Net balance	246,921,782	434,838,135
12.3 Interest suspense		
Opening balance	80,549,336	57,660,952
Interest suspended during the year	(3,368,205)	22,888,384
Written off suspended interest during the year	-	-
Closing balance	77,181,131	80,549,336
12.4 Other payables		
Interest payable on deposits & loans	828,957,657	841,316,818
Lease liability	29,936,203	40,432,025
Sundry creditors	114,669,333	119,254,967
Unclaimed instruments	11,876,431	11,622,588
Payable to clients	90,419,091	83,359,530
Loan under litigation	8,022,686	19,852,812
Privileged creditors	102,014,115	94,327,673
Liability for expenses	4,594,209	4,248,320
	1,190,489,725	1,214,414,733
12.5 Calculation of deferred tax liability		
Carrying amount of Fixed Assets (excluding land)	-	-
Tax base value of Fixed Assets	-	-
A) Taxable temporary difference	-	-
Right-of-use Asset -Carrying amount	34,315,192	44,634,695
Right-of-use Asset -Tax base	-	-
Taxable temporary difference	34,315,192	44,634,695
Lease liability- ROU -carrying amount	29,936,203	40,432,025
Lease liability-ROU-Tax base	-	-
Deductible temporary difference	29,936,203	40,432,025
B) Net taxable temporary difference -ROU asset	4,378,989	4,202,670
Total taxable temporary difference (A+B)	4,378,989	4,202,670
Applicable tax rate	37.50%	37.50%
Total deferred tax liability	1,642,121	1,576,001
Deferred tax liability at the beginning of the year	1,576,001	6,057,948
Deferred tax Expense/(income)	66,120	(4,481,947)

13 Share capital

13.1 Authorized capital

199,950,000 Ordinary shares of Tk. 10 each
 5,000 Preference shares of Tk. 100 each
 200,000,000 Ordinary shares of Tk. 10 each

31 December 2022 Taka	31 December 2021 Taka
1,999,500,000	1,999,500,000
500,000	500,000
2,000,000,000	-
4,000,000,000	2,000,000,000

13.2 Issued, subscribed, called and paid-up capital

Ordinary shares

Opening
 23,121,387 Ordinary shares of Taka 10 each issued as bonus share
 17,726,396 Ordinary shares of Taka 10 each issued as bonus share

1,772,639,680	1,541,425,810
-	231,213,870
177,263,960	-
1,949,903,640	1,772,639,680

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

31 December 2022	
No of shares	Taka
35,855,617	358,556,170
34,371,750	343,717,500
29,843,895	298,438,950
59,379,009	593,790,090
159,450,271	1,594,502,710
35,540,093	355,400,930
35,540,093	355,400,930
194,990,364	1,949,903,640

Foreign shareholders:

General shareholders

13.4 Break-up of Paid-up capital:

Date of Issue	Number of Shares	31 December 2022	
		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
17-May-21	23121387	10	231,213,870
5-May-22	17726396	10	177,263,960
Total paid-up capital	194990364	10	1,949,903,640

	31 December 2022 Taka	31 December 2021 Taka
13.5 Capital adequacy ratio - As per BASEL-II		
1. Tier-1 (Core Capital)		
1.1 Fully Paid-up Capital/Capital Deposited with BB	1,949,903,640	1,772,639,680
1.2 Statutory Reserve	1,894,903,641	1,693,914,189
1.3 Non-repayable Share premium account	55,000,000	55,000,000
1.4 General Reserve	3,325,040,000	2,875,040,000
1.5 Retained Earnings	520,113,616	597,537,221
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)	7,994,960,897	7,244,131,090
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)	7,994,960,897	7,244,131,090
2. Tier-2 (Supplementary Capital)		
2.1 General Provision (Unclassified loans up to specified limit + SMA + off Balance Sheet exposure)	307,749,606	309,491,921
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)	307,749,606	309,491,921
2.8 Applicable Deductions (if any)	-	-
2.9 Total Eligible Tier-2 Capital (2.7-2.8)	307,749,606	309,491,921
Total capital	8,302,710,503	7,553,623,011
Total risk weighted assets	29,267,753,050	29,116,280,979
Required capital based on risk weighted assets(10%)	2,926,775,305	2,911,628,098
Surplus	5,375,935,198	4,641,994,913
Capital Adequacy Ratio:		
On core capital	27.32%	24.88%
On actual capital (against standard of minimum 10%)	28.37%	25.94%
Supplementary Capital to risk weighted assets	1.05%	1.06%
14 Share premium account		
Ordinary shares	55,000,000	55,000,000
	55,000,000	55,000,000

15 Statutory reserve

Opening balance
Add: addition during the year
Closing balance

31 December 2022 Taka	31 December 2021 Taka
1,693,914,189	1,486,425,811
200,989,452	207,488,378
1,894,903,641	1,693,914,189

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)
General Reserve (Note 16.2)
Dividend equalization reserve (Note 16.3)
Capital redemption reserve

1,275,000,000	1,275,000,000
2,050,000,000	1,600,000,000
250,000,000	250,000,000
40,000	40,000
3,575,040,000	3,125,040,000

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.

16.1 Contingency reserve

Opening balance
Add: addition during the year
Closing balance

1,275,000,000	1,275,000,000
-	-
1,275,000,000	1,275,000,000

16.2 General reserve

Opening balance
Add: addition during the year
Closing balance

1,600,000,000	1,300,000,000
450,000,000	300,000,000
2,050,000,000	1,600,000,000

16.3 Dividend equalization reserve

Opening balance
Add: addition during the year
Closing balance

250,000,000	250,000,000
-	-
250,000,000	250,000,000

17 Business commitments and contingencies**17.1 Contingent liabilities**

There is no contingent liability during the year to disclose.

17.2 Other commitments

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.

17.3 Capital expenditure commitments

a) Contracted and incurred but not provided for in the accounts
b) Approved by the Board but not contracted for

Nil	Nil
Nil	Nil

17.4 Unacknowledged debts

The Company had no claim, legal or other against it, which has not been acknowledged as debt at the balance sheet date.

	2022 Taka	2021 Taka
18 Interest income		
Interest on loans	3,977,254,710	4,105,008,064
Interest on placement with other banks & BB FX deposits	743,516,869	948,066,609
Interest on short term investment	110,390,458	500,000
	4,831,162,037	5,053,574,673
19 Interest paid on deposits and borrowings etc.		
Interest on term loans	68,163,545	79,638,758
Interest on deposits	2,465,496,402	2,591,734,206
Interest on short-term borrowing	366,138,588	202,709,189
Interest on overdraft	8,694,201	3,204,044
Interest on Zero Coupon Bond	125,549,452	5,436,756
Finance cost	8,591,392	3,437,438
Interest expense-lease	2,742,176	3,741,585
	3,045,375,756	2,889,901,976
20 Income from investments		
Gain/(loss) on sale of marketable securities	11,880,429	80,105,172
Dividend income	36,782,137	44,968,368
Interest on Treasury Bond	96,558,135	37,541
	145,220,701	125,111,081
21 Commission, exchange and brokerage		
Loan fees	105,017,993	101,991,972
Other charges and fees	77,871,375	75,528,535
	182,889,368	177,520,507
22 Other operating income		
Property service income	17,946,221	15,745,630
Gain on sale of fixed assets	1,845,979	183,140
Miscellaneous income	603,642	435,255
Forfeited Provident fund income	337,863	105,010
	20,733,705	16,469,035
23 Salary and allowances	377,439,782	364,346,554
Salary and allowances include annual contribution of Tk. 12,615,311 to DBH Staff Provident Fund and Tk. 1,271,934 to DBH Employees Gratuity Fund which are recognised by NBR.		
24 Rent, taxes, insurance, electricity etc.		
Rent, rates & taxes(Note 24.1)	23,449,275	26,496,550
Insurance	4,595,765	4,005,371
Electricity	7,020,003	6,647,818
Water	548,687	476,124
	35,613,730	37,625,863
24.1 Disclosure related to Rent, rates and taxes		
Actual expenses	50,779,579	52,816,036
Less: Re-classification of rent expenses as per IFRS-16	27,330,304	26,319,486
	23,449,275	26,496,550

	2022 Taka	2021 Taka
25 Legal and professional expenses		
Law charges	15,170,110	13,273,484
Other professional charges	2,638,014	2,503,516
	17,808,124	15,777,000
26 Postage, stamp, telecommunication etc.		
Postage & courier service	839,796	623,066
Stamp expenses	3,741,712	3,750,231
Telephone & internet	3,846,608	4,299,772
	8,428,116	8,673,069
27 Stationery, printing, advertisements etc.		
Printing	1,557,762	1,456,100
Stationery	2,537,569	2,064,339
Publicity and advertisement	15,902,553	7,789,302
	19,997,884	11,309,741
27.1 Managing Director's salary and fees	13,000,000	13,000,000
28 Directors' fees and expenses		
Fees for attending meeting	816,000	968,000
Incidental meeting expenses	140,075	101,840
	956,075	1,069,840
29 Statutory annual audit fees (including VAT)	575,000	546,250
	575,000	546,250
30 Depreciation/Amortization, repairs & maintenance		
Depreciation/Amortization:		
Freehold assets	24,543,930	23,692,840
Right-of-use Asset	24,145,016	23,015,594
Intangible assets	1,173,040	1,122,512
	49,861,986	47,830,946
Repairs & maintenance:		
Vehicle	1,288,620	1,406,362
Office equipment & premises	13,118,860	12,802,797
Computer hardware & software	6,584,725	4,087,887
	20,992,205	18,297,046
	70,854,191	66,127,992
31 Other expenses		
Staff training & recruitment expense	508,555	192,223
Office security	4,990,907	3,399,667
Transportation, traveling & conveyance	31,082,958	25,667,950
Canteen expense	2,091,146	1,497,759
Business promotion & entertainment	520,279	804,077
Car fuel	1,717,366	1,582,006
Books and papers	39,116	13,975
Bank charges	5,553,831	5,163,449
Recovery expenses	2,808,949	2,307,904

	2022 Taka	2021 Taka
Donation, subscription and Fees	8,215,663	4,561,824
Public relation & AGM expense	439,600	348,480
Expenses for Islamic Wing	769,618	-
Outsource agency charges	5,176,209	368,004
Brokerage	1,138,125	208,046
Staff welfare expense	736,896	536,519
	65,789,218	46,651,883
32 Provision for tax		
Current tax		
Provision for income tax	563,325,906	691,404,197
Less: Excess/(Short) provision adjustment	-	-
	563,325,906	691,404,197
Deferred tax		
Expense/(income) on taxable temporary differences (Note-9.3 a)	142,221	(9,766,013)
Expense/(Income) on taxable temporary differences (Note-12.5)	66,120	(4,481,947)
	208,341	(14,247,960)
Reconciliation of effective tax rate	2022	2021
	Taka	%
Tax using the company's tax rate	592,597,502	37.50%
Tax effect of :		
Provision for non-deductible expenses	975,000	0.06%
Adjustment/provision released during the year	(21,034,527)	-1.33%
Other components of tax as per ITO 1984	(10,333,895)	-0.65%
Difference between accounting and tax depreciation	1,121,826	0.07%
Effective tax rate	563,325,906	35.65%
	691,404,197	40.17%
33 Retained earnings	2022 Taka	2021 Taka
Opening balance	597,537,221	523,564,368
Add: Profit after tax for the year transferred from Profit & Loss Account	1,016,725,759	1,043,888,973
Accumulated profit available for distribution	1,614,262,980	1,567,453,341
Less: Appropriations		
Transferred to statutory reserve	200,989,452	207,488,378
Transferred to general reserve	450,000,000	300,000,000
Issue of bonus shares for previous year	177,263,960	231,213,870
Cash dividend paid for last year	265,895,952	231,213,872
	1,094,149,364	969,916,120
Closing balance	520,113,616	597,537,221
34 Earnings per share		
Profit after Tax	1,016,725,759	1,043,888,973
Profit available for ordinary shareholders	1,016,725,759	1,043,888,973
Number of shares outstanding for calculating basic EPS	194,990,364	194,990,364
Basic earnings per share	5.21	5.35
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

	2022 Taka	2021 Taka
Shareholders' Equity	7,994,960,897	7,244,131,090
Number of Share	194,990,364	194,990,364
Net asset value (NAV) per share (As at 31 December)	41.00	37.15

36 Net operating cash flows per share (NOCFPS)

Net cash from operating activities	(3,830,337,180)	(7,938,943)
Number of Share	194,990,364	194,990,364
Net operating cash flows per share (NOCFPS)	(19.64)	(0.04)

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

Particulars	Amount in Taka		Remarks
	2022	2021	
Profit after tax	1,016,725,759	1,043,888,973	
Provision for income tax	563,534,247	677,156,237	Non cash item
Depreciation	49,861,986	47,830,946	Non cash item
Provision for Loans and advances	(164,278,158)	226,288,475	Non cash item
Provision for other assets	2,239,804	4,107,129	Non cash item
Provision for Diminution in value of investment	105,946,283	(33,795,686)	Non cash item
Interest Suspense	(3,368,205)	22,888,384	Non cash item
Gain/loss on sale of fixed assets	(1,845,979)	(183,140)	Non-operating item
ZCB interest accrued	125,549,453	5,436,756	Non cash item
Accrual for dividend, LAD and interest receivable	28,255,486	20,800,279	Changes in accrual
Accrual for expenses	(16,598,906)	(151,125,601)	Changes in accrual
Purchase & sale of trading securities	(191,406,498)	(208,993,187)	(Inc)/Dec of assets
Loans and advances	(702,202,181)	(1,082,426,820)	(Inc)/Dec of assets
Other Assets	32,408,011	(78,836,599)	(Inc)/Dec of assets
Loan and deposit from Banks and Customer	(3,917,769,839)	151,485,493	Inc/(Dec) of liabilities
Other liabilities	(6,146,184)	(6,023,629)	Inc/(Dec) of liabilities
Income tax paid	(751,242,259)	(646,436,953)	Inc/(Dec) of liabilities
Net cash flows from operating activities	(3,830,337,180)	(7,938,943)	

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

	31 December 2022 Taka	31 December 2021 Taka
In hand	99,203	101,102
Balance with Bangladesh Bank and its agent Bank	575,164,882	557,965,870
Balance with other banks and financial institutions	11,018,065,981	14,725,958,032
Money at call on short notice	2,700,000,000	-
Bank Overdraft	(291,872,011)	(162,375,510)
	14,001,458,055	15,121,649,494

38 Dividend on ordinary shares

Proposed dividend:

The Board of Directors in its 138th meeting held on 28 March 2023 has recommended cash dividend @ 15% (i.e. Taka 1.5 per ordinary share) and stock dividend @ 2% (i.e. 1 bonus shares for every 50 ordinary shares held) for the year ended 31 December 2022 for placement before the shareholders for approval at 27th 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	3,302,865
Green Delta Insurance Company Limited (GDICL)	Shareholder	Insurance premium	1,292,900

Name of the related parties	Relationship	Share Buy	Share Sale	Balance
Green Delta Securities Ltd.	Subsidiary of GDICL	196,374,667	169,188,870	5,243,781
Delta Life Securities Ltd.	Subsidiary of DLICL	6,474,836	6,423,519	17,345

Name of the related parties	Relationship	Deposits Received (Taka)	Interest & Principal Paid during the period (Taka)	Balance (Taka)
Delta Life Insurance Company Limited (DLIC)	Shareholder	200,000,000	17,201,369	497,310,884
Green Delta Insurance Company Limited (GDICL)	Shareholder	-	1,340,207	24,365,109
BRAC	Shareholder	-	6,105,709	107,153,048

Name of the related parties	Relationship	Invested amount	Dividend received	Balance
Vanguard AML	Close family member of the Chairman	10,000,000	1,142,421	10,000,000

Name of the related party	Relationship	Investment in Preference share (opening balance)	Received during the year	Balance receivable (including dividend) as of 31 Dec 2022
Union Capital Limited (UCL)	One of the Directors of UCL is the close family member of the Chairman	6,000,000	3,000,000	7,688,716

In the year 2022 (Jan '22 – Dec '22) Taka 49,236,134/- was paid as salary and allowances to the top 5 employees of the company. The amount includes short-term employee benefits of Taka 46,787,114/- and post-employment benefits of Taka 2,449,020/-

- 41** During the year under audit, there were 266 (2021: 293) employees employed for the full period and 142 (2021: 105) 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 2022:

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 GDICL)
		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. Syed Moinuddin Ahmed	Director	Green Delta Insurance Co. Ltd	Additional Managing Director
		GD Assist Ltd.	Managing Director
		Green Delta Dragon AMC	Director (Representing GDICL)
		Professional Advancement Bangladesh	Director (Representing GDICL)
Mr. Mohammad Anisur Rahman	Director	BRAC	Senior Director Enterprises
Mr. Khandkar Manwarul Islam	Director	Styllent Knit Limited	Managing Director & CEO
		Ha-Meem Group Sweater Division	CEO
Mr. Nazir Rahim Chowdhury	Director	M.I.M. Fashion Wear Ltd.	Vice Chairman
Ms. Rasheda K. Choudhury	Independent Director	Campaign for Popular Education (CAMPE)	Executive Director
Major General Syeed Ahmed BP, (Retd.)	Independent Director	Nil	Nil

Mr. Nasir A. Choudhury and Mr. Syed Moinuddin Ahmed are the Representative Directors of Green Delta Insurance Company Ltd. Dr. A. M. R. Chowdhury and Mr. Mohammad Anisur Rahman are the Representative Directors of BRAC. Ms. Mehreen Hassan, Bar-at-law, Mr. Khandkar Manwarul Islam and Mr. Nazir Rahim Chowdhury are the Representative Directors of Delta Life insurance company Ltd.

42.2 Audit committee

The Audit Committee consists of the following Directors of the Board as at 31 December 2022:

Name	Status with the Company	Status with the Committee	Educational Qualification
Major General Syeed Ahmed (Retd.)	Independent Director	Chairman	BA (Honours), BP, awc, psc
Ms. Rasheda K. Choudhury	Independent Director	Member	MA
Mr. Syed Moinuddin Ahmed	Director	Member	MBA
Mr. Mohammad Anisur Rahman	Director	Member	MBA
Mr. Khandkar Manwarul Islam	Director	Member	MBA

During the period from January to December 2022, the audit committee of the Board conducted 4 (four) meetings.

Sl. No.	Meeting No	Meeting Date
1	59	28-Feb-22
2	60	17-Apr-22
3	61	27-Jul-22
4	62	26-Oct-22

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 Auditor.

42.3 Events after the Balance Sheet date

There is no material adjusting and non-adjusting events after the Balance Sheet date.

42.4 Disclosure as required by FRC

Ref no.-178/FRC/APR/2021/28(7) dated 22 Dec 2021 with further reference of DFIM Circular no.-08 dated 17 August 2021

DBH has a very fewer number of corporate clients or Public Interest Entities in its loan portfolio. As of 31 December 2022, it had 21 corporate clients and their portfolio was Taka 27.81 crore (0.62% of the total portfolio) only. The company disbursed Taka 4.68 crore to four Public Interest Entities during the year. It has collected Statutory Audit reports of the entities and checked the authenticity of the information of 100% of the files through the DVS system.

42.5 Comparative information

Comparative figures have been re-arranged wherever considered necessary to ensure better comparability with the current period without causing any impact on the profit and value of assets and liabilities as reported in the financial statements.

Schedule of Fixed assets and Intangible assets:

For the year 2022

Annexure-A

Amount in Taka

Particulars	Cost				Depreciation/Amortization				Written down value as at 31 December 2022
	Balance as on 1 January 2022	Additions during the year	Disposals during the year	Balance as at 31 December 2022	Balance as on 1 January 2022	Charged for the year	Adjustment on disposals	Balance as at 31 December 2022	
Furniture & fixtures	70,957,012	7,037,359	1,872,034	76,122,337	55,933,322	6,646,686	1,866,935	60,713,073	15,409,264
Office Equipment	34,089,990	2,740,209	2,046,248	34,783,951	27,947,978	2,700,650	2,045,198	28,603,430	6,180,521
Computer and computer equipments	53,589,220	3,098,194	63,965	56,623,449	44,241,283	4,378,911	33,315	48,586,879	8,036,570
Vehicles	42,039,785	14,957,707	603,277	56,394,215	39,451,219	4,889,134	598,404	43,741,949	12,652,266
Building	198,480,625	-	-	198,480,625	31,044,442	5,928,549	-	36,972,991	161,507,634
Land	13,658,300	-	-	13,658,300	-	-	-	-	13,658,300
Right of use asset	107,790,251	13,825,511	-	121,615,762	63,155,554	24,145,016	-	87,300,570	34,315,192
	520,605,183	41,658,980	4,585,524	557,678,639	261,773,798	48,688,946	4,543,852	305,918,892	251,759,747
Intangible asset:									
Software	10,623,686	146,000	-	10,769,686	6,874,013	1,173,040	-	8,047,053	2,722,633
Total 2022	531,228,869	41,804,980	4,585,524	568,448,325	268,647,811	49,861,986	4,543,852	313,965,945	254,482,380

Schedule of Fixed assets and Intangible assets:

For the year 2021

Particulars	Cost				Depreciation/Amortization				Amount in Taka	
	Balance as on 1 January 2021	Additions during the year	Disposals during the year	Balance as at 31 December 2021	Balance as on 1 January 2021	Charged for the year	Adjustment on disposals	Balance as at 31 December 2021	Written down value as at 31 December 2021	
Furniture & fixtures	67,571,775	3,917,099	531,862	70,957,012	49,995,445	6,465,275	527,398	55,933,322	15,023,690	
Office Equipment	32,285,503	2,462,114	657,627	34,089,990	25,782,452	2,817,648	652,122	27,947,978	6,142,012	
Computer and computer equipments	56,718,630	513,907	3,643,317	53,589,220	42,257,767	5,508,325	3,524,809	44,241,283	9,347,937	
Vehicles	41,767,205	623,580	351,000	42,039,785	36,829,174	2,973,043	350,998	39,451,219	2,588,566	
Building	198,480,625	-	-	198,480,625	25,115,893	5,928,549	-	31,044,442	167,436,183	
Land	13,658,300	-	-	13,658,300	-	-	-	-	13,658,300	
Right of use asset	97,810,612	9,979,639		107,790,251	40,692,406	23,015,594	552,446	63,155,554	44,634,697	
	508,292,650	17,496,339	5,183,806	520,605,183	220,673,137	46,708,434	5,607,773	261,773,798	258,831,385	
Intangible asset:										
Software	8,012,936	2,610,750	-	10,623,686	5,751,501	1,122,512	-	6,874,013	3,749,673	
Total 2021	516,305,586	20,107,089	5,183,806	531,228,869	226,424,638	47,830,946	5,607,773	268,647,811	262,581,058	

NOTE

[illegible]



DBH FINANCE PLC.

Head Office : Landmark Building (9th Floor)
12-14 Gulshan North C/A, Gulshan-2, Dhaka-1212
PABX : 09612 334455, +880(2) 222282374
58816001, 222289112,
Fax : +880(2) 222282110
Email : dbh@dbhfinance.com
Web : www.dbhfinance.com

Proxy Form

I/We
of being a member of DBH Finance PLC.
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 **27th Annual General Meeting (Virtual)** of the Company to be held on **May 18, 2023 (Thursday)**
at **11.30 a.m.** and any adjournment thereof.

Signed this day of 2023.

Signature

Signature

Name

Name

Folio/BO ID No.

Folio/BO ID No.

Member

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.

Revenue
Stamp

Virtual Meeting Logistics



Date

Thursday, 18 May 2023



Time

11:30 AM, Dhaka Time



Live Webcast

<https://dbh.bdvirtualagm.com>

ডিবিএইচ হোম লোন সবারই হোক নিজের ঠিকানা



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