DBH

ANNUAL INTEGRATED REPORT 2023

BUILDING BETTER LIVES

18 Years of AAA

Highest **Safety**
DBH Deposits

DBH Islamic | DBH

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DBH Finance PLC.

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ডিবিএইচ
মুদারাবা ডিপোজিটস

সর্বোচ্চ সুরক্ষা | পূর্ণাঙ্গ শরিয়াহ পরিপালন

প্রোডাক্ট সমূহঃ

- মুদারাবা টার্ম ডিপোজিটস
- মুদারাবা মাসিক/ত্রৈমাসিক ইনকাম ডিপোজিট
- মুদারাবা ডে ওয়াইজ ডিপোজিট
- মুদারাবা ইজি ডিপোজিট
- মুদারাবা হজ্জ ডিপোজিট
- মুদারাবা ডিপিএস

ডিবিএইচ দেশের একমাত্র আর্থিক প্রতিষ্ঠান যা ধারাবাহিকভাবে ১৮ বছর ধরে সর্বোচ্চ ক্রেডিট রেটিং (**AAA**) প্রাপ্ত। ডিবিএইচ ইসলামিক মুনাফা বণ্টনের ক্ষেত্রে শরিয়াহসম্মত Income Sharing Ratio (ISR) পদ্ধতির অনুসরণ করে।

শরিয়াহ মেনে সঞ্চয় করি, পরিশুদ্ধ জীবন গড়ি

DBH Islamic

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HIGHEST CREDIT RATING AAA

DBH

DBH Finance PLC.

Letter of Transmittal

All Shareholders
Bangladesh Bank
Registrar of Joint Stock Companies & Firms
Bangladesh Securities & Exchange Commission
Dhaka Stock Exchange PLC.
Chittagong Stock Exchange PLC.
Hoda Vasi Chowdhury & Co., Chartered Accountants
Chairman, Audit Committee

Dear Sir/Madam,

Re: Annual Report for the year ended December 31, 2023.

We are pleased to enclose a copy of the Annual Report together with the audited financial statements including balance sheet as at December 31, 2023, 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

Organizational Overview

DBH Finance PLC, also known as DBH, is a private non-bank financial institution based in Bangladesh. Incorporated in 1996 through an international joint venture, it commenced operations in 1997. DBH primarily focuses on real estate finance and holds a prominent position as the leading institution in this sector within the private domain. It is publicly listed on both of the bourses (DSE & CSE) of Bangladesh. Notably, DBH has consistently received the highest credit rating of 'AAA' for 18 consecutive years, making it the sole financial entity in Bangladesh to achieve this distinction.

DBH commenced its operations in the year 1997 which took a shape of joint venture among international players that aimed at promoting private sector real estate financing in Bangladesh. Of the five fundraiser heads, companies from Dhaka represented three while the remaining two were multinational companies HDFC and IFC.

In 2008, the organization transformed from a private limited company to a public limited company and owned up its first initial public offering (IPO). Among the noteworthy corporate milestones was the IPO whereby the company obtained Taka 50 million by issuing 500,000 ordinary shares. Taka 1.16 billion as of December 2012 having been the paid-up capital of our company at that time.

DBH has established itself as a leader in private sector real estate financing within Bangladesh. Despite being a non-bank financial institution with authorization to engage in various financial activities, DBH has exclusively concentrated on real estate financing since its inception, earning it the reputation of being a 'housing finance specialist'. Over time, it has provided home loans to more than 23,000 clients.

DBH Finance PLC stands out for its unwavering commitment to providing substantial value to its stakeholders across various dimensions. By specializing in real estate finance, DBH not only fulfills the housing needs of thousands of individuals but also contributes significantly to the growth and development of Bangladesh's real estate sector. Through its operations, DBH generates employment opportunities, stimulates economic activity, and fosters community development.

By virtue of its good track record of financial performance and its highly respected 'AAA' credit rating, capital holders will always compensate for stability of returns and revolve their investment confidence around DBH. Thus, as a listed company, DBH makes sure that they fully comply and be transparent and have accountability. Therefore, their shareholders' interest is protected.

DBH improves customers' lives by offering financial solutions created just for them such as home loans which empower them to own homes as their dreams have long been. Institution's business strategies/approaches focus on being customer-centric and delivering these services efficiently in order to achieve a high level of trust and long-term relationships.

The workers at DBH unleash their abilities from an inspirational work atmosphere favoring creativity, professional development, and fair work-home balance. Therefore, the enterprise has a luxury of hiring and retaining key humans who improve their quality of service and build a culture of partnership and excellence among the workers.

On the top of this, DBH aspires to share its team skills and expertise with national and international businesses partners in order to strengthen its market leadership, spread the services and implement best practices for the better.

DBH Finance's constant adherence towards making value to all its stakeholders is responsible for it to remain as a pivot in forming financial condition of Bangladesh and fostering sustainable socio-economic progress.

Our sustainability procedures are creating long term benefit for us and our stakeholders. We adhere our sustainable works and perfect conduct of environment, social and governance has taken us where we are now.

About Our Integrated Report

Transparency and accountability are not just catchphrases in the world of modern business; they are fundamental key elements that support meaningful impact and long-term growth. Robust reporting mechanisms are becoming more and more crucial as we navigate through a constantly changing landscape of economic, social, and environmental challenges.

Within this context, the annual integrated report stands as a beacon of insight, providing stakeholders with a thorough grasp of an organization's performance in many areas. It goes beyond simple financial measurements and goes further into the areas of social responsibility, governance, and sustainability.

In the view of the above, we have transformed our annual report from this year to integrated report. The goal of the integrated report is to present a comprehensive understanding of our operations, strategies, and impacts through careful analysis and open reflection. In the following pages, we invite you to embark on a journey through our organization's past year—a journey marked by milestones, challenges, and triumphs.

Reporting Framework

- International Integrated Reporting Framework by International Integrated Reporting Council (IIRC)
- SAFA Integrated Reporting Checklist.
- United Nations Sustainable Development Goals (SDGs)
- International Financial Reporting Standards (IFRSs)

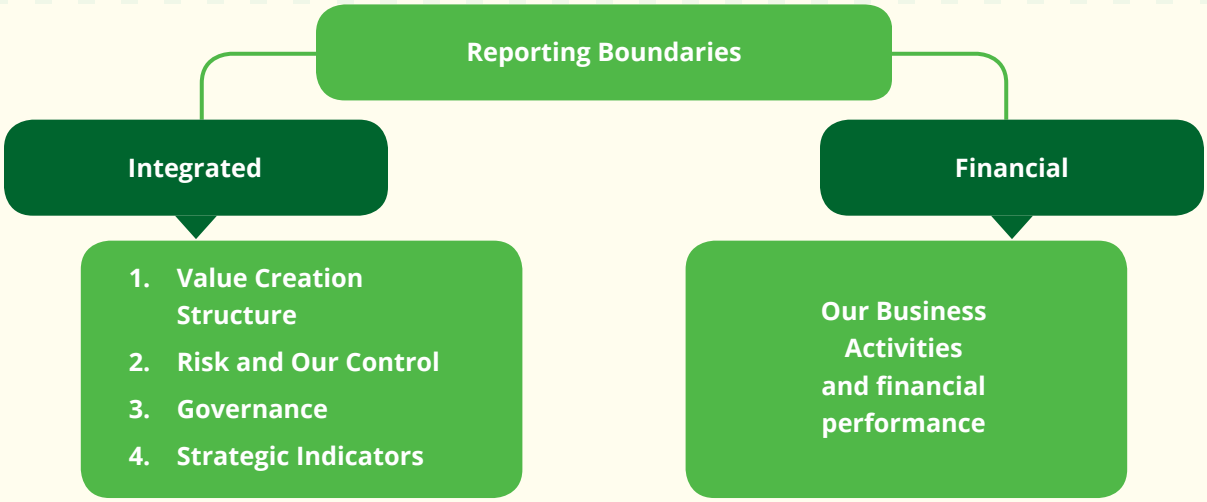
- Companies Act 1994
- Finance Companies Act 2023
- Relevant rules & regulations of Bangladesh Bank
- Security and Exchange Rules 1987
- Corporate Governance Code.
- Other applicable rules and regulations.

Scope and Boundary of the report

Our 2023 Annual Integrated Report covers the timeline between 1st January 2023 and 31st December 2023. However, other material events, data and information upto 11 March 2024 (the date of approval of Financial Statements by Board of Directors) are also included in this report.

We comply the integrated report guideline provided by the Institute of Chartered Accountants of Bangladesh (ICAB). The compliance is reflected in our 'Integrated Report Checklist'.

In discussing, the Company's operations and financial performance, we have extracted the financial information from the Audited Financial Statements for the financial year ended 2023 with relevant comparative information.



Key Matters:

We have executed and presented our financial and non-financial disclosures internally from our records stated in the financial statement unless it is mentioned that data is collected from other reliable source.

Our sustainability report is integrated in our ESG (Environment, Social, Governance) reporting where we separately discussed these three aspects separately and our compliance and performance and control in these aspects.

In our corporate governance report we have complied with Companies Act, 1994, code of corporate governance- 2018 and listing regulations- 2015. Other aspect of corporate governance doesn't have any significant changes remaining close to previous years' report.

External Assurance

Sl. No.	Report Description	External Assurer
1.	Audited Financial Statements	Hoda Vasi Chowdhury & Co.
2.	Corporate Governance	SA Rashid & Associates
3.	Entity Credit Rating	Emerging Credit Rating Ltd.
4.	Actuarial Valuation	Z. Halim & Associates

How to navigate through this report:

Key Matters for Stakeholders	Look into	Page Reference
Who we are, what is our objective	Organizational Overview Vision, Mission, Strategic Objectives	6 11-12
How we achieve our goal, Create value and our capital usage	Business Model Strategic Focus Area Value Creation Model Six Capitals	66-67 84-85 68-70 86-101
Analyses from our Leaders	Chairman's Massage Review from the Managing Director and CEO Directors' Report	30-32 56-59 33-55
How our Business is managed and controlled	Risk Management Framework Risk Management Structure Risk Mitigation Methodology	108-109 110 111-114
Our approaches towards ESG goals	Environmental Reporting Corporate Social Responsibility Comprehensive Governance	122 127 132-189
Measuring Our Success	Financial Statements	197-245

Responsibility of the Annual Integrated Report

Managing Director & CEO of DBH Finance assures that reasonable amount of care has been taken to ensure the integrity of this integrated annual report. The stewardship team worked together to prepare and present the integrated report. The report has been prepared in accordance with the International Integrated Reporting Framework of the Integrated Reporting Council and addresses the material matter relating to the long-term sustainability of the company. It fairly presents DBH Finance PLC's integrated performance and the impacts thereof. The stewardship ensured transparency and accountability and contributed to the identification and prioritization of material matters.

Nasimul Baten
Managing Director & CEO

Core Values

Honesty, integrity and ethics in all aspects of business

Outstanding service to the customer, above all else

Individual opportunity, responsibility and reward based on merit

Hard work and continuous self-improvement, never being satisfied

Respect and concern for the individual employee

Corporate Profile

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 18th 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.

Pattern of Shareholdings

As on 31st December 2023

Shareholding position of Sponsors:

Name	No. of Shares held	Percent (%)
BRAC	36,572,729	18.39
Delta Life Insurance Company Limited	35,059,185	17.63
Green Delta Insurance Company Limited	30,440,772	15.30
Mr. Kazi Fazlur Rahman	0	0.00
Mr. Faruq A. Choudhury	36	0.00
Dr. Salehuddin Ahmed	36	0.00
Mr. Q. M. Shariful Ala, FCA	0	0.00
Total	102,072,758	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. Khandkar Manwarul Islam	Delta Life Insurance Company Ltd.	-	-
Mr. Nazir Rahim Chowdhury	Delta Life Insurance Company Ltd.	-	-
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 Ahad, FCA	Chief Financial Officer	-	-
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	Chief Operations Officer	-	-
Mr. Tanvir Ahmad	Head of Human Resources	-	-
Mr. Ashfakul Islam	Head of IT	-	-
Mr. Saiyaf Ejaz	Head of Recovery & Administration	-	-
Mr. Md. Zakaria Eusuf	Head of Credit	-	-

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

Name of the Shareholders	No. of Share(s) held	Percent (%)
BRAC	36,572,729	18.39
Delta Life Insurance Company Limited	35,059,185	17.63
Green Delta Insurance Company Limited	30,440,772	15.30

Islamic Financing Wing (IFW)

Financing Products

DBH Islamic offers Islamic financing products within the Shari'ah purview of Hire Purchase under Shirkatul Meelk (HPSM) as approved by the Shari'ah Supervisory Committee and Bangladesh Bank. HPSM, a Shariah compliant Hybrid mode, is a combination of three independent contracts. Such as-

1.	Shirkat (Co-ownership)
2.	Ijarah (Hire/Rent)
3.	Bai' (Sale contract)

DBH and the client purchased or constructed the asset jointly by contributing their capital as per pre-determined equity sharing ratio under Shirkat or partnership contract at first step. In the second step, DBH rents out/gives lease of its share in the asset to the client. Client utilizes the asset and enjoys the usufruct with rental consideration. In the third and final step, DBH transfers its ownership of the asset to the client under a separate sale contract after completion of required installments. DBH uses this mechanism for the purpose of -

a)	Home Financing
b)	Car Financing

DBH Islamic Home Finance:

"Home for everyone"- considering this slogan DBH Islamic has brought various HPSM Islamic Home Financing products to facilitate the people of different groups, professionals, service holders, businessmen etc. to build their own dream homes with confidence. DBH Islamic is always committed to stand beside the people of different income groups who feel need to get facilities. Considering the needs of the people DBH Islamic has introduced diversifications in its Home Financing products. DBH Islamic has-

1.	HPSM Apartment Purchase Financing
2.	HPSM Own Construction Financing
3.	HPSM Group Construction Financing
4.	HPSM Commercial Space Purchase Financing
5.	HPSM Home Extension Financing
6.	HPSM Semi-Pacca Construction Financing
7.	HPSM Affordable Home Financing
8.	HPSM Plot Purchase Financing

The common salient features of DBH Islamic Home Finance are-

- The product is offered under HPSM a Shari'ah compliant hybrid mode of Islamic finance.

- Ensuring Meticulous Shari'ah compliance in financing operations.
- Providing financing facility up to 80% of the total value as applicable.
- Flexibility in choosing financing tenure up to 25 years.
- Gestation Period (GP) facility up to 18 months with Profit on Gestation Period (PGP) as applicable.
- Flexible approach and fast approval process.
- Attractive and competitive rate of rent.
- Option for partial adjustment without any charge or early settlement option as well.

HPSM Balance Transfer/Take-over:

DBH Islamic offers this facility to the clients who are availing home loan or housing finance facility at conventional Banks/FIs or other Islamic Banks/FIs but want to convert/transfer their facilities to DBH Islamic. DBH Islamic provides the Balance Transfer (BT) facility complying all the required terms and conditions of Shari'ah and commits to make easier the conversion.

- DBH Islamic takes-over the outstanding principal as DBH's equity to the asset.
- The limit may be enhanced over the outstanding principal amount, if justified, but not more than the existing value of the asset as per TSVR.
- All other payables (interest/profit, taxes, duties, levies etc.) to be paid by the client before take-over.
- Smooth and easier process of conversion.
- No hidden charges.
- Clients are notified, if any changes take place.

DBH Islamic Car Finance:

DBH Islamic Car Finance (ICF) is a customized product for an individual who wants to materialize the dream to drive the car by Shari'ah compliant Islamic financing mechanism. DBH Islamic offers car financing to the clients to purchase the Brand New or Reconditioned cars for the purpose of personal use with attractive terms and conditions.

- Any eligible individual or professional can avail the facility.
- Financing up to 80% of the car value.
- Financing tenure maximum 72 months.
- Easy approach and fast approval with no hidden charges.
- Attractive and competitive rate of rent.
- Client can enjoy DBH Islamic Home Finance (IHF) with Islamic Car Finance (ICF) as a bundle offer.

Deposit Products

DBH Islamic receives deposits under the principle of Mudaraba. Mudaraba is a Shari'ah compliant partnership contract where one party provides full capital and the other party manages the business. The capital provider or depositor is called 'Sahib-Al-Maal' and the user of the capital or DBH Islamic is called 'Mudarib'. Profit, if any, is distributed between the Sahib-Al-Maal and the Mudarib at a pre-determined ratio, while loss, if any, is borne by the Sahib-Al-Maal. But, the Mudarib has to bear the loss of capital if the loss is occurred due to his negligence, misconduct and breach of contracts.

There are two types of Mudaraba contracts: i) Unrestricted/Unconditional Mudaraba and ii) Restricted/Conditional Mudaraba. Generally, DBH Islamic accepts unrestricted Mudaraba fund from the depositors. Unrestricted Mudaraba is a contract in which the 'Depositor' permits the 'Mudarib' to administer a Mudaraba fund within the purview of Shari'ah without imposing any specific restriction.

We follow the latest and more Shari'ah compliant profit distribution mechanism, ISR (Income Sharing Ratio). In the ISR mechanism, we calculate the Weighted Average Rate of Return (WROR) on the last day of the month on the basis of accumulated income during the month and distribute them among the depositors at the month end as per pre-determined ISR.

Complying all the principles stated above and ensuring highest level of Shari'ah compliance, DBH Islamic has designed various deposit products in the light of depositor's demand, flexibility, comfortability and easiness.

The deposit products of DBH Islamic at present-

1. **Mudaraba Term Deposits**
2. **Mudaraba Monthly or Quarterly Income Deposit**
3. **Mudaraba Easy Deposit**
4. **Mudaraba Day Wise Deposits and**
5. **Mudaraba DPS**

The special features of Mudaraba Depsoits of DBH Islamic:

- DBH Islamic provides assurance of the highest degree of Shari'ah compliance.
- To follow more Shari'ah-compliant Income Sharing Ratio (ISR) method in profit distribution.
- The product is offered with lucrative ISR.
- To distribute attractive rate of return in the industry on the basis of Earned Rate of Return (ERR).
- On maturity, the profit or the profit with principal are credited to the Bank account automatically as per instruction of the concerned customers without any hassle.
- Flexible tenure.
- Embedded auto-renewal option at maturity.

Performance of Islamic Financing Wing (IFW)

Balance sheet

	As on Dec 31, 2023
Property & Assets	
Balance with BB and agent Bank	14,000,000
Balance with other Bank and FI	173,595,409
Investments in HPSM	962,703,546
Other Assets	7,429,405
	1,157,728,360
Liabilities and Capital	
Liabilities	
Mudaraba Term Deposits and Other Accounts	1,120,697,643
- Bank & FI	200,000,000
- Other Deposits	920,697,643
Other Liabilities	28,110,393
Total Liabilities	1,148,808,036
Shareholders' Equity	
Retained Earnings	8,920,324
Total Equity	8,920,324
Total Liabilities and Shareholders' Equity	**1,157,728,360**

Profit and Loss Account

Particulars	2023
Operating Income	
Investment Income	133,656,347
Profit paid on Mudaraba deposits	109,146,972
Net Investment Income	**24,509,376**
Fees and misc. reimbursement for investment in HPSM	9,562,229
Other Operating income	472,669
Total operating income	**34,544,274**
Operating Expenses	
Salary and allowances	1,002,625
Legal & professional expenses	200,964
Postage, stamp, telecommunication etc.	2,365
Stationery, printing advertisement etc.	2,896,890
SSC Members' fees and expenses	35,200
Depreciation repair & maintenance exp.	262,500
Other expenses	464,204
Total Operating Expenses	**4,864,748**
Operating Profit Before Provision	**29,679,526**
Provision for investments	9,627,035
Pre-Tax Profit	**20,052,491**
Provision for tax	
Current	10,071,418
Deferred	1,060,749
	11,132,167
Profit After Tax	**8,920,324**

Financial Performance Highlight

Business Performance

Amount in Million Taka except %

Financial Position	2019	2020	2021	2022	2023	Growth of 2023 over 2022	5 Year CAGR (%)/ Average*
Loan Approvals	8,934	7,527	10,896	10,493	9,412	-10.30%	1.31%
Loan Disbursement	10,112	7,028	10,803	11,029	9,653	-12.48%	-1.15%
Cumulative Disbursement	113,386	120,414	131,217	142,246	151,899	6.79%	7.58%
Cumulative Sanction	114,714	122,241	133,137	143,630	153,042	6.55%	7.47%

Operational Performance

Financial Position	2019	2020	2021	2022	2023	Growth of 2023 over 2022	5 Year CAGR (%)/ Average*
Operating Revenue	6,586	6,108	5,373	5,180	6,299	21.60%	-1.11%
Operating Expenses	524	523	565	610	638	4.56%	5.07%
Financial Expenses	4,645	3,960	2,890	3,045	4,130	35.63%	-2.89%
Net Profit Before Tax	1,555	1,498	1,721	1,580	1,561	-1.21%	0.10%
Net Profit After Tax	1,073	891	1,044	1,017	984	-3.17%	-2.14%
EBITDA	6,125	5,646	4,874	4,640	5,735	23.59%	-1.63%

Financial Position

Financial Position	2019	2020	2021	2022	2023	Growth of 2023 over 2022	5 Year CAGR (%)/ Average*
Gross Profit Ratio	70.52%	64.83%	53.79%	58.79%	65.57%	11.54%	62.18%
Operating Profit Ratio	21.52%	26.60%	35.69%	29.42%	24.29%	-17.44%	26.86%
Return on Capital Employed	24.41%	26.55%	28.04%	20.01%	18.36%	-8.25%	19.19%
Cost to Income Ratio	26.97%	24.36%	22.76%	28.60%	29.44%	2.93%	26.43%
Current Ratio	1.64	1.79	1.96	1.48	1.84	24.24%	1.74
Debt Equity Ratio	9.21	8.11	7.32	6.73	6.78	0.77%	7.63
Financial Expense Coverage Ratio	1.31	1.41	1.66	1.50	1.37	-8.66%	1.45
Return on Equity (%)	19.79%	14.56%	15.27%	13.35%	11.81%	-11.51%	14.96%
Return on Assets (%)	1.81%	1.51%	1.76%	1.67%	1.52%	-8.61%	1.65%

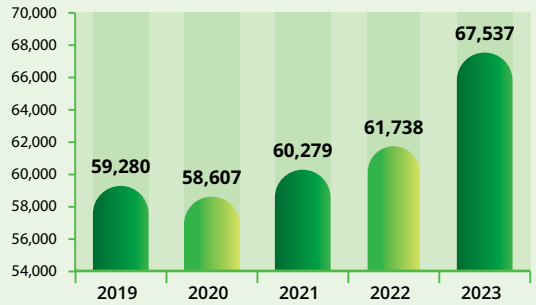
Financial Position

Amount in Million Taka except %

Financial Position	2019	2020	2021	2022	2023	Growth of 2023 over 2022	5 Year CAGR (%)/ Average*
Total Assets	59,280	58,607	60,279	61,738	67,537	9.39%	3.31%
Total Liabilities	53,471	52,176	53,034	53,751	58,859	9.50%	2.43%
Property, Plant and Equipment	280	290	263	254	276	8.63%	-0.29%
Current Assets	23,032	22,593	25,120	23,884	29,998	25.60%	6.83%
Current Liabilities	14,057	12,655	12,832	16,170	16,346	1.09%	3.84%
Net current assets	8,975	9,938	12,288	7,714	13,652	76.97%	11.06%
Non Current Assets	36,248	36,014	35,158	37,853	37,539	-0.83%	0.88%
Long Term Liabilities	33,276	32,203	31,029	32,768	29,170	-10.98%	-3.24%
Term Deposits	43,411	43,827	43,978	40,061	46,656	16.46%	1.82%
Total Investment Portfolio	58,013	57,578	59,235	58,071	66,282	14.14%	3.39%
Authorized Capital	2,000	2,000	2,000	4,000	4,000	0.00%	18.92%
Paid-up Capital	1,340	1,541	1,773	1,950	1,989	2.00%	10.37%
Shareholders' Equity	5,809	6,431	7,244	7,986	8,678	8.66%	10.56%
No. of Share Outstanding	134.04	154.14	177.26	194.99	198.89	2.00%	10.37%
Net Asset Value (NAV) Per Share	43.36	41.72	40.87	40.96	43.63	6.53%	0.16%
Earnings Per Share (EPS)	8.04	5.78	5.89	5.11	4.95	-3.14%	-11.42%
Dividend Coverage (Times)	2.30	1.93	2.36	2.04	2.91	42.45%	6.11%

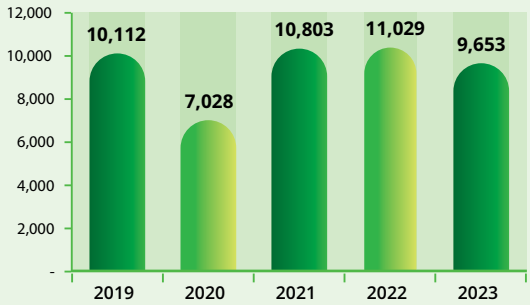
Graphical Representation of Financial Highlight

Total Assets
in million BDT



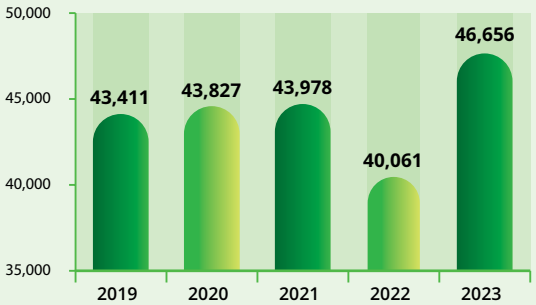
Total asset is in upward trend due to our effective and efficient fund management.

Business Disbursement
in million BDT



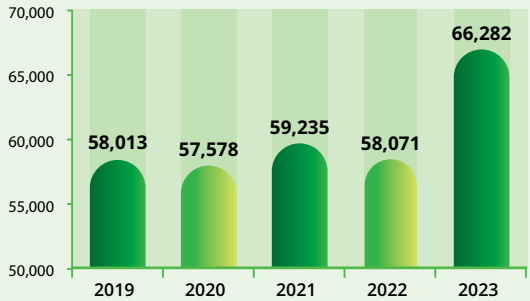
Loan disbursement is low this year due to adverse economic condition and fierce competitions.

Term Deposits
in million BDT



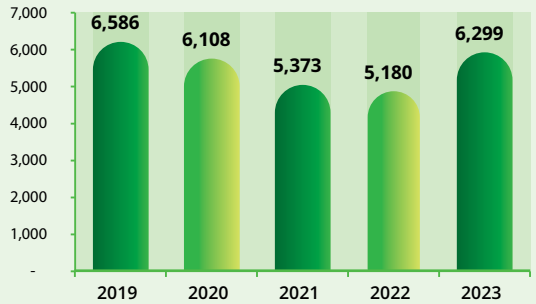
Due to our relentless efforts and good brand image, deposits portfolio has been increased by 16%.

Total Investment Portfolio
in million BDT



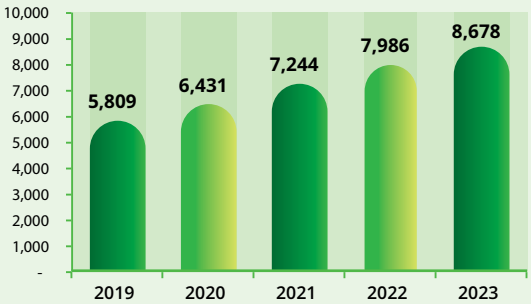
High growth in deposit also ensures high investment portfolio this year.

Operating Revenue
in million BDT



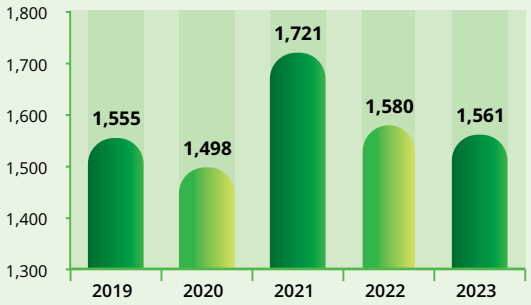
Due to high investment portfolio and increase in interest rate in the last quarter of the year results high operating revenue this year.

Shareholders' Fund
in million BDT



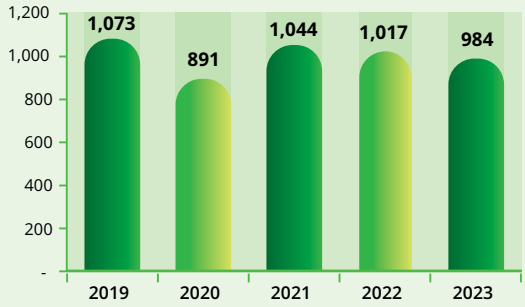
Shareholders' fund increased gradually over the year following the stable net income of the company.

Net Profit Before Tax
in million BDT



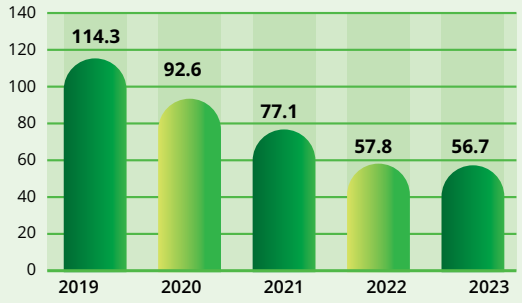
Net profit remained close to the previous year due to efficient NPL management.

Net Profit After Tax
in million BDT



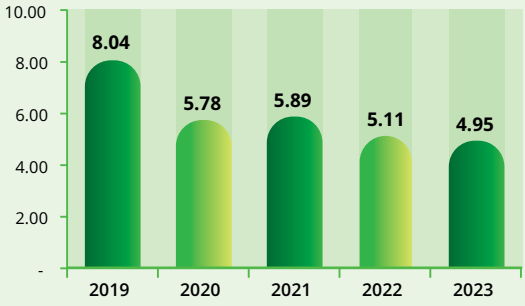
Net profit after tax also remains same to the last year due to efficient management.

Stock Performance
BDT



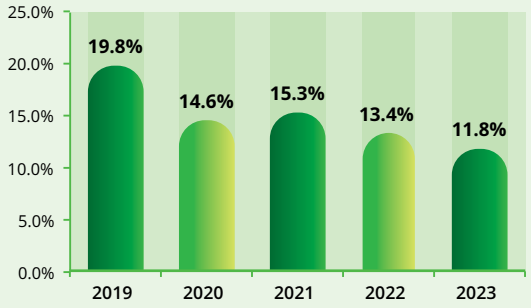
Stock price is declined due to bearish capital market and increase of number of shares through issuance of bonus share.

Earnings Per Share (EPS)
BDT



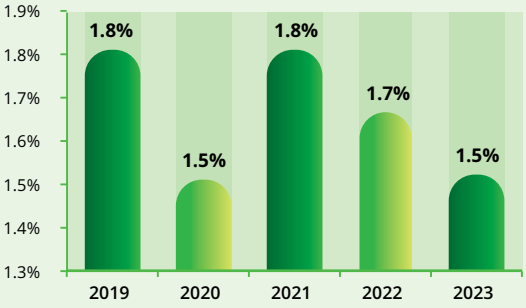
Due to slight decrease in net income this year, EPS also decreased slightly.

Return on Shareholders' Fund
Percentage (%)



ROE showed a 12% decrease this year due to decrease in net profit after tax.

Return on Assets
Percentage (%)



ROA showed a 11% decrease this year due to decrease in net profit after tax.

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	1,77,26,39,680.00	30.00 (15% stock & 15% cash)
2021	1,94,99,03,640.00	25.00 (10% stock & 15% cash)
2022	1,98,89,01,710.00	17.00 (2% Stock & 15% cash)

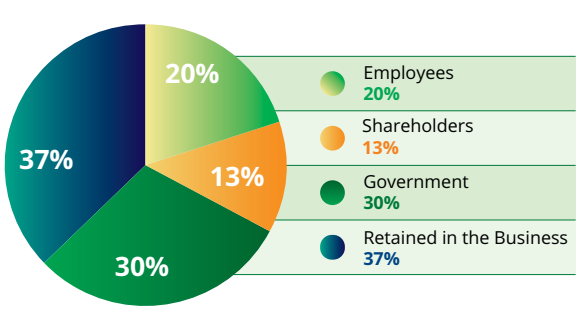
Value Added Statement

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.

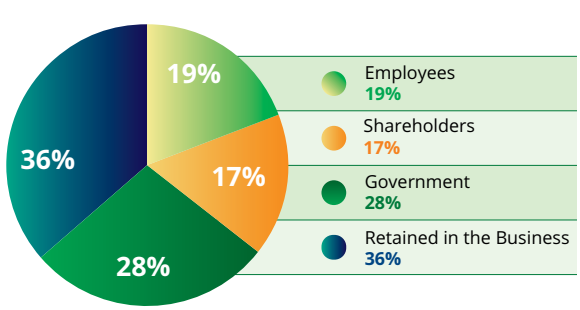
Figures in BDT

	2023	%	2022	%
Value Adeed				
Net Interest Income	1,793,930,689	92%	1,785,786,281	88%
Fees Earned	163,854,738	8%	182,889,368	9%
Investment Income	189,859,760	10%	145,220,701	7%
Other Income	20,861,720	1%	20,733,705	1%
Operating Expense Except Salary & Allowance, Depreciation and Amortization	-181,405,267	-9%	-170,160,352	-8%
Provision for Loan, Advances & Allowances	-31,016,301	-2%	56,092,071	3%
Total Value Added by the Company	**1,956,085,339**	**100%**	**2,020,561,774**	**100%**
Distribution of Value Added				
Employees				
As Salary Allowances	399,823,287	20%	390,439,782	19%
Provider of Capital				
Dividend to Ordinary Shareholders	246,820,087	13%	331,483,619	16%
Government				
Income Tax	563,534,247	29%	563,534,247	28%
Retained for Business Growth				
Earning Retained in the Business	685,242,140	35%	685,242,140	34%
Depreciation and Amortization	49,861,986	3%	49,861,986	2%
Total Distribution	**1,956,085,339**	**100%**	**2,020,561,774**	**100%**

December 31, 2023



December 31, 2022



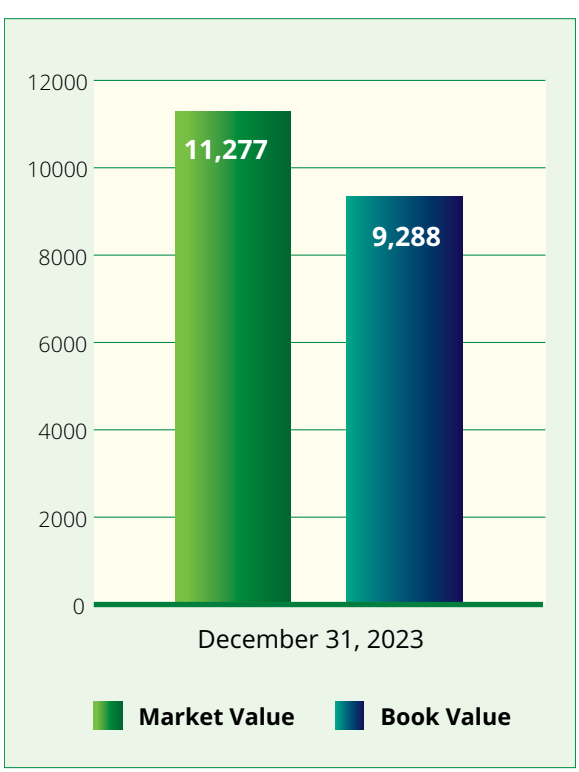
Market Value Added (MVA) Statement

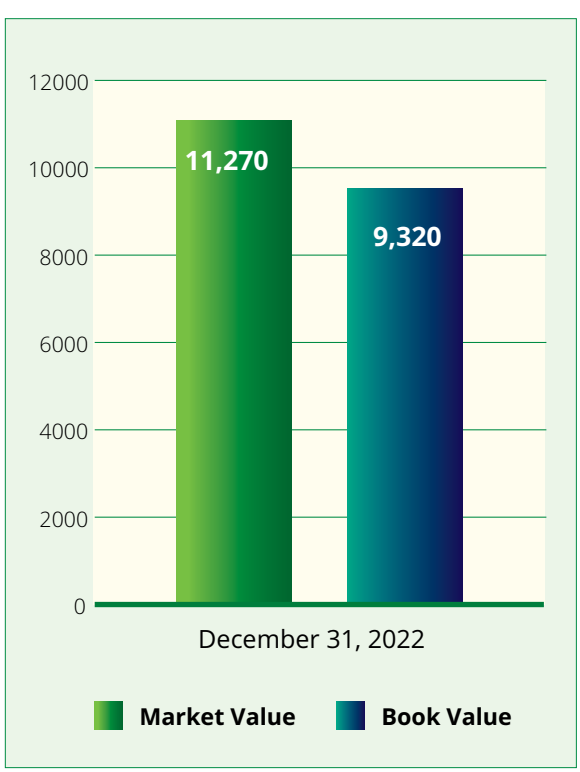
Market value added statement gives a picture of the Company's performance evaluated by the capital market investors through the share price of the company. This statement depicts the difference between the market value of a company and the capital contributed by the investors.

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, 2023 and for the period ended December 31, 2022.

Particulars	Amount in BDT	
	December 31, 2023	December 31, 2022
Market Value of shares outstanding	11,277,072,695	11,270,443,039
Book Value of share outstanding	1,988,901,710	1,949,903,640
Market value Added	**9,288,170,985**	**9,320,539,399**



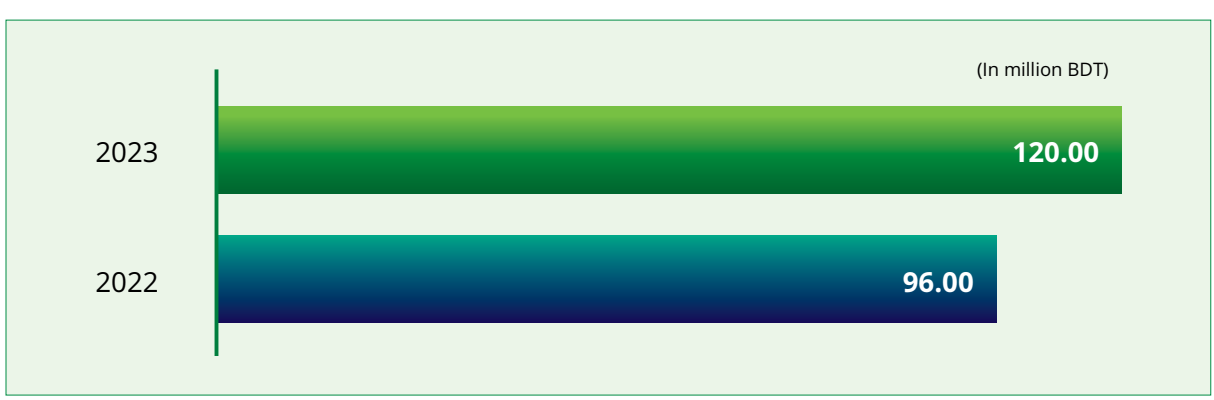


Economic Value Added (EVA) Statement

One of the most useful performance measurements to account for the ways in which business value can be added or lost is Economic Value Added or EVA. Another term for this metric is Economic Profit. Economic Value-Added is the surplus generated by an entity after meeting an equitable charge towards providers of capital. It is the post-tax return on capital employed (adjusted for the tax shield on debt) less the cost of capital employed. Companies which earn higher returns than cost of capital create value, and companies which earn lower returns than cost of capital are deemed harmful for shareholder value.

EVA has been calculated by the following formula:
EVA = Net operating Profit – Taxes – Charges for capital (Cost of Capital)

Particulars	Amount in BDT	
	December 31, 2023	December 31, 2022
Net Operating Profit	1,530,178,717	1,524,167,935
Provision for Taxes	576,740,695	563,534,247
Net Operating Profit after Tax	953,438,022	960,633,688
Charges for Capital		
Capital Employed	8,332,460,650	8,732,438,770
Cost of equity (%)	0.1	0.099
Charges for Capital	833,246,065	864,511,438
Economic Value Added	**120,191,957**	**96,122,250**
Capital employed		
Shareholders Equity	8,678,445,056	7,994,960,897
Accumulated provision for doubtful debt	1,053,040,538	1,083,726,839
Total Capital Employed	**9,731,485,594**	**9,078,687,736**



Horizontal Analysis

(Analysis of growth of each component in comparison to the immediate preceding year)

Balance Sheet

Taka in Million

	2018	2019	%	2020	%	2021	%	2022	%	2023	%
PROPERTY AND ASSETS											
Cash	799	873	9%	575	-34%	558	-3%	575	3%	622	8%
Balance with other banks and financial institutions	11,779	13,029	11%	14,339	10%	14,726	3%	11,018	-25%	17,447	58%
Money at call and short notice		-						2,700		100	-96%
Investment	608	462	-24%	489	6%	678	39%	2,517	271%	5,165	105%
Leases, loans and advances	43,848	44,522	2%	42,750	-4%	43,831	3%	44,536	2%	43,670	-2%
Fixed assets including land, building, furniture and fixtures	170	280	65%	290	4%	263	-9%	254	-3%	276	9%
Other assets	296	114	-61%	164	43%	223	36%	137	-39%	256	87%
TOTAL PROPERTY AND ASSETS	**57,499**	**59,280**	**3%**	**58,607**	**-1%**	**60,279**	**3%**	**61,738**	**2%**	**67,537**	**9%**
LIABILITY AND SHAREHOLDERS' EQUITY											
Liabilities											
Borrowings from Bangladesh Bank, other banks and financial institutions	6,085	7,051	16%	5,571	-21%	6,176	11%	11,080	79%	9,358	-16%
Term deposits	43,319	43,411	0%	43,827	1%	43,978	0%	40,061	-9%	46,656	16%
Other liabilities	3,055	3,009	-2%	2,778	-8%	2,880	4%	2,610	-9%	2,844	9%
Total Liabilities	**52,459**	**53,471**	**2%**	**52,176**	**-2%**	**53,034**	**2%**	**53,751**	**1%**	**58,859**	**10%**
Paid up capital	1,219	1,340	10%	1,541	15%	1,773	15%	1,950	10%	1,989	2%
Share premium	55	55	0%	55	0%	55	0%	55	0%	55	0%
Reserve and surplus	3,766	4,413	17%	4,835	10%	5,416	12%	5,982	10%	6,635	11%
Shareholders' Equity	**5,040**	**5,809**	**15%**	**6,431**	**11%**	**7,244**	**13%**	**7,986**	**10%**	**8,678**	**9%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**57,499**	**59,280**	**3%**	**58,607**	**-1%**	**60,279**	**3%**	**61,738**	**2%**	**67,537**	**9%**

Horizontal Analysis

(Analysis of growth of each component in comparison to the immediate preceding year)

Profit and Loss Account

Taka in Million

	2018	2019	%	2020	%	2021	%	2022	%	2023	%
Interest income	5,855	6,353	8%	5,909	-7%	5,054	-14%	4,831	-4%	5,924	23%
Interest expenses on deposits & borrowings	4,062	4,645	14%	3,960	-15%	2,890	-27%	3,045	5%	4,130	36%
Net Interest Income	**1,793**	**1,708**	**-5%**	**1,949**	**14%**	**2,164**	**11%**	**1,786**	**-17%**	**1,794**	**0%**
Income from investment	46	27	-42%	24	-10%	125	418%	145	16%	190	31%
Commission, exchange and brokerage income	146	200	37%	156	-22%	178	14%	183	3%	164	-10%
Other operational income	11	7	-40%	20	190%	16	-16%	21	26%	21	1%
Total Operating Income	**1,996**	**1,941**	**-3%**	**2,148**	**11%**	**2,483**	**16%**	**2,135**	**-14%**	**2,169**	**2%**
Operating Expenses											
Salary and allowances	325	338	4%	354	5%	364	3%	377	4%	400	6%
Rent, taxes, insurance, electricity etc.	54	35	-36%	32	-7%	38	18%	36	-5%	26	-28%
Legal and professional fees	5	8	77%	13	51%	16	26%	18	13%	22	21%
Postage, stamp, telecommunication etc.	8	8	-6%	7	-10%	9	26%	8	-3%	8	1%
Stationery, printing, advertisement	14	15	5%	7	-51%	11	52%	20	77%	19	-6%
Managing director's salary and allowance	15	15	0%	7	-53%	13	84%	13	0%	13	0%
Director fees and expenses	1	1	-5%	1	45%	1	12%	1	-11%	1	8%
Audit fees	0.5	0	5%	1	7%	1	6%	1	5%	1	0%
Repairs, maintenance and depreciation	38	62	66%	61	-2%	66	8%	71	7%	75	5%
Other expenses	35	42	18%	41	-2%	47	14%	66	41%	75	14%
Total operating expenses	**495**	**524**	**6%**	**523**	**0%**	**565**	**8%**	**610**	**8%**	**638**	**5%**
Operating Profit	**1,501**	**1,418**	**-6%**	**1,625**	**15%**	**1,918**	**18%**	**1,524**	**-21%**	**1,530**	**0.4%**
Provisions for loans / investments	-105.87	(137)	30%	127	-192%	197	55%	(56)	-129%	(31)	-45%
Profit before tax and reserve	**1,607**	**1,555**	**-3%**	**1,498**	**-4%**	**1,721**	**15%**	**1,580**	**-8%**	**1,561**	**-1%**
Provision for tax made during the year	558.64	482	-14%	607	26%	677	12%	564	-17%	577	2%
Net profit after tax	**1,048**	**1,073**	**2%**	**891**	**-17%**	**1,044**	**17%**	**1,017**	**-3%**	**984**	**-3%**

Vertical Analysis

(Analysis of each component as a % of Total Assets of the respective year)

Balance Sheet

Taka in Million

	2019	%	2020	%	2021	%	2022	%	2023	%
PROPERTY AND ASSETS										
Cash	873	1.5%	575	1.0%	558	0.9%	575	0.9%	622	0.9%
Balance with other banks and financial institutions	13,029	22.0%	14,339	24.5%	14,726	24.4%	11,018	17.8%	17,447	25.8%
Money at call and short notice	-	0.0%		0.0%		0.0%	2,700	4.4%	100	0.1%
Investment	462	0.8%	489	0.8%	678	1.1%	2,517	4.1%	5,165	7.6%
Leases, loans and advances	44,522	75.1%	42,750	72.9%	43,831	72.7%	44,536	72.1%	43,670	64.7%
Fixed assets including land, building, furniture and fixtures	280	0.5%	290	0.5%	263	0.4%	254	0.4%	276	0.4%
Other assets	114	0.2%	164	0.3%	223	0.4%	137	0.2%	256	0.4%
TOTAL PROPERTY AND ASSETS	**59,280**	**100%**	**58,607**	**100%**	**60,279**	**100%**	**61,738**	**100%**	**67,537**	**100%**
LIABILITY AND SHAREHOLDERS' EQUITY										
Liabilities										
Borrowings from Bangladesh Bank, other banks and financial institutions	7,051	12%	5,571	10%	6,176	10%	11,080	18%	9,358	14%
Term deposits	43,411	73%	43,827	75%	43,978	73%	40,061	65%	46,656	69%
Other liabilities	3,009	5%	2,778	5%	2,880	5%	2,610	4%	2,844	4%
Total Liabilities	**53,471**	**90%**	**52,176**	**89%**	**53,034**	**88%**	**53,751**	**87%**	**58,859**	**87%**
Paid up capital	1,340	2%	1,541	3%	1,773	3%	1,950	3%	1,989	3%
Share premium	55	0%	55	0%	55	0%	55	0%	55	0%
Reserve and surplus	4,413	7%	4,835	8%	5,416	9%	5,982	10%	6,635	10%
Shareholders' Equity	**5,809**	**10%**	**6,431**	**11%**	**7,244**	**12%**	**7,986**	**13%**	**8,678**	**13%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**59,280**	**100%**	**58,607**	**100%**	**60,279**	**100%**	**61,738**	**100%**	**67,537**	**100%**

Vertical Analysis

(Analysis of each component as a % of Total Operating Income of the respective year)

Profit and Loss Account

Taka in Million

	2019	%	2020	%	2021	%	2022	%	2023	%
Interest income	6,353	327.2%	5,909	275.0%	5,054	203.5%	4,831	226.3%	5,924	273.2%
Interest expenses on deposits & borrowings	4,645	239.3%	3,960	184.3%	2,890	116.4%	3,045	142.7%	4,130	190.5%
Net Interest Income	**1,708**	**88.0%**	**1,949**	**90.7%**	**2,164**	**87.1%**	**1,786**	**83.7%**	**1,794**	**82.7%**
Income from investment	27	1.4%	24	1.1%	125	5.0%	145	6.8%	190	8.8%
Commission, exchange and brokerage income	200	10.3%	156	7.3%	178	7.2%	183	8.6%	164	7.6%
Other operational income	7	0.4%	20	0.9%	16	0.7%	21	1.0%	21	1.0%
Total Operating Income	**1,941**	**100%**	**2,148**	**100%**	**2,483**	**100%**	**2,135**	**100%**	**2,169**	**100%**
Operating Expenses										
Salary and allowances	338	17.4%	354	16.5%	364	14.7%	377	17.7%	400	18.4%
Rent, taxes, insurance, electricity etc.	35	1.8%	32	1.5%	38	1.5%	36	1.7%	26	1.2%
Legal and professional fees	8	0.4%	13	0.6%	16	0.6%	18	0.8%	22	1.0%
Postage, stamp, telecommunication etc.	8	0.4%	7	0.3%	9	0.3%	8	0.4%	8	0.4%
Stationery, printing, advertisement	15	0.8%	7	0.3%	11	0.5%	20	0.9%	19	0.9%
Managing director's salary and allowance	15	0.8%	7	0.3%	13	0.5%	13	0.6%	13	0.6%
Director fees and expenses	1	0.0%	1	0.0%	1	0.0%	1	0.0%	1	0.0%
Audit fees	0	0.0%	1	0.0%	1	0.0%	1	0.0%	1	0.0%
Repairs, maintenance and depreciation	62	3.2%	61	2.8%	66	2.7%	71	3.3%	75	3.4%
Other expenses	42	2.2%	41	1.9%	47	1.9%	66	3.1%	75	3.4%
Total operating expenses	**524**	**27.0%**	**523**	**24.4%**	**565**	**22.8%**	**610**	**28.6%**	**638**	**29.4%**
Operating Profit	**1,418**	**73.0%**	**1,625**	**75.6%**	**1,918**	**77.2%**	**1,524**	**71.4%**	**1,530**	**70.6%**
Provisions for loans / investments	(137)	-7.1%	127	5.9%	197	7.9%	(56)	-2.6%	(31)	-1.4%
Profit before tax and reserve	**1,555**	**80.1%**	**1,498**	**69.7%**	**1,721**	**69.3%**	**1,580**	**74.0%**	**1,561**	**72.0%**
Provision for tax made during the year	482	24.8%	607	28.3%	677	27.3%	564	26.4%	577	26.6%
Net profit after tax	**1,073**	**55.3%**	**891**	**41.5%**	**1,044**	**42.0%**	**1,017**	**47.6%**	**984**	**45.4%**

Message From the Chairman

Nasir A. Choudhury

Dear Stakeholders,

I am pleased to welcome you all to the 28th Annual General Meeting of DBH Finance PLC, the leading specialist housing finance institution in Bangladesh. Due to adverse global and domestic economic and political condition this year was really challenging for us. 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.

Global and Domestic Challenges:

Financial institutions all over the country have faced some macroeconomic challenges. Due to some global uncertainties like Russia-Ukraine war, Israel-Palestine war and many other political factors we have seen some ups and downs in the inflation rate. As of fiscal year 2023, the global inflation rate stands at 4.4%, while the country's inflation has surged to 9.63%. In addition to the global uncertainties, Bangladesh has faced some internal problems like national election, price hike, decrease in foreign reserve etc. in FY 2023.

Our performance:

Our dedication to resilience and excellence has not wavered in the face of uncertain difficulties. We have used our capabilities to generate value for all stakeholders while navigating through uncertainty with agility and resolve in spite of the changing economic landscape. At the close of December 31, 2023, the loans and advances portfolio of DBH finance stands at Tk. 4,367 crore. During the FY 2023 DBH has financed Tk. 965.3 crore worth of home loans. Even in this challenging macro environment, the non-performing loan (NPL) of DBH remains below one percent. At the close of December 31, 2023, the profit after tax of the company was 984 million which is 3.17% lower when compared to that of the preceding year.

Interest Income
5,924 million
(1.92 % higher than previous year)

Total Asset
67.5 billion
(9.4 % higher than previous year)

Operating Income
2,168.5 million
(1.58 % higher than previous year)

Net Profit
984 million
(3.17 % less than previous year)

This year, our non-performing loan percentage stood at 0.86%, marking a decrease of 0.02% compared to the previous year. This improvement underscores our robust internal processes and our practice of approving loans to creditworthy customers. Consequently, we maintain the lowest NPL percentage among all non-banking financial institutions in Bangladesh.

Amidst such harsh socioeconomic condition, our company manifested resilience despite the existing macro and micro economic challenges. 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.

I am pleased to inform you that DBH has retained its highest credit rating of 'AAA' (triple A) for the 18th 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:

Moving forward for the Year 2024, our key aim should be continuing 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.

We are guided by a clear vision and ambitious goals that reflect our commitment to sustainable growth, innovation, and excellence. Moving forward, our primary objectives are:

1. **Digital Transformation:** By using technology to improve customer experience, increase operational effectiveness, and open up new business opportunities, we want to speed our digital transformation journey. To keep up with changing client expectations, this entails making further expenditures in data analytics, digital banking platforms, and developing technologies.

2. **Customer-Centricity:** We continue to put our attention on providing our clients with outstanding value by getting to know their wants, needs, and goals. In order to meet the many financial demands of people, companies, and communities, we will keep innovating and customizing our goods and services. We want every engagement with DBH Finance to be fulfilling, easy, and worthwhile.

3. **Sustainable Finance:** We are dedicated to supporting sustainable financing methods that have a beneficial social and environmental impact as a responsible financial organization. We will support initiatives that promote inclusive growth and environmental sustainability, include environmental, social, and governance (ESG) factors into our decision-making processes, and provide our customers the power to make sustainable financial decisions.

4. **Market Leadership:** In terms of market share and reputation, we want to solidify our position as the industry leader in the financial services area. We will take advantage of growth opportunities in both existing and new markets by forming strategic partnerships, expanding strategically, and continuously innovating, all the while keeping a close eye on risk management and compliance.

5. **Talent Development:** Our team members' combined talent, knowledge, and commitment are the foundation of our success. We are dedicated to fostering an environment that values education, teamwork, and excellence while giving our staff members chances for advancement and acknowledgment. By making investments in our employees, we make sure that DBH Finance continues to be a vibrant and fulfilling workplace where everyone can prosper and

To shareholders:

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

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, 2023.

Review of Macroeconomy

Details of the review of macroeconomy is given in page 102.

Performance of Financial Sector in 2023:

The Bangladesh economy has exhibited resilience, achieving a GDP growth rate of 6.07 percent in Q1FY24 despite grappling with heightened inflationary and exchange rate pressures. Throughout this period, the industry and service sectors sustained steady growth rates, albeit with a slight moderation in agricultural output growth.

The resurgence in remittance inflows, up by 22.3 percent in Q2FY24, significantly bolstered economic activity. Although headline point-to-point (p-t-p) CPI inflation witnessed a marginal decline from 9.63 percent at the end of Q1FY24 to 9.41 percent at the end of Q2FY24, it remained elevated, peaking at 9.93 percent in October 2023. This decrease was primarily attributed to a reduction in food inflation, offsetting the rise in non-food inflation.

Core inflation, excluding food and fuel, decreased to 6.64 percent by the end of Q2FY24 from 6.82 percent in Q1FY24. In response to mounting inflationary pressures, the Bangladesh Bank (BB) tightened its monetary policy stance by raising the policy (repo) rate twice in Q2FY24, first to 7.25 percent on October 5, 2023, and then to 7.75 percent on November 27, 2023.

BB's adept management ensured that both the inter-bank repo and call money rates remained within the predetermined interest rate corridor (±200 basis) from the policy (repo) rate. Yields on government securities surged across all maturities, accompanied by increased trading volumes within the securities market.

Broad money (M2) growth decelerated to 8.60 percent at the end of Q2FY24 primarily due to a substantial decrease in net foreign assets and lower-than-projected growth in net domestic assets. Credit to the public sector grew by 19.3 percent, below the projection of 37.9 percent in December 2023, reflecting government austerity measures and moderate revenue growth. Private sector credit growth for Q2FY24 reached 10.1 percent, slightly below the projected rate of 10.9 percent.

The balance of payments (BoP) saw notable improvement, with the deficit shrinking to USD 0.82 billion in Q2FY24 from USD 2.85 billion in Q1FY24. This reduction was primarily due to a significant decline in the financial account deficit and robust growth in remittance inflows.

Fiscal stance in Q2FY24 maintained momentum, characterized by higher revenue mobilization and government expenditure. Revenue collection rose by 24.8 percent compared to Q2FY23, while total expenditure increased by 24.5 percent to BDT 1,191.1 billion in Q2FY24.

The capital market experienced a downturn during Q2FY24 compared to Q1FY24, marked by a decline in price indices, market capitalization, price-earnings ratio, and turnover. Liquidity in the banking system improved due to increased deposits and a slowdown in net foreign exchange sales.

Qualitatively, the banking industry saw improvement in Q2FY24, with a slight decrease in the ratio of non-performing loans to total loans. Provision shortfall also narrowed across the industry during this period, while the overall capital adequacy ratio remained stable.

Looking ahead, growth prospects for the remaining quarters of FY24 remain positive, driven by expected good harvests in agriculture, steady manufacturing activities, and moderate service sector growth. However, sustained high inflation may necessitate prolonged monetary tightening to bring inflation to a manageable level, underscoring the importance of external sector resilience improvement.

Source: Bangladesh Bank Quarterly, Vol. xxi, No.2.

Banking Sector:

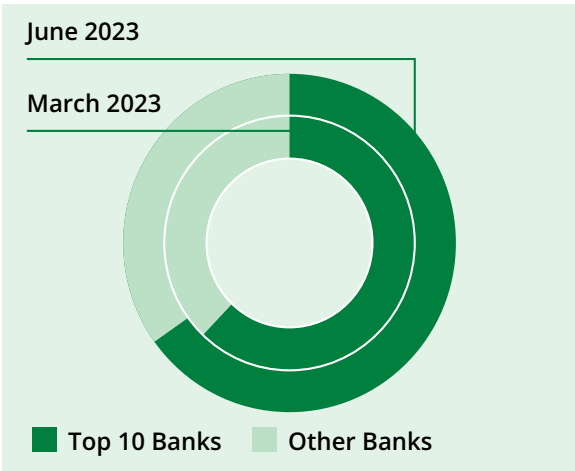
Banking sector demonstrated a mixed trend in the review quarter compared to the previous quarter as asset size and profitability increased, while asset quality, measured by gross NPL ratio, deteriorated.

The banking industry's asset size and asset growth both increased in the review quarter. Compared to the position of end-March 2023, total assets increased by BDT 867.64 billion at end-June 2023 and stood at BDT 23,142.84 billion. This asset expansion was mainly related to the increase in several asset categories such as loans and advances, investment in securities and balances held with Bangladesh Bank and Sonali Bank Limited. Banking sector's assets to GDP ratio stood at 54.52 percent. At end-June 2023, this ratio was 52.13 percent, down from 54.25 percent at end-June 2022. During the review period, the PCBs held the majority of the banking sector's assets (67.79 percent) as well as loans and advances (72.83 percent), which made up the majority of the industry's assets. The share of SOCBs and SDBs in industry's assets increased during the review period compared to the preceding period, whereas the share of PCBs and FCBs recorded slight decline. In case of industry's loans and advances, the share of SOCBs slightly decreased compared to other clusters in the mentioned quarter.

Asset quality declined as non- performing loan (NPL) ratio increased to 10.11 percent at end-June 2023 from 8.80 percent at end-March 2023. However, Besides, provision maintenance ratio stood at 78.76 percent registering a decrease of 3.65 percentage points from preceding quarter.

NPL Ratio of the Banking Industry

NPL Composition of Banking Industry



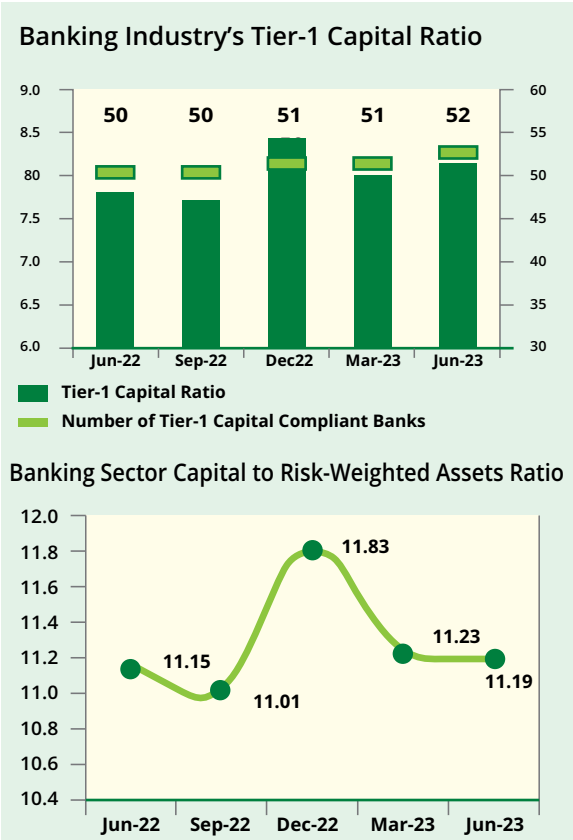
Source: Quarterly Financial Stability Assessment Report, Bangladesh Bank, March-June 2023

Banking Sector Loan Loss Provisions

Amount in Billion BDT

Period	Required Provision	Provision Maintained	Provision Maintenance Ratio (%)
Sep-21	723.49	661.44	91.42
Dec-21	806.54	666.47	82.63
Mar-22	850.68	703.22	82.67
Jun-22	862.68	730.48	84.68
Sep-22	886.83	751.54	84.74
Dec-22	841.57	731.48	86.92
Mar-23	926.20	763.21	82.40
Jun-23	1010.31	795.67	78.76

Although the percentage of bad and loss (B/L) category loans in total NPL is decreasing, this category of classified loans continued to account for the majority of total NPL during the review quarter. In comparison with the preceding quarter, NPLs in B/L and doubtful (DF) categories declined by 6.28 percentage points and 0.36 percentage point respectively, while NPLs in sub- standard (SS) category increased by 6.64 percentage points in review quarter. At end-June 2023, B/L category loan accounted for 80.67 percent of total classified loans, while the shares of SS and DF loans were 15.07 percent and 4.26 percent, respectively.



Source: Quarterly Financial Stability Assessment Report, Bangladesh Bank, March-June 2023

The total regulatory capital (TRC) of the banking industry surpassed the minimum capital requirement (MCR) by BDT 127.62 billion and reached at BDT 1,578.08 billion at end-June 2023. Compared to the preceding quarter, the banking sector's quarterly CRAR showed a marginal decline at the end of June 2023. CRAR of the banking sector decreased by 4 basis points and reached at 11.19 percent compared to 11.23 percent of the preceding quarter. The maintained ratio was above the minimum regulatory capital requirement of 10.0 percent of Risk Weighted Assets (RWA).

Return on assets (ROA) and return on equity (ROE), two key indicators of banking sector's profitability, increased by 0.04 percentage point and 1.05 percentage points respectively in the review quarter compared to those of the previous quarter. At end-June 2023, the banking sector's ROA and ROE were 0.43 percent and 7.88 percent respectively.

At end-June 2023, the banking industry maintained the required cash reserve ratio (CRR) on bi-weekly average basis[18]. On the other hand, the industry maintained statutory liquidity ratio (SLR) of 21.03 percent, which was 9.90 percentage points higher than the minimum requirement. The banking sector's advance-to-deposit ratio (ADR) was 78.51 percent at the end of June 2023, 0.85 percentage points lower than that of March 2023 but 3.74 percentage points higher than that of June 2022.

At end-June 2023, the banking industry maintained the required cash reserve ratio (CRR) on bi-weekly average basis[18]. On the other hand, the industry maintained statutory liquidity ratio (SLR) of 21.03 percent, which was 9.90 percentage points higher than the minimum requirement. The banking sector's advance-to-deposit ratio (ADR) was 78.51 percent at the end of June 2023, 0.85 percentage points lower than that of March 2023 but 3.74 percentage points higher than that of June 2022.

During Q1FY24, the overnight interbank call money rate moved closely with the policy rate of 6.50 percent witnessing a very low fluctuations ranging from 6.22 percent to 6.67 percent. Similarly, interbank repo rate moved around the policy rate with very low fluctuations ranging from 6.37 percent to 6.69 percent. Both the short-term interest rates remained within the corridor during the period, indicating a lower volatility in the money market rates.

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)

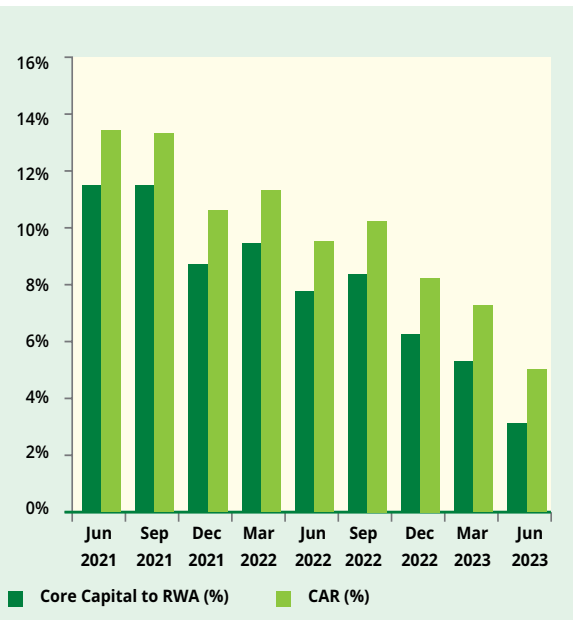
Instruments	December 2023	December 2022
T- Bills:		
91- day	11.10	7.30
182- day	11.20	7.50
364- day	11.40	8.00
Call Money Rate	8.84	5.81
Lending Rate (All Banks)*	7.89	7.22
Deposit Rate (All Banks)*	4.55	4.23

Source: Bangladesh Bank website.

Finance Companies Sector:

The key financial soundness indicators manifest the mixed performance of non-bank Financial Institutions (FIs) during the period under review. During June 2023 quarter, the capital adequacy ratio (CAR) and the core capital (Tier-1 capital) ratio of the Financial Institutions (FIs) decreased compared to the previous quarter. However, CRR maintained by FIs was marginally higher than the required CRR. Moreover, SLR maintained by the FIs was considerably higher than the required level.

FIs' Capital Adequacy Ratio



Particulars	End Mar-21	End Jun-21	End Sep-21	End Dec-21	End Mar-22	End June-22	End Sep-22	End Dec-22	End Mar-23	End Jun-23
Capital Adequacy Ratio (%)	13.82	13.33	13.30	10.58	11.27	9.53	10.16	8.16	7.29	5.08

Source: Quarterly Financial Stability Assessment Report, Bangladesh Bank, March-June 2023.

In the review quarter, the capital adequacy ratio (CAR) and the Tier-1 capital (core capital) ratio of the FIs stood at 5.08 percent. The ratio decreased by 2.21 percentage point, respectively at end-June 2023 compared to those of end-March 2023.

FIs' Liability and Equity Composition

(Amount in Billion BDT)

Particulars	Mar-23	Jun-23
Cash & liquid assets	145.95	167.18
Earning assets	737.64	743.49
Fixed assets	15.99	15.96
Others assets	58.10	55.22
Total	**957.67**	**981.85**

Finance Companies' Loans and Leases

(Amount in Billion BDT)

Quarter	Aggregate NPL	Aggregate NPL to total loan (%)
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
Dec-22	168.21	23.88
Mar-23	178.54	25.05
Jun-23	199.51	27.65

Aggregate non-performing loans and leases stood at BDT 199.51 billion at end-June 2023 from BDT 178.55 billion at end-March 2023. The ratio of non-performing loans and leases to total loans and leases outstanding reached 27.65 percent at end-June 2023, 2.60 percentage points and 4.66 percentage points higher than those of end-March 2023 and end-June 2022 respectively. Net NPL ratio (after netting off interest suspense and actual provisions maintained) stood at 9.23 percent at end-June 2023, 1.35 percentage points higher than

that of end-March 2023 quarter and 0.42 percentage point higher than that of end-June 2022.

The aggregate amount of cash reserve requirement (CRR) maintained by the FIs was BDT 5.29 billion at end-June 2023 compared to BDT 5.88 billion as of end-March 2023, recording a decrease of 10.03 percent. The amount of statutory liquidity requirement (SLR) maintained by FIs registered at BDT 99.60 billion at end-June 2023 against the requirement of BDT 25.25 billion. In end-June 2023, the amount of SLR maintained by FIs increased by 3.25 percent compared to that of March 2023.

Capital Market

The Bangladesh Stock Market witnessed a lackluster performance, characterized by the benchmark DSEX remaining stagnant at around 6,250, primarily due to the imposition of floor prices. This led to a decrease in turnover, with the DSE experiencing a daily average turnover of BDT 5,781 million throughout the year, significantly lower than the BDT 9,602 million recorded in 2022, marking a notable 39.80% decline from the previous year.

Sector-wise, the insurance sector emerged as the top performer on the DSE, contributing 19.33% of the total turnover. Following closely, the food and allied products sector contributed 12.45%, while the pharmaceuticals and chemicals sector accounted for 10.21%.

By the end of December 2023, the P/E ratio of DSE stood at 13.12, a decrease from 14.11 at the close of the previous year. Additionally, the market capitalization of DSE reached BDT 7808.50 billion by December 2023, marking a 2.62% increase from December 2022.

Comprehensive Insights into Bangladesh's Real Estate Dynamics

Bangladesh's real estate sector remains pivotal for the nation's economic growth, despite facing various challenges in recent times. This sector plays a vital role in meeting the escalating demand for housing and other real estate services, which continues to rise steadily due to rapid urbanization, population growth, and infrastructure development initiatives. Consequently, the sector has witnessed a surge in development activities spurred by significant governmental initiatives aimed at meeting citizens' demands and promoting sustainable development, particularly through green and affordable housing initiatives. Contributing approximately 8% of the country's GDP, the real estate sector holds a prominent position in the economy as one of the largest employment-generating sectors, following agriculture and RMG. Government involvement is instrumental in shaping the sector through policies and incentives that create an enabling environment for developers, investors, and homebuyers alike, with a specific focus on fostering green and affordable housing solutions for mid-income and low-income housing segments. As we delve deeper into this dynamic landscape, we will explore its intricacies, challenges, and potential avenues for sustainable growth, reflecting Bangladesh's progress and aspirations in promoting environmentally friendly and accessible housing options.

Present Real Estate Market Scenario

The present real estate market scenario in Bangladesh reflects a notable slowdown in flat sales due to high prices attributed to macroeconomic vulnerabilities, increased raw material prices, and rising registration costs. As a result, flat prices have increased by up to 40 percent in the last 1.5 years. The Real Estate & Housing Association of Bangladesh (REHAB) reported substantial increases in the costs of construction materials like rod, cement, sand, stone chips, bricks, aluminum frames, iron grilles, electrification, sanitation, and labor charges. This has led to a rise in building construction costs by around Tk 500 per square foot, causing flat prices to surge by 35 to 40 percent depending on the location. The devaluation of the local currency against the US dollar has further inflated raw material prices. The situation has created a significant gap between realtors and buyers, with the abnormal price hikes deterring potential buyers. Sales promotions and discounts by real estate companies have had limited effectiveness amidst the ongoing economic crisis.

Sector insiders attribute this subdued growth in real estate to the exorbitant rise in flat prices, exacerbated by persistently higher prices of building materials amid lingering global crises. The prevailing higher cost of living, leading to price rises, is also contributing to this slowdown in the

housing business, according to them. The Real Estate and Housing Association of Bangladesh (REHAB), an organization representing housing traders, approximately 15,000 flats are sold in the country annually. However, in the recent financial year, around 5,000 flats remained unsold. In the fiscal year 2021-22, 15,000 flat-apartments were sold, while sales decreased to approximately 10,000 during the outgoing fiscal year 2022-23. The sales slump was reversed in the opening month of the current (2023-24) financial year. However, there is a looming crisis in this sector, which adversely affects flat sales and threatens to shatter the dreams of middle-class families.

Moreover, between 2010 and 2012, an average of 15,000 flats were sold annually. This figure dropped to an average of 12,500 flats from 2013 to 2016, increased to 14,000 flats from 2017 to 2020, and reached 15,000 flats in 2021. The prices of flats have slightly risen due to the escalation in the cost of construction materials, resulting in a decline in sales.

According to REHAB sources, the price of rods per ton has surged by Tk 35,000 over two years. In 2020, the price was Tk 64,000 per ton, rising to Tk 70,000 in 2021, and further escalating to Tk 94,000 in 2022, reaching Tk 100,000 in 2023. Cement, sand, stone, bricks, Thai aluminium, grills and railings, general electrification, sanitation, tiles, and labor costs have all witnessed price hikes. Two years ago, a bag of cement ranged from Tk 375 to Tk 405, but now it exceeds Tk 560. Red sand, previously Tk 8 per sack, now commands Tk 32 to Tk 34. Similarly, white sand, which was Tk 25 per sack, now surpasses Tk 60. The price of filled sand has also soared. In 2021, a carload of sand sold for Tk 1,200, whereas in 2023, it is being sold for Tk 2,200 to Tk 2,500. Stone prices have risen from Tk 80 to Tk 87 over two years. Two years ago, the price of stone per square foot ranged from Tk 160 to Tk 240, now reaching Tk 250. Brick prices have also increased, with some being sold at a maximum of Tk 14. Prices for Thai aluminium, grills and railings have reached record highs, contributing to escalated labor costs. [source: Daily Industry]

The economic slowdown, depreciation of foreign currency reserves, high import costs, and uncertain political situation are further dampening sales. Despite this, demand for home loans remains steady, indicating continued interest in property purchases. The sector's revival is anticipated post the upcoming national elections in January. Ambiguities in the Detailed Area Plan (DAP) prepared by Rajdhani Unnayan Kartipakkha (RAJUK) have also contributed to uncertainties in the real estate sector. Though, the Housing and Public Works Ministry issued a gazette notification on the revision of the Detailed Area Plan (DAP), which brought about seven changes, including an increase in the floor area ratio (FAR) for housing projects.

However, the following notable discussions and implementations were observed during 2023 in the real estate sector of Bangladesh:

- **DAP's Floor Area Ratio Relaxation and Stakeholder Perspectives**

The government finally amended the Detailed Area Plan (DAP) in response to the demands of residents and land developers. In the amended DAP, certain concessions have been made in building construction. The most significant change is the reintroduction of Floor Area Ratio (FAR) in the plan. Due to the FAR increment, landowners will be able to increase the height and density of buildings compared to before. The revised DAP has introduced concessions through three categories by the Rajdhani Unnayan Kartripakkha (RAJUK), the Capital Development Authority. The categories are Planned Residential Areas, Unplanned Residential Areas, and Block-Based Development.

According to the revised DAP, 50% of the open space (playgrounds, parks, gardens) designated for block-based development areas can now be reserved for the residents of that block. In unplanned areas like Badda, Demra, Rayerbazar, Khilkhet, Uttarkhan, and Dakkhinkhan, owners of 5-khata plots can now construct six-story buildings if the road is at least 16 feet wide, but this has been increased to eight stories with a 12-foot road.

In designated residential zones such as Uttara, Mirpur, Dhanmondi, Banani, and Bashundhara, the current DAP permits nine-story buildings on 5-katha plots with a road width of at least 25 feet. With the revised DAP, the maximum height has been extended to 10 stories. However, if the road exceeds 60 feet in width, landowners can build up to 12-story structures.

In the case of block-based development, landowners will receive a 20% incentive for blocks ranging from 1 bigha to 6 bigha, and a 30% incentive for blocks exceeding 15 bigha. This incentive allows for greater height or width in new buildings compared to previous regulations, provided that 40% of the total land area of the block is preserved as open space, which includes parks, playgrounds, and green areas.

In a statement, one of the Directors of the IPD emphasizes that prior to the revision of the DAP, the FARs at both the area and block levels were already significantly higher in comparison to global planning standards. He stresses the critical importance of development control as an essential measure to safeguard the future of Dhaka. In light of this, it became imperative for the government to maintain its commitment to implementing the DAP, regardless of any pressure from vested interests.

- **Escalating Urbanization and the Quest for Affordable Housing**

There is a scarcity of affordable housing in Bangladesh, particularly in Dhaka city. According to a recent study by the World Bank, over 40 percent of Dhaka residents live in slums or informal settlements. This is due to a number of factors, including rapid urbanization, a shortage of land, and high construction costs. The crisis of affordable housing is having a devastating impact on the lives of Dhaka city dwellers. Many people are forced to live in overcrowded and unsanitary conditions, which can lead to health problems and social unrest. The lack of housing is also a major barrier to economic mobility, as it prevents people from moving to better job opportunities. The government of Bangladesh has taken some steps to address the affordable housing crisis, such as providing subsidies to developers and building public housing projects. However, these efforts are not enough to meet the growing demand. [Source: FE]

Population growth is skewed towards urban areas; the urban population has doubled in less than two decades, from 31 million in the year 2000 to 63 million in 2019, and currently comprises almost 35 percent of the total population of the country. A significant increase in rural-to-urban migration, coupled with the rising threats of climate change along the coastal belt, is putting pressure on the housing situation in urban areas, resulting in growing informal housing, overcrowding, and the creation or expansion of slums. The demand for affordable housing units is expected to grow rapidly by 2030 when half of the population will be living in urban areas. Bangladesh needs to provide adequate housing at a pace fast enough to meet this growing demand, particularly in urban areas. According to an assessment of the housing sector undertaken by IFC, approximately 11.9 million urban households (69 percent) reside in informal housing. Currently, the unmet demand for affordable housing units for lower and middle-income households is estimated to be 6 million units, which is expected to grow to 10.5 million by the year 2030. Hence, on average, 249,000 housing units will be required annually to meet the growing demand. In contrast, the total housing supply was 31,500 units in 2018, out of which 17,000 were provided by private sector developers – an 89 percent supply gap which basically met less than 1 percent of the outstanding demand for affordable housing. Even if the organized private sector developers triple their annual supply of housing units to 51,000 units per year, they will only be able to serve just over 20 percent of the annual demand from the target households by 2030.

Industry experts state that affordable housing will not be a possibility due to the scarcity of land and high prices in Dhaka. If this happens, many real estate firms will shut down, and people's dream of owning a home will also be unattainable. We think the DAP should be revised. In addition to livable cities, the DAP should be formulated with affordable housing in mind. Land and flat registration costs should be reduced. A large-scale initiative should be taken to provide people with affordable housing. The United Nations designated the first Monday of October every year as World Habitat Day to reflect on the state of our towns and cities and on the basic human rights to adequate shelter. This day is celebrated in a bid to raise awareness among people about safe shelter. On this day, we must think over how we can ensure quality housing for the city dwellers in Dhaka, especially the lower-income and lower-middle-income groups, as they hardly get incentives from the government. Along with the government, the private sector also has a role to play in addressing the affordable housing crisis in Bangladesh. Developers should be encouraged to build more affordable housing units, and financial institutions

should provide more affordable mortgages. To resolve the housing crisis in Dhaka city and across the country, a concerted effort is needed from all stakeholders. The government, private sector, and civil society need to work together to develop and implement sustainable solutions.

- **New Guidelines for the Affordable Green Housing Refinance Scheme**

As per Circular No. 02, dated 30th August 2023, affordable green housing refers to certified green housing in Bangladesh with basic civic infrastructure accessible to the Lower Income Group (LIG) and Middle Income Group (MIG). Additionally, the scope of Affordable Housing encompasses the development of eco-friendly homesteads and climate-resilient housing in rural areas. LIG comprises individuals with a monthly income of up to Tk. 50,000, while MIG includes those earning between Tk. 50,001 to Tk. 100,000 per month.

Under the revised guidelines, customers can now avail affordable green housing loans for 20 years at a nominal 5% interest rate from the refinance scheme tailored for eco-friendly products, projects, or initiatives. Previously restricted to a maximum period of 10 years, this loan can now be accessed for pre-certified green industries, green buildings, and initiatives promoting sustainability. Notably, the interest rate has been reduced for both banks and customers, with the central bank now charging banks a mere 1% interest compared to the previous 3%. Furthermore, customers will now pay a fixed 5% interest rate on all term loans, whereas earlier, the rate ranged from 5-6% based on loan tenure. However, as part of the government's prioritization of the agricultural sector, interest rates for "solar irrigation pump" products are capped at a maximum of 3%.

Moreover, the loan amount against investment has been adjusted in the new guidelines. Previously, customers could obtain Tk 80 for every Tk 100 invested, but now they will receive Tk 70 for the same investment. Additionally, the loan grace period has been reduced to a maximum of 12 months from the earlier 6-18 months.

According to the circular, state-owned banks are authorized to grant loans under this refinance scheme without any conditions. However, for commercial banks to access loans from the scheme, non-performing loans must remain below 10%, a condition absent in the previous circular. A senior official at the central bank commented on the new guidelines, stating, "We have engaged in discussions with various stakeholders, including banks, who provided us with several suggestions, some of which we found beneficial and thus have been accepted."

- **Govt. Plans Mortgage Refinancing to Make Housing More Affordable: Experts Urge Prioritizing Crucial Issues**

Under the supervision of the Bangladesh Bank, this proposed Mortgage Refinance Company (MRC) will raise capital through corporate bonds and mortgage-backed securities in the stock market. The aim is to refinance Banks, NBFIs, and other lenders, allowing them to provide more mortgage loans for housing.

To lay the groundwork for the MRC, a workshop was convened by the Financial Institutions Division, exploring housing finance models globally and within Bangladesh. The World Bank provided a policy note outlining the challenges and offering examples from countries like India, Malaysia, the US, and France, to guide the development of Bangladesh's MRC structure. The World Bank will also assist in conducting a feasibility study for setting up the MRC.

The MRC's primary goals are to make housing more affordable and strengthen the financial sector's resilience. It intends to unlock fresh mortgage resources for banks and non-bank financial institutions, enabling them to offer more housing loans and mitigate risks associated with long-term loans. The MRC will also re-channel existing housing funds held by the central bank, freeing up capital for banks and NBFIs to diversify their investments.

Housing sector entrepreneurs have welcomed the initiative, anticipating reduced interest rates on housing loans with long-term financing. The main purpose of the MRC is to provide long-term funds to primary mortgage lenders, addressing the maturity mismatch present in banks and improving affordability. Typically, MRCs refinance residential mortgage loans and have government financial support in their early years.

However, experts emphasize the importance of resolving fundamental housing issues before

implementing the MRC initiative. Challenges such as housing market inefficiencies, land allocation issues, and inadequate zoning frameworks need to be addressed. Bangladesh currently underperforms in housing finance compared to similar countries, with a smaller housing finance sector relative to GDP.

The World Bank notes a significant gap between Bangladesh's actual mortgage market size and its expected level, indicating the need for additional mortgage loans. Despite a slight increase in annual housing needs, it is projected to follow a steady downward pattern up to 2050, emphasizing the urgency of addressing housing finance deficiencies.

- **Rising Land and Property Registration Costs: A Burden for Buyers**

Property buyers in major urban centers, including Dhaka, Narayanganj, Gazipur, and Chattogram, are bracing for a substantial financial impact as the National Board of Revenue (NBR) has doubled the capital gains tax on the registration of lands and flats. Under the newly implemented rules in the Income Tax Law 2023, which were finalized on June 26 and published in the official gazette on July 3, the capital gains tax on the transfer of tangible properties, lands, and flats has seen a twofold increase. Areas such as Gulshan, Banani, Motijheel, Dilkusha, North South Road, Motijheel Extended Area, and Mohakhali are among the worst affected. In these localities, buyers will be subjected to a tax of 8 percent per katha or Tk 20 lac, depending on which amount is higher. Previously, land registration taxes in Dhaka, Chattogram, and Narayanganj were 4 percent, which have now escalated to 8 percent. Similarly, in Gazipur, Munshiganj, Manikganj, Narsingdi, and areas outside city corporations in Dhaka and Chattogram, the tax has risen from 3 percent to 6 percent.

Furthermore, properties in any municipality across the country will now face a tax increment from 2 percent to 4 percent, while areas beyond municipal boundaries will see an increase from 1 percent to 2 percent. Area-wise specifics are as follows: In commercial hubs like Gulshan, Banani, Motijheel, Dilkusha, North South Road, Motijheel Extended Area, and Mohakhali, registration tax is 8 percent of the deed mentioned value or Tk 20 lac, whichever is higher. However, in Karwan Bazar, the tax is 8 percent of the deed value or Tk 12 lac, while in Agrabad and CDA Avenue areas in Chattogram, it is 8 percent of the deed value or Tk 8 lac. For properties that include houses, apartments, or spaces, the tax will be Tk 800 per square meter or 8 percent of the deed value, depending on which is greater. In areas such as Khilgaon Rehabilitation Area, Azimpur, and Rajarbagh Rehabilitation Area, the tax is set at 8 percent of the deed value or Tk 3 lac, whichever is higher. In contrast, in affluent neighborhoods like Banani DOHS, Dhanmondi, Baridhara DOHS, Mohakhali DOHS, Bashundhara, Niketon, and Baridhara, it is 8 percent of the deed value or Tk 1 lac. In Rajuk Purbachal Residential Model Town, Bashundhara Residential Area, and Jhilmil Residential Area, the capital gains tax is 8 percent of the deed value or Tk 3 lac, whichever is bigger.

Additionally, the tax is 8 percent of the deed value or Tk 1.20 lac, whichever is larger, in Uttara, Nikunja, Badda Rehabilitation Area, Genderia Rehabilitation Area, Shyampur Rehabilitation Area, IG Bagan, and Tongi. In Shyampur, Postagola Industrial Area, and Jurain Industrial Area, the tax is 8 percent of the deed value or Tk 1 lac, whichever is bigger. In Khilgaon and Rajarbagh Rehabilitation Area, it is 8 percent of the deed value or Tk 1.5 lac, whichever is higher, while in Goran and Hazaribagh areas, it is 8 percent of the deed value or Tk 1.60 lac. In the areas beyond city corporations in Gazipur, Munshiganj, Manikganj, Narsingdi, Dhaka, and Chattogram, and municipal areas in district headquarters, the tax has increased from 3 percent to 6 percent of the deed value. Besides, any other municipal areas will see a hike in tax from 2 percent to 4 percent, and places beyond municipalities will see an increase from 1 percent to 2 percent.

- **The Impact of Economic and Financial Factors on the Real Estate Market**

The real estate sector plays a significant role in the nation's economy, consistently contributing approximately 9.23% in FY19, 9.42% in FY20, 9.21% in FY21, 8.91% in FY22, and 8.57% in FY23 to the country's GDP, establishing itself as one of the most crucial contributors (Source: BBS and TBS). Over the past three years, the real estate sector has maintained an average annual steady growth rate of 6-7%. This growth is primarily driven by the escalating demand for both residential and

commercial properties. Within the real estate market, the residential segment takes center stage. It is predominantly characterized by mid-income and low-income housing. Notably, this segment has witnessed substantial growth in recent years due to the increasing demand for affordable housing options. However, the country is struggling to provide affordable housing to all due to land prices, material costs, landowners' demands, and an unstable housing finance market.

In June 2023, the inflation rate was recorded at 9.94 percent, the highest in eleven years. It is important to note that economic growth has broken all records. The average growth was close to seven percent over the past decade. Now, the growth has come down to 6.3 percent, indicating that policy reform is badly required. Among the key policies in Bangladesh, monetary policy is one. Monetary policy is drafted considering the current needs of the economic situation. In H2FY23, the Central Bank's adoption of the SMART lending rate signifies a strategic departure from a lending rate cap. This move, expected to balance inflation while granting flexibility to commercial banks, presents both opportunities and challenges. The SMART rate fluctuates over time. Starting at 7.1% in July 2023, it rose to 8.14% by December 2023. Bangladesh Bank has incrementally increased the repo rate in response to mounting inflation. Consequently, banks are compelled to transition away from the single-digit (6% and 9%) paradigm to manage their cost of funds and overhead, mitigating the adverse effects on banking profitability caused by prolonged periods of low-interest rates, which also led to an increase in housing loan interest rates by Banks and NBFIs.

An Overview of Current Trends and Dynamics in the Real Estate Sector

- The real estate market can be broadly categorized into several types based on the nature of the properties and their usage. Here are some common types of real estate markets in Bangladesh: Residential Real Estate Market, Commercial Real Estate Market, Construction Developments, Ultra-Premium Real Estate Market, Affordable Housing Market, Rural Real Estate Market, Government Housing Projects, Special Economic Zone (SEZ) Developments, and Real Estate Investment Market. Currently, approximately 1200 registered companies and around 911 REHAB-enlisted real estate firms are actively operating in the primary market. This sector, encompassing new construction and development projects by developers and groups, has witnessed a surge in activity and investment. In Dhaka and Chattogram cities, construction of new apartments, condominiums, and commercial buildings is underway in the city center, while new residential communities are emerging in the outskirts. Demand for medium-sized flats ranging from 1,200 to 1,400 sqft has increased by 39% in the past 5 years.

- Simultaneously, the secondary market, involving the sale and resale of existing properties, is experiencing growth, fueled by a rising number of investors seeking opportunities in real estate. Sales of secondary flats have risen due to lower prices and the availability of utility connections. Recently, prominent developers have introduced separate channels for selling secondhand apartments, such as BTI brokerage, Concord Property Solutions, Urban Property Associates with other long-standing developers following suit.

- PropTech firms are increasingly broadening their presence in the real estate market, introducing marketplaces across diverse locations. This supplementary support enhances the process of property transactions for both buyers and sellers, complementing the endeavors of developers and real estate brokerage houses. This expansion ensures that buyers are equipped with abundant inventory and information, facilitating informed decisions before concluding their property transactions.

- The referral market consists of individual and organizational real estate brokerages, third-party sales (TPS), financial aggregators, etc. Additionally, financial aggregator services like Amartaka streamline access to various financial products from different banks through websites. For instance, Amartaka's financial aggregator service facilitates the comparison of home loan products, enabling customers to assess features, rates, and eligibility criteria before applying online.

- Aligned with global trends and the increasing

demand for Sharia-compliant financial products, the Islamic housing financing sector in Bangladesh has witnessed significant growth, supported by regulatory measures and strong public demand, commanding approximately one-third of the total banking sector. Presently, ten fully-fledged Islamic banks operate across the nation, encompassing 1,679 branches out of the total 10,942 branches within the banking sector. Standard Chartered Bank, under the banner of Saadiq Home Finance, City Bank with the banner of City Manarah, and MTBL with the banner of Yaqeen Home Finance are among the popular choices for Islamic home financing. Furthermore, numerous NBFIs are venturing into Islamic financial services, showing a growing attention in providing such services. Notably, DBH Finance, the largest home loan provider, introduced Islamic home finance in mid-2023. Additionally, BHBFC has also introduced Islamic home finance, with Shariah compliance as its distinctive feature.

- In today's business landscape, many thriving companies opt to exclusively offer their services via digital platforms. Through their websites, clients can explore portfolios, available properties, and ongoing projects. Additionally, several firms, including Bproperty and Bikroy.com, provide online consulting services, ensuring potential buyers have access to extensive inventory and information before embarking on property transactions.

Opportunities of Real Estate Sector

One of the largest employment-generating sectors after agriculture and RMG is currently the real estate and related industries, which employ individuals such as architects, engineers, management officials, and direct and indirect laborers. Bangladesh will need to construct approximately 8.5 million houses in the next few years, contributing approximately 8-9% to GDP over the past five years. To leverage 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, with an annual rate of urbanization at 3% according to the World Bank, thus creating numerous opportunities in the real estate sector due to increased demand for housing and commercial space

- The development of infrastructure projects, including the Metro Rail, Elevated Expressway, Padma Bridge, and Bangabandhu Tunnels, is now visible and has brought opportunities for real estate in Bangladesh. Demand for properties in these areas is primarily attributed to the improved transportation system, particularly the metro rail, according to experts. Due to the convenience of communication and relatively lower prices, Mirpur and Uttara have emerged as the most sought-after areas for residence in Dhaka in 2023, according to analysis. According to an analysis conducted by Bproperty.com, a leading real estate portal in the country, the highest percentage (26.68%) of people searching for residences in Dhaka are looking for flats in Mirpur, followed by 12% in Uttara, 8.36% in Bashundhara, 7.48% in Dhanmondi, and 6.24% in Mohammadpur, due to improved communication and infrastructure developments.

- Since the government plans to refinance mortgages to make housing more affordable, the proposed Mortgage Refinance Company (MRC), operating under the direct supervision of the Bangladesh Bank, will raise capital through corporate bonds and mortgage-backed securities in the stock market.

- Bangladesh, due to its geography, is highly vulnerable to climate change, and Bangladesh Bank (BB) has taken several initiatives to expand the use of sustainable financing. Demand for green housing and energy-efficient properties has been increasing recently. In 2023, the initiatives of the central bank motivated both the country's banks and NBFIs to channel their investments into sustainable and green projects, including the Green Affordable Housing refinance scheme. As of March of this year, banks have provided Tk 2,775 crores to green initiatives such as improving energy efficiency at factories and eco-friendly brick kilns, up from Tk 1,689 crore the previous year, according to central bank data. NBFIs had also contributed Tk 839 crore to these green initiatives by March, up from Tk 409 crore during the same period the previous year. However,

there are opportunities for disbursements in Green Residential Housing projects from both banks and FIs in the near future.

- The Ministry of Land in Bangladesh is set to introduce the next generation Smart Mutation system, aimed at simplifying, accelerating, and ensuring the safety of mutation applications for citizens. Under the directive of the Land Minister, officials have been instructed to develop this system. A demonstration of the Smart Mutation system took place at Bhumi Bhaban in the capital, where the Land Secretary observed its capabilities. Feedback from land officials following the demonstration will be incorporated into the ongoing development of the system, which has been informed by stakeholders' experiences with the current e-mutation system. Key features of the Smart Mutation system include user-centric design, integration with essential services, automation, efficient workflow management, analytics and reporting, digital security, and an open data governance policy. It will replace the existing E-Mutation system and be integrated into the Smart Land Service portal.

- The growing demand for affordable housing presents potential opportunities for developers and investors. Currently, the unmet demand for affordable housing units for lower and middle-income households is estimated to be 6 million units, a figure projected to rise to 10.5 million by 2030. Consequently, an average of 249,000 housing units will be needed annually to address this growing demand. However, in 2018, the total housing supply was only 31,500 units, with the private sector providing 17,000 units—highlighting an 89% supply gap. This gap essentially fulfilled less than 1% of the outstanding demand for affordable housing. Even if organized private sector developers were to triple their annual housing unit supply to 51,000 units per year, they would still only meet slightly over 20% of the annual demand from the target households by 2030.

Challenges of Real Estate Sector

Demand and sales for flats are projected to increase going forward, but profitability may decline further due to increasing price volatility and heightened caution among developers regarding current projects and the initiation of new ones, fearing potential investment losses.

- Affordable housing in Dhaka will pose a significant challenge due to the scarcity of land and high prices. If this issue persists, numerous real estate firms may face closure, rendering the dream of homeownership unattainable for many. In addition to prioritizing livable cities, the Dhaka Development Authority (DAP) should be crafted with a focus on affordable housing. Measures such as reducing land and flat registration costs are imperative. A large-scale initiative must be undertaken to ensure access to affordable housing for the populace.

- Despite the significant policy initiatives from the Sustainable Finance Department of Bangladesh Bank, green finance is still in its infancy in Bangladesh. One of the primary challenges hindering the implementation of green housing initiatives is the limited awareness among buyers and developers regarding the benefits and importance of sustainable practices. Additionally, the certification process for green housing is still at an early stage, creating uncertainty and complexity for developers. Moreover, the unavailability of suitable land for green housing projects poses a significant obstacle to their implementation. Addressing these challenges comprehensively will be essential for fostering the widespread adoption of green housing practices in Bangladesh.

- Even after the DAP amendments are finalized, implementing the proposed plans effectively can be challenging. This entails ensuring coordination among various stakeholders, monitoring compliance, navigating complex urban contexts characterized by rapid population growth and inadequate infrastructure, addressing legal and regulatory hurdles, engaging diverse stakeholders, managing limited resources, ensuring data availability and quality, considering environmental and social impacts, and overcoming implementation challenges. Balancing these factors while striving for sustainable urban development is crucial for the effective implementation of DAP amendments.

- High interest rates in Bangladesh present formidable barriers to homeownership for many individuals. The elevated cost of borrowing makes mortgage payments unaffordable for a significant portion of the population, limiting their access to credit and constraining their ability to purchase homes. Moreover, high interest rates deter investors from directing funds into the housing sector, exacerbating the shortage of affordable housing units across the country. These challenges contribute to widening socio-economic disparities and perpetuate the cycle of inadequate housing, particularly in urban areas experiencing rapid population growth.

Overall, addressing the affordability crisis in the real estate market requires a comprehensive and coordinated effort involving stakeholders from the government, private sector, and civil society. By prioritizing crucial issues, implementing targeted interventions, and fostering innovation, Bangladesh can navigate through the current challenges and build a more inclusive and sustainable real estate sector that meets the diverse housing needs of its population.

Product wise Performance

- **Performance of Home Loan Operations 2023**

After a a relatively steady lending performance in 2022, the objective for 2023 was to achieve continued disbursement growth and achieve sizable portfolio growth. However, economic uncertainties and price increase of apartments due to a rising trend involving raw material prices reduced the sales of apartment which ultimately had an adverse effect on the loan disbursement growth of DBH in the year 2023. Total loan disbursement in the year 2023 stood at BDT 965.13 Cr resulting in 5% decline from loan disbursement in the year 2022.

In the first quarter of the year 2023, net loan disbursement was BDT 243.8 Cr which was 14% less than the same period of 2022. In the 2nd quarter of the year 2023, DBH disbursed 248.1 Cr., which was 9% more than the same period of the year 2022. In 3rd quarter DBH posted net loan disbursement of BDT 145.5 Cr and in the 4th quarter loan disbursement was BDT 231.1 Cr. In both quarters disbursement figures were significantly lower than the disbursement figures for the year 2022.

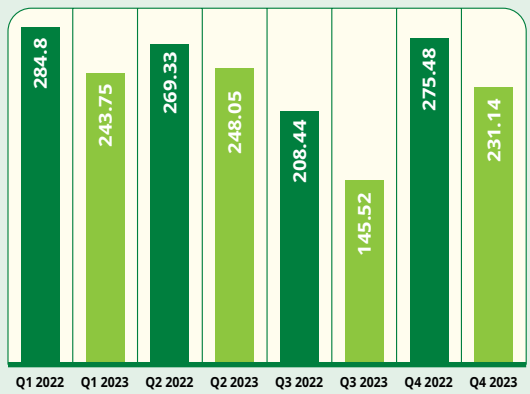


Figure 1: Quarterly Home loan disbursement in 2022 & 2023 (amount in Cr)

The rate of interest of home loans gradually throughout the year 2023 and most banks and FIs and at the close of year most banks are lending at 9%-12% owing to multiple factors including the shift in the central bank's monetary policy to curb inflationary pressure and depleting forex reserve. Deposit rates also followed an upward trend during the year under review. At beginning of the year, DBH was able to source deposits at 7% which threatened to touch double digit by the end of the year. In July 2023 Bangladesh Bank revoked the interest rate of cap 9% and introduced the concept of interest rate corridor (IRC) and SMART (Six month Moving Average of Treasury Bill). Since then interest rate caps applicable for banks and NBFIs are pegged with the SMART published by the the Central Bank.

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 9-9.99% to compete with banks but was forced to increase its lending rate significantly and by the end of the year lending rates crossed 11%. However, a number of leading banks still continued to offer home loans at a lower rate of 9-10%. As there was a difference in lending rate from banks offered by DBH, disbursement growth slowed down significantly from the third 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 9.4% in January 2023 which got increased to 10.7% in December 2023. DBH had to adjust lending rates keeping in mind market rates offered by different banks and NBFIs to remain competitive without harming the operating margin.

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. In September, 2023, GOB issued a gazette implementing a revised DAP relaxing building height limits. It may be added that the revision of the DAP which brought about a number of changes, including an increase in the floor area ratio (FAR) for housing projects, has also sparked intense debate and concern among urban planners.

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, portfolio growth for the year experienced a slight decline, which was short of projected and targeted portfolio growth. The loan portfolio stood at appx BDT 4,367 crores at the end of December 2023.

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 2023, non-performing loans (NPL) for DBH stood at 0.86% which is still by far the lowest in the industry.

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, 2023 the deposit portfolio of DBH stands at Tk. 46,655.95 million with an interest payable worth another Tk. 937.18 million. The deposit portfolio of DBH closed almost 16.46 percent higher when compared that of the preceding year in FY 2023, 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, 2023, the LAD portfolio of DBH stood at Tk. 123.97 million.

Recovery

In terms of NPL, DBH is in far better position than the industry scenario. The Classified loans of DBH reached to Tk. 376.44 million with NPL ratio of 0.86% at the end of 2023. 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. 46,655.95 million which holds 72.11 percent of our funding basket.

The funding of our company also comprises of both long term and short term bank loans to manage our cost of fund efficiently. The Bank loan portfolio of DBH consists of funds received under Housing Loan Refinance Scheme of Bangladesh Bank worth Tk. 1,013.82 million and received credit facilities and short term borrowing from local market worth Tk. 6,712.71 million.

DBH has also issued a 4-year Zero Coupon bond with an issue size of Tk. 3.00 billion of which has been fully subscribed and Tk. 1,631.93 million remains outstanding at the closing of 2023 . Apart from that the shareholders' contribution to the funding mix is Tk. 8,678.45 million.

The Company is continuously striving to source diversified avenues of funding to minimize its cost as well as asset- liability maturity & interest rate mismatch in the balance sheet. The funding status of DBH as of December 31, 2023 is presented below:

Source	Amount in Million Taka
Deposits	46,655.95
Borrowing from Banks, FIs & Other Agents	9,358.46
Equity	8,678.45

Treasury Operations

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 2023. 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

In 2023, the Bangladesh Stock Market experienced a lackluster performance, with the benchmark DSEX remaining stagnant largely due to the imposition of floor prices, which resulted in low turnover also. Throughout the year, DSE saw a daily average turnover of BDT 5,781 million, notably down from the BDT 9,602 million average turnover recorded in 2022, representing a significant decrease of 39.80% from the previous year.

The performance of Initial Public Offerings (IPOs) in 2023 was subpar compared to 2022. According to DSE's year end review book of 2023, only eight companies received approval to raise Tk. 3,660.00 million through IPOs for business expansion, a notable decline from the amount raised in 2022,

which stood at BDT 10,137.41 million. Seven banks and one insurer entered the market to meet regulatory requirements, yet a general lack of interest was observed among entrepreneurs in raising funds from the capital market, with banks being perceived as a more accessible source of funding.

In terms of sector-wise turnover on the DSE, the insurance sector emerged as the top performer, accounting for 19.33% of the total turnover. The food and allied products sector contributed 12.45% of the turnover, followed by the pharmaceuticals and chemicals sector with 10.21%.

Considering the prevailing market conditions, the Bangladesh Securities and Exchange Commission (BSEC) removed the floor price of most securities in January 2024. While the market exhibited bearish tendencies initially after the removal of the floor price, it is expected to alleviate the liquidity crisis and attract new investors over time.

In 2023, we adopted a cautious approach, waiting for opportune moments to book profits. As a result, we successfully avoided losses, and our portfolio's performance became more aligned with the overall state of the market. The annual return from our portfolios in 2023 amounted to 2.34 crore, compared to Tk. 4.87 crore in the previous year, inclusive of gains from the sale of marketable securities and dividend income. This figure aptly reflects the challenges faced by the capital market throughout 2023.

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. 89 of this report.

Information Technology

Throughout the last financial year, the Information Technology (IT) department persistently advanced its journey towards automating information systems. This involved tasks such as developing and improving system modules, maintaining and expanding IT infrastructure, managing information system security, creating reporting tools for regulatory purposes, fostering interoperability with other government systems, and more. In pursuit of IT security assurance, a 'Surveillance Audit' was carried out for the second time to verify adherence to the ISO 27001:2013 standard framework, emphasizing risk-based, systematic information security management practices.

Notably, extensive efforts were dedicated to system development, encompassing the entire process from development to implementation of Islamic Finance and Deposit systems. Furthermore, ongoing development work is in progress to successfully implement Affordable Housing Loan programs, integrate data analytics, upgrade technology, and re-engineer business processes, in accordance with recommendations from our development partner, IFC.

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 18 (eighteen) 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 2022.

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. 18 of this annual 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 institution, DBH contributes to the economic prosperity by providing financial products and services to housing sector. Our total credit exposure as on December 31, 2023 was Tk. 43,669.8 million. We have extended loan to around 17,698 customers to meet their housing need, which is one of the basic needs of people.

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

Taka in Million

Particulars	December 31, 2023	December 31, 2022
Income Tax paid on company's income	461.389	751.242
Tax collected at source on behalf of Government	542.605	359.963
Value Added Tax (VAT)	44.12	49.28
Excise Duty	157.06	79.42
Total	**1,205.17**	**1,239.90**

Creating employment has a vital impact on the economy and number of employees of DBH as on December 31, 2023 was 339. Efficient workforce is very important for the organization as well as for the country. Keeping same in view, DBH has spent Tk. 0.84 million for training of its employees. During the period from January 1, 2023 to December 31, 2023, DBH has paid Tk. 412.82 million as salaries and allowances to its employees.

Contribution to the society during the year

DBH demonstrates its commitment to societal well-being through its various initiatives. As a conscientious corporate entity, DBH actively endeavors to foster homeownership, facilitate wealth generation, and uplift the underprivileged within the community.

The Company's Corporate Social Responsibility (CSR) policy, endorsed by the Board of Directors, aligns with the guidelines stipulated by the Bangladesh Bank on CSR practices. This policy aims to involve the institution in a diverse array of CSR endeavors, encompassing both direct and indirect interventions. These initiatives span humanitarian aid, disaster response, and the expansion of opportunities for marginalized demographics. DBH focuses particularly on enhancing healthcare, education, vocational training, and environmental sustainability initiatives.

For comprehensive insights into DBH's CSR undertakings, please refer to the Corporate Social Responsibility section on page 127 of this report.

Highlights on Financial Performance

(Figures in Million Taka)

Particulars	December 31, 2022	December 31, 2023
Operating Revenue	5,180	6,298
Interest Expense	3,045	4,130
Operating Expense	610	638
Profit Before Provisions	1,524	1,530
Profit Before Tax	1,580	1,561
Net Profit After Tax	1,017	984

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. 180).
- 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 variances that occured between Quarterly Financial Performances and Annual Financial Statements.

Going Concern

The Company's financial statements have been crafted under the principle of a going concern, operating under the belief that assets will be realized and liabilities settled in the ordinary course of business. Annually, the Board of Directors of DBH conducts a thorough assessment to ascertain if any significant uncertainties exist that might challenge the Company's ability to operate as a going concern. This assessment includes a review of budgets and the anticipated outcomes of existing uncertainties.

Upon careful evaluation of various indicators, the Directors have determined it appropriate to maintain the going concern assumption, finding no significant uncertainties warranting concern in the preparation of the financial statements.

For detailed insights into this assessment, please refer to the separate report provided on page 184.

Explanations on Significant Deviations from the last year's results

Given the prevailing macroeconomic landscape, it is important to highlight the significant increase in deposits by 16%, totaling 660 Cr, which has consequently led to a rise in Cash Flow From Operating Activities. This uptick has notably boosted the Net Operating Cash Flow Per Share (NOCFPS), resulting in a substantial cash inflow of Tk 8,588 million.

Furthermore, while interest income saw a commendable increase of 22.62%, the higher growth in interest expenses (35%) led to only a marginal rise of 0.45% in net interest income.

It's worth noting the commendable resilience demonstrated by the company's loan portfolio and disbursement despite prevailing market conditions. In 2023, loan disbursements experienced a modest decrease of 7%, amounting to Tk. 965.3 Cr, compared to the previous year's disbursement of Tk. 1,038.06 Cr. This decrease was primarily attributed to heightened competition in the real estate financing sector.

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 2023 has been shown in page no. 13 of this report.

Proposed Dividend

The Board of Directors, during their review of the financial statements for the fiscal year ending on 31 December 2023, have proposed a cash dividend of 15% [equivalent to Tk. 1.50 per share] from the Company's distributable profits. This recommendation will be presented to the shareholders for their approval at the upcoming Annual General Meeting (AGM).

Furthermore, the Board Members have reached a consensus and affirmed that, in accordance with the Corporate Governance Code-2018, the declaration of bonus shares or stock dividends as interim dividends shall not be pursued.

Directors' Appointment & Re-appointment

The profiles of the Company's Directors are detailed in pages 134 to 141 of the Annual Report.

In compliance with the Finance Company Act-2023, the Articles of Association of DBH, and subsequent guidelines issued by the Bangladesh Bank, the following Directors are scheduled to retire at the 28th Annual General Meeting:

- Nasir A. Choudhury (representing GDIC)
- Ms. Mehreen Hassan (representing DLICL)

During its meeting convened on March 11, 2024, the Board of Directors endorsed the appointment of the following distinguished individuals as Independent Directors of the company, pending approval from the Bangladesh Bank and Bangladesh Securities and Exchange Commission (BSEC). Upon receipt of regulatory approval, their appointments will be presented to the Shareholders for ratification:

- Mr. Safiul Alam Khan Chowdhury, Former Managing Director & CEO, Pubali Bank Ltd.
- Mr. Imran Rahman, Vice- Chancellor, University of Liberal Arts Bangladesh (ULAB)

Additionally, it's important to inform shareholders and other stakeholders of the company that, as per clause 1.2 (e) of the Corporate Governance Code of BSEC-2018, the tenure of the following independent director concluded in December 2023:

- Ms. Rasheda K. Choudhury

Appointment of Statutory Auditors

Hoda Vasi Chowdhury & Co., Chartered Accountants, a reputable firm eligible for auditing financial institutions and listed companies (registered with BB, BSEC & FRC), has successfully completed their first year as the Statutory Auditors of the Company

and are due to retire in the upcoming AGM. As per regulations outlined by the Bangladesh Bank and BSEC, they are eligible for re-appointment for the accounting year 2024.

Following their request for re-appointment for the year 2024, the Board has recommended their re-appointment, subject to prior approval from the Bangladesh Bank, with a fee of Tk. 7,50,000/- plus VAT.

Accordingly, the proposal for the re-appointment of M/S. Hoda Vasi Chowdhury as the Statutory Auditors will be presented to the shareholders for their approval at the 28th AGM.

Corporate Governance

As a listed housing finance company with a robust 27-year track record of compliance, DBH maintains a steadfast institutional framework to meet regulatory requirements concerning Corporate Governance. Anchored by an experienced Board, DBH oversees the Company through dedicated Supervisory Committees. The presence of independent directors on these committees enriches the Board's deliberations with diverse perspectives and valuable insights.

DBH recognizes the pivotal role of sound corporate governance in fostering and bolstering investor confidence. The Company's unwavering commitment to principles of transparency and integrity forms the cornerstone of its operations, facilitating its ascent to a leading position in the industry.

Aligned with its core values of credibility and accountability, DBH passionately serves its stakeholders while upholding transparent processes that fuel its growth trajectory.

In accordance with the Corporate Governance Codes established by the Bangladesh Securities and Exchange Commission (BSEC), this Annual Report includes the following appendices:

(i) Audit Committee Report to the Shareholders;

(ii) Declaration on Financial Statements by the Chief Executive Officer (CEO) and CFO;

(iii) Report on Corporate Governance;

(iv) Certificate affirming compliance with Corporate Governance conditions; and

(v) Statement on the protection of minority shareholders' rights.

Additionally, a statement of compliance with the Good Governance Guidelines issued by the Bangladesh Bank is included as part of this annual report.

Acknowledgement

The Board of Directors of the Company extends profound gratitude to our esteemed stakeholders for their invaluable assistance and guidance over time. We express sincere appreciation to our esteemed customers, financiers, regulatory bodies including the Bangladesh Bank, Bangladesh Securities & Exchange Commission (BSEC), Dhaka Stock Exchange (DSE), and Chittagong Stock Exchange (CSE), for their consistent support and guidance which have been pivotal to our operations.

We also wish to express gratitude to our auditors for their cooperation and meticulous oversight, ensuring adherence to regulatory standards. Additionally, we commend the unwavering dedication and tireless efforts of our employees at every echelon, whose steadfast commitment has significantly contributed to the sustained performance and success of the Company.

For and on behalf of the Board of Directors.

Nasir A. Choudhury
Chairman

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DBH

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 & Description	Nominated by	Total Meetings	Meetings Attended	Changes during 2023	
				Date	
				Joining	Leaving
Mr. Nasir A. Choudhury Chairman	Green Delta Insurance Company Ltd.	9	9	-	-
Dr. A M R Chowdhury Vice Chairman	BRAC	9	8	-	-
Ms. Mehreen Hassan, Bar- at- Law Director	Delta Life Insurance Company Ltd.	9	8	-	-
Mr. Syed Moinuddin Ahmed Director	Green Delta Insurance Company Ltd.	9	5	-	-
Mr. Mohammad Anisur Rahman Director	BRAC	3	2	-	18/05/2023
Mr. Khandkar Manwarul Islam Director	Delta Life Insurance Company Ltd.	9	7	-	-
Mr. Nazir Rahim Chowdhury Director	Delta Life Insurance Company Ltd.	9	8	-	-
Ms. Rasheda K. Choudhury Independent Director	-	9	7	-	31/12/2023
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	-	-	-	-	72,000
Dr. A M R Chowdhury Vice Chairman	8	64,000	5	40,000	-	-	1,04,000
Ms. Mehreen Hassan, Bar- at- Law	8	64,000	8	64,000	1	8,000	1,36,000
Mr. Syed Moinuddin Ahmed	5	40,000	-	-	1	8,000	48,000
Mr. Mohammad Anisur Rahman	2	16,000	-	-	1	8,000	24,000
Mr. Khandkar Manwarul Islam	7	56,000	-	-	3	24,000	80,000
Mr. Nazir Rahim Chowdhury	8	64,000	7	56,000	-	-	1,20,000
Ms. Rasheda K. Choudhury	7	56,000	-	-	4	32,000	88,000
Major General Syeed Ahmed, BP (Retd.)	9	72,000	-	-	4	32,000	1,04,000
Total	**-**	**5,04,000**	**-**	**1,60,000**	**-**	**1,12,000**	**7,76,000**

Message from the Managing Director & CEO

Nasimul Baten

Dear Shareholders,

We believe consistency is required in the journey to success. Something done well, needs to be done again- and then again. I must emphasize that there is no other way to succeed. In 2023, amidst adverse economic condition DBH once again demonstrated its resilience and dedication to the stakeholders we serve. As I reflect on the last year, I am filled with a sense of satisfaction in the way that DBH has delivered results and achieved milestones, countering the various challenges in its way.

As we close the year, DBH is going strong and we are well-positioned for the future. DBH is considered as one of the leading financial institutions of the country with market leadership in housing finance. The company has lowest non-performing loan in the financial sector of Bangladesh and obtained highest credit rating AAA for eighteen consecutive years. I joined DBH 26 years ago and proud to be associated in its journey from the inception.

Looking back at the year 2023,

Challenges:

From the beginning of 2023 to the end, Bangladesh economy has faced a lot of challenges like inflation, national election, external debt, Russia-Ukraine war, trade imbalance, climate change infrastructure deficiency etc. Despite these setbacks the GDP growth of FY 2023 is 5.06%.

Bangladesh Is dependent on import and export and the major sector of our export is RMG which covers about 81% of the total revenue from export. Due global economic tension and political instability in United States, Europe during FY 2023 our RMG sector faced major challenge as they are the major market of our RMG product exports. This ultimately resulted less revenue from export and slowing our GDP growth. Total import amount was always greater than the amount of total export however Bangladesh was able to lower the gap between export and import to $ 2.1 Billion in FY 2022 but in FY 2023 the amount raised to $ 4 Billion.

Previous FY 2022 the inflation rate rose to 9.5 the highest in last 10 years, in FY 2023 the inflation rate mostly fluctuated between 9% to 10%. The rate was 9.93% in July-August, but came down to around 9.50% at the end of the year. The rate is expected to decrease in 2024 considering stabilizing global commodity price.

Bangladesh foreign exchange reserve has been showing downfall from last couple Fiscal years, If, we look at the number of foreign exchange reserve downfall in FY 2021 it was USD 46.17 Million, in FY 2022 USD 33.75 Million, in FY 2023 it is 27.13 Million. The major reasons for the decreasing of the reserve are the skyrocketing import cost and lowering number of remittances during this fiscal year. 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 and is currently at BDT 109.5 per USD. The exchange rate of dollar to taka which started to increase in second half of 2022 continued to rise sharply, the official exchange rate was Tk. 103 at the beginning of the year which ended at Tk. 110 at the end of the year. In last two years, the currency depreciated by more than 28%.

Interest rate movement was one of the key factor that affected the financial sector of Bangladesh. Bangladesh Bank withdrew the lending rate cap which was in place from 2020, and it was replaced by SMART where interest rate is tagged with 6 months' average of 182 days T-bill rates. The new mechanism started from July, Bangladesh Bank allowed 3-3.5% Margin for banks and 5-5.5% for finance companies with SMART. At the end of the year, SMART rose to 8% level, pushing interest rate around 11% level at the end of the year. With high rates of government securities, the SMART and interest rates of both deposits and loans are projected to increase sharply and interest rate may reach around 14-15% level by June 2023. That will impact the private sector credit growth and both new loans disbursements and portfolio growth will be affected because of that.

Despite some setbacks Bangladesh has an increased GDP rate and the poverty rate decreased from last Fiscal year's 20% to 18% and government has set target to reduce the number to 15% within next year. Padma bridge which opened in June 2022 improved the connectivity of Dhaka city with the southern part to a great extent. The opening of first metro rail in Dhaka city in 2023 also showed huge success as the number of stations increased and the communication has become faster and reduced the high-volume traffic jam in Dhaka city to some extent. It will further improve with the opening of other routes.

The real estate sector of the country also witnessed a slump in 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. The sales of flat declined about 16.83% in the FY 2023. This led to increase in flats prices about 32-35% which varied by property location. RAJUK relaxed the clauses of detail area plan (DAP) and increased the floor area ratios which were significantly cut in 2022. Though the relaxation came in the second half of the year, which was very much needed for the sector, but it already impacted undertaking of new projects by developer in 2022-23 which will affect the supply of new apartments in market for next few years.

Our Performance:

Amidst the challenging situation DBH Finance's performance is satisfactory, consistent with previous year's performance. When most of the finance companies witnesses their profits shrink significantly, DBH ends the year with same level of Net interest income and Operational Profit like 2022. Net profit after tax declined by around 3%. Our deposit portfolio increased by 16% compared to previous year. Because of national election and other macro factors, business in the last quarter of the year was slightly slow, which resulted reduction in disbursement compared to previous year, but that was well anticipated. Our loan portfolio decreased by 2% than last year amounting at 4,367 cr. Net interest income has increased by 0.45% and also investment income increased by 26.67% amounting to 19 cr. Our operating profit slightly increased from 152.4 cr. to 153 cr. this year. Profit after tax slightly decrease and amounted to 98.4 cr.

EPS 4.95	NAV 43.63	NPL 0.86%
CAR 28.85%		ROE 11.81%
Interest Income BDT 5,924 million		

Key Operational Highlights:

We launched our Islamic Financing Wing in May, 2023. There was a demand for Shariah compliant products both in financing and deposit sides and we responded to that demand. Positive feedback has been received in this regard. At the moment, 25% of our new financing proposal originates from Islamic wing. Significant increase has been observed in Dhaka. Our objective is to grow outside of Dhaka. We have seen a positive response from individual clients in terms of deposits related to Shariah compliant. We anticipate a further uptick in Shariah-related activity this year. We follow Income Sharing Ratio (ISR) method for our Mudaraba deposits. We give our clients 80-85 percent of the revenue from the investments we make from shariah compliant investments.We issued an affordable housing bond worth USD 30 million and International Finance Corporation (IFC), private wing of World Bank, subscribed the bond fully. The proceed of the bond will be used for housing finance of middle income group customer belonging to 7th and 8th income decile. In addition to working with IFC in investment side, we are also actively working with their advisory wing to increase our capacity to finance to the informal income group clients.

We are continuing our strategy to increase our geographical footprints and in line with that we applied permission for opening new branches in Mymesingh and Barisal. Both the branches will be opened with a focus on affordable housing finance. With these two branches, we'll have offices in all the divisional headquarters. We'll have satellite branches and sales offices in adjacent districts which will be under the cluster of those regional offices. With the increase of GDP and per capita income, we see growth of structure housing in semi urban and rural areas, we'll cater the urban and semi urban client groups through our distribution network.

Our Strategy:

Market Segmentation	Expansion Strategy	Partnerships and Collaborations

Sustainable Finance	Customer Relationship Management

1. **Market Segmentation:** Identify and target specific customer segments with tailored financial solutions. This could include SME financing, consumer loans, and mortgage products designed to meet the unique needs of different customer groups.

2. **Expansion Strategy:** Strategically expand the branch network to reach underserved areas and tap into new markets. Consider establishing branches in emerging urban centers and rural areas with growth potential.

3. **Partnerships and Collaborations:** Forge strategic partnerships with other financial institutions, fintech companies, and government agencies to leverage complementary strengths, expand reach, and offer innovative financial solutions.

4. **Sustainable Finance:** Integrate environmental, social, and governance (ESG) criteria into investment decisions and lending practices to support sustainable development goals and attract socially responsible investors.

5. **Customer Relationship Management:** Implement effective customer relationship management (CRM) systems to personalize interactions, understand customer needs, and build long-term relationships, fostering customer loyalty and retention.

Moving Forward:

DBH created a strong platform with its successful journey over the last 27 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 $ 2,800, and rapid urbanization, we have tremendous scope of growth by catering to the housing need of the people throughout the country. Also we are increasing our capacity to assess the informal income group clients more effectively which will help us to increase our focus on affordable housing without significantly increasing our NPL risk. As a specialist housing finance company, we have aligned our action plans for geographic expansion and portfolio growth through customer segmentation 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 firmly keep DBH as the most successful and trusted name in the financial sector of Bangladesh.

Nasimul Baten
Managing Director & CEO

Management's Discussion and Analysis (MDA)

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.

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 liberalize 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 2023, 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 became 35. In the meantime, Nagad got the approval to be a Digital Bank and subsequently surrendered their FI license. As per BB data, the amount of defaulted loans in the non-bank financial institutions (NBFIs) reached to Tk 19,951 crore or 27.65% of the total loans at the end of September 2023.

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.

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 arise. 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.

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 2023 the company has not adopted any change in accounting policies and estimates.

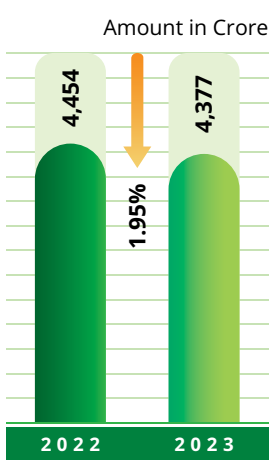
Comparative analysis of financial performance and financial position as well as cash flows for the current financial year with immediately preceding five years explaining reasons thereof:

The economy was facing mounting challenges, due to inflation, national election, external debt, Russia-Ukraine war, trade imbalance, climate change infrastructure deficiency, and accordingly, the country's economic outlook for 2023 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.

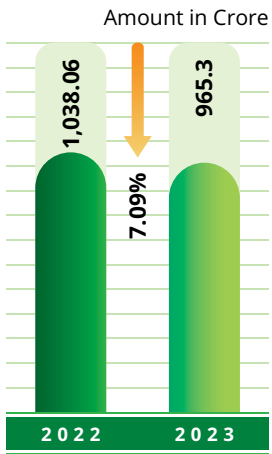
Portfolio:



The loan portfolio summary indicates a decrease in the loan portfolio by 1.95% in December ending 2023 compared to the same period in 2022. The loan portfolio value in December 2023 was BDT 4,377 Cr, while it was BDT 4,454 Cr in December 2022. This shows that DBH has been facing some difficulties in expanding its loan portfolio for economic downfall and severe competitions in real estate financing sector.

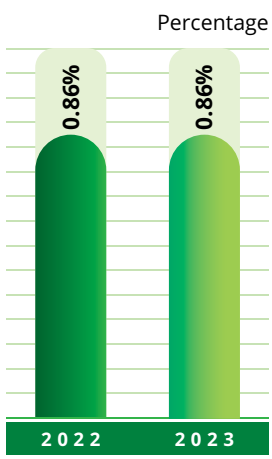
Disbursement:

The loan disbursement reflects a marginal decrease of 7% in 2023, amounting to a total disbursement of BDT 965.3 Cr, compared to the previous year's disbursement of BDT 1,038 Cr. Due to high rate of inflation and fluctuation in interest rate loan disbursement rate took a downfall this year.



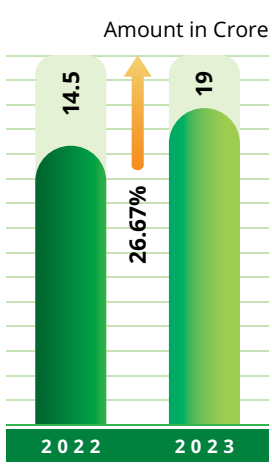
Non-Performing Loan (NPL):

At the end of 2023, DBH's Non-Performing Loan (NPL) ratio stays same at previous year's NPL level of 0.86%. 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-19 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.



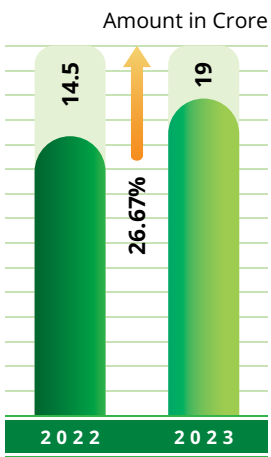
Net Interest Income:

Even with a distressed economic situation the net interest income of the company showed a little growth from the previous year. Interest income of the company stood at Tk 592.4 crore in 2023, which was Tk 483.1 crore in 2022. There is a significant increase of 22.6% in interest income in this year. Even though there



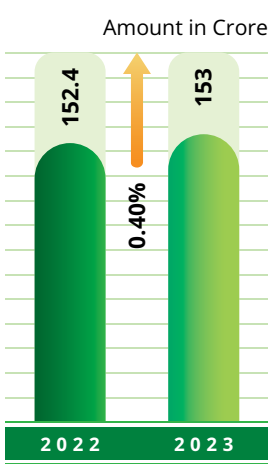
is a significant growth in in interest income due to increase in interest expense which is 70% of interest income in the years 2023 and 63% of interest income in 2022, the net interest income growth was very minimal in this year. The net interest income in 2023 is Tk 179.4 crore which was Tk 178.6 crore in the previous year.

Investment Income:



In the year 2023, DBH's total investment was Tk 516.5 crore Out of this amount, Tk 97.9 crore was in the marketable securities and the remaining amount of Tk 418.5 crore was in Govt. Securities. The total income generated from investments in the year 2023 amounted to Tk 19.0 crore, indicating an increase of 26.67% compared to the previous year's income of 14.5 crore.

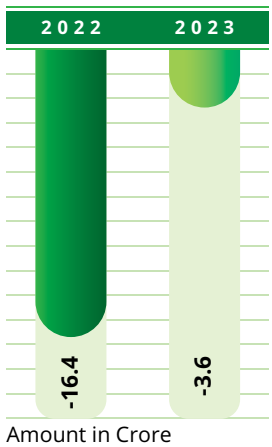
Operating Profit:



A slight increase in operating income is seen in this year. Operating income of the company increased from Tk 152.4 crore to Tk 153.0 crore which is a positive variance of 0.40%. Net interest income constituted 85% of the Operating Income and played the major role in the increase of operating income. The operating expense slightly increase which amounted to Tk 638 million this year and Tk 61.0 crore in previous year. As a result, there is a minimal growth in operating profit.

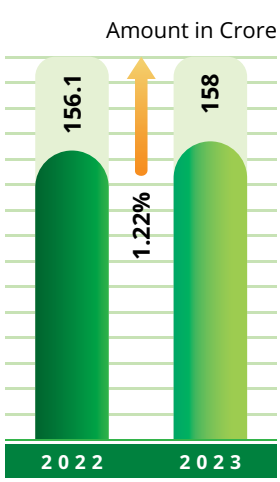
Provisions for Loans and Advances:

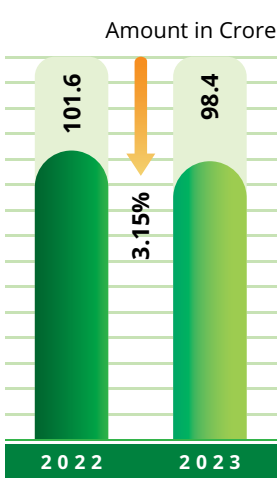
Throughout the year, DBH successfully managed to keep Non-Performing Loan (NPL) at the same level as that of 2022. Nevertheless, it is noteworthy that DBH managed to maintain its position as one of the lowest NPL ratios in the industry. This is due to the fact that DBH has implemented a strict loan provisioning 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.



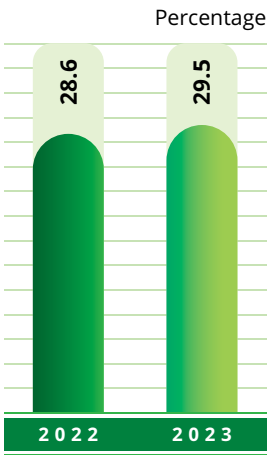
Net Profit before Tax and Net Profit After tax:

Even though there is a slight increase in net interest income, the company experienced a little decrease in net profit before tax and after tax. The company's net profit before tax amounted to BDT 156.1 crore in 2023 which was BDT 158 crore in 2022. Following the trend, the companies' net profit after tax also experienced slight contraction in 2023 which amounted to BDT 98.4 crore. The amount previous year was BDT 101.6 crore.



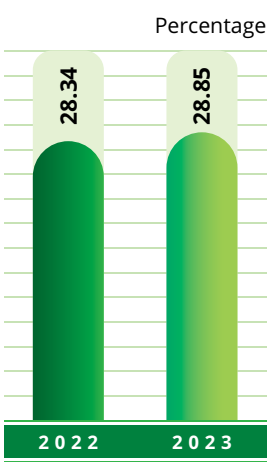


Cost to Income Ratio:



The cost-to-income ratio has witnessed a shift to 29.43% as compared to the preceding year's ratio of 28.60%. 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 to minimum compared to the other players in the industry.

Capital Adequacy Ratio (CAR)



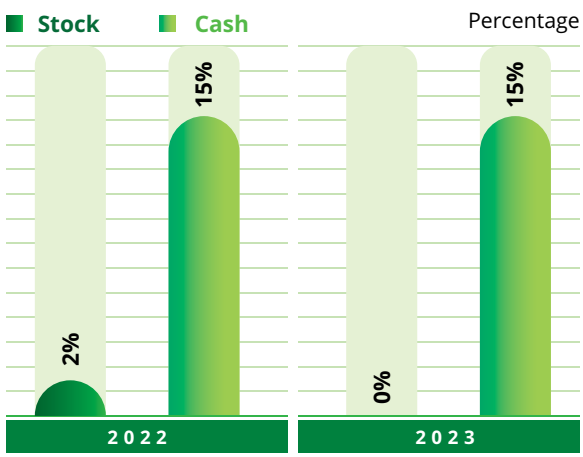
The CAR (Capital Adequacy Ratio) of DBH for the year 2023 stands at 28.85% (compared to the minimum requirement of 10% as per Bangladesh Bank guidelines), exhibiting an upward trend from the previous year's CAR of 28.34%. This represents a growth of 1.8% in the organization's capital reserves and indicates 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 4.95 in 2023, only slightly lower than the previous year's EPS of 5.11 (restated). 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 Payment:

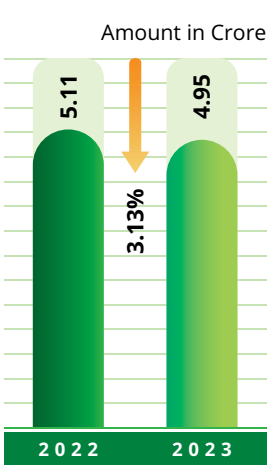
The company consistently pays a high level of dividends to its shareholders. Like previous year, in 2023 also, DBH proposed 15% cash dividend. In



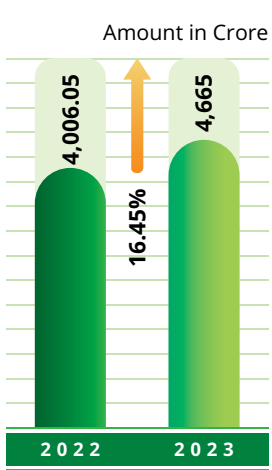
the last 5 years, DBH paid dividends in the range of 20%-35% every year in line with its income and EPS.

Deposit Mobilization and Portfolio:

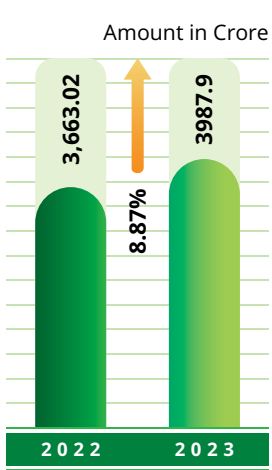
DBH's loan portfolio is largely funded by its deposit base, which stood at Tk 4,006 Cr and Tk 4,665 Cr



EPS



Deposit Portfolio



Core Deposit Portfolio

in 2022 and 2023, respectively. It shows a 16% increase in deposit portfolio. 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 during the challenging economic landscape.

DuPont Analysis

Net Profit after tax of DBH finance decreased by 3.3% from Tk 1,017 million to Tk 984 million in the year 2023. Even though the interest income has increases hugely by 22.6% the net profit was not to the point as expected. The average asset and equity increased by 6% and 9%. Profit margin, asset turnover, financial leverage, return on equity also slightly decreased than previous years.

Taka in million

Particulars	2018	2019	2020	2021	2022	2023
Interest Income	5,855	6,353	5,909	5,054	4,831	5,924
Profit after tax	1,048	1,073	891	1,044	1,017	984
Average assets	56,040	58,389	58,943	59,443	61,012	64,642
Average equity	4,699	5,424	6,120	6,838	7,620	8,336
Profit margin	17.90%	16.89%	15.08%	20.66%	21.05%	16.7%
Assert turnover	10.45%	10.88%	10.02%	8.5%	7.92%	9.16%
Financial leverage	11.93%	10.76%	10%	8.69%	8.01%	7.75%
Return on equity	22.30%	19.79%	14.56%	15.27%	13.34%	11.33%

Cash Flow Analysis

Taka in million

Particulars	2018	2019	2020	2021	2022	2023
Net cash flow from operating activities	1,328.14	1,930.06	2,777.12	(7.94)	(3,830.3)	8,588
Net cash flow from investing activities	22.85	42.85	(16.4)	9.98	(1673.4)	2,565
Net cash used in financing activities	(365.56)	(304.60)	(1598.4)	487.78	4,383.5	(2,069)
Net increase/decrease in cash and cash equivalents	985.43	1,668.28	1,162.19	489.78	(1,120.2)	3,955
Cash and cash equivalent at the beginning of the year	10,815.92	11,801.35	13,469.6	14,631.82	15,121.64	14,001
Cash and cash equivalent at the end of the year	11,801.35	13,469.63	14,631.8	15,121.64	14,001.46	17,957

Cash Flow from Operating Activities

Net cash generated from operating activities was hugely increased from Tk (3,830.3) million to Tk 8,588 million in 2023.

Cash Flow from Financing Activities

Net cashflow in financing activities decreased to Tk (2,029) million in 2023 against Tk 4,383.5 in previous year.

Overall Scenario

The cash and cash equivalent balance of the company increased from Tk 14,001 million to Tk 17,957 million.

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 other established NBFIs, named IDLC and IPDC.

(Amount In Million Except Percentage)

Particulars	IPDC	IDLC	DBH
Loans and advances	70,571	1,13,339	43,669
Deposits	60,177	85,561	46,656
Home Loan Portfolio	10,472	32,122	43,154
NPL	4.93%	4.46%	0.86%
ROE	5.05%	8.16%	11.81%
ROA	0.38%	1.02%	1.52%
CAR	18.12%	15.91%	27.79%
EPS	0.92	2.63	4.95
Cost to Income Ratio	55.22%	46.53%	29.43%

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 and also in the statement of Risk Management Framework and Risk Management Methodology.

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 2024, where the budgeted disbursement growth is 40% higher than in 2023 and the forecasted loan portfolio growth is 9%. While preparing the budget, the management considered the assumptions related to interest rate movement during 2024 and also estimated the total new provision of Tk. 5 crore for the year ending 2024. The Company expects to maintain the continuity of dividends to its shareholders in line with previous years. More information will be shared in the AGM.

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

Business Model of DBH

Through a robust and meticulously crafted business strategy, DBH Finance PLC has established itself as a significant presence in the dynamic realm of Real Estate Financing industry. Our business model is intricately woven with reflections on achievements, challenges overcome, and future trajectories. We take pride in presenting a comprehensive account of these elements in our annual report, offering a transparent glimpse into our journey.

Partnerships

- Shareholders
- Investors
- Employees
- Supplier
- Regulators

Resources

- Funds
- Human Capital
- Intellectual Capital
- Natural & Manufactured Capital
- Stakeholder Relationship

Revenue Stream

- Interest Income
- Investment Income
- Non-Funded (Fees) Income

Cost Structure

- Interest Expense
- Human Resource
- Administrative Expense
- Tax
- Provision for Investments

Key Activities

- Market & Sell Financial Products
- Raise Awareness for Our Brand
- Social Relationship & Engagement
- Attract & Provide Safe Investment

Clientele Segment

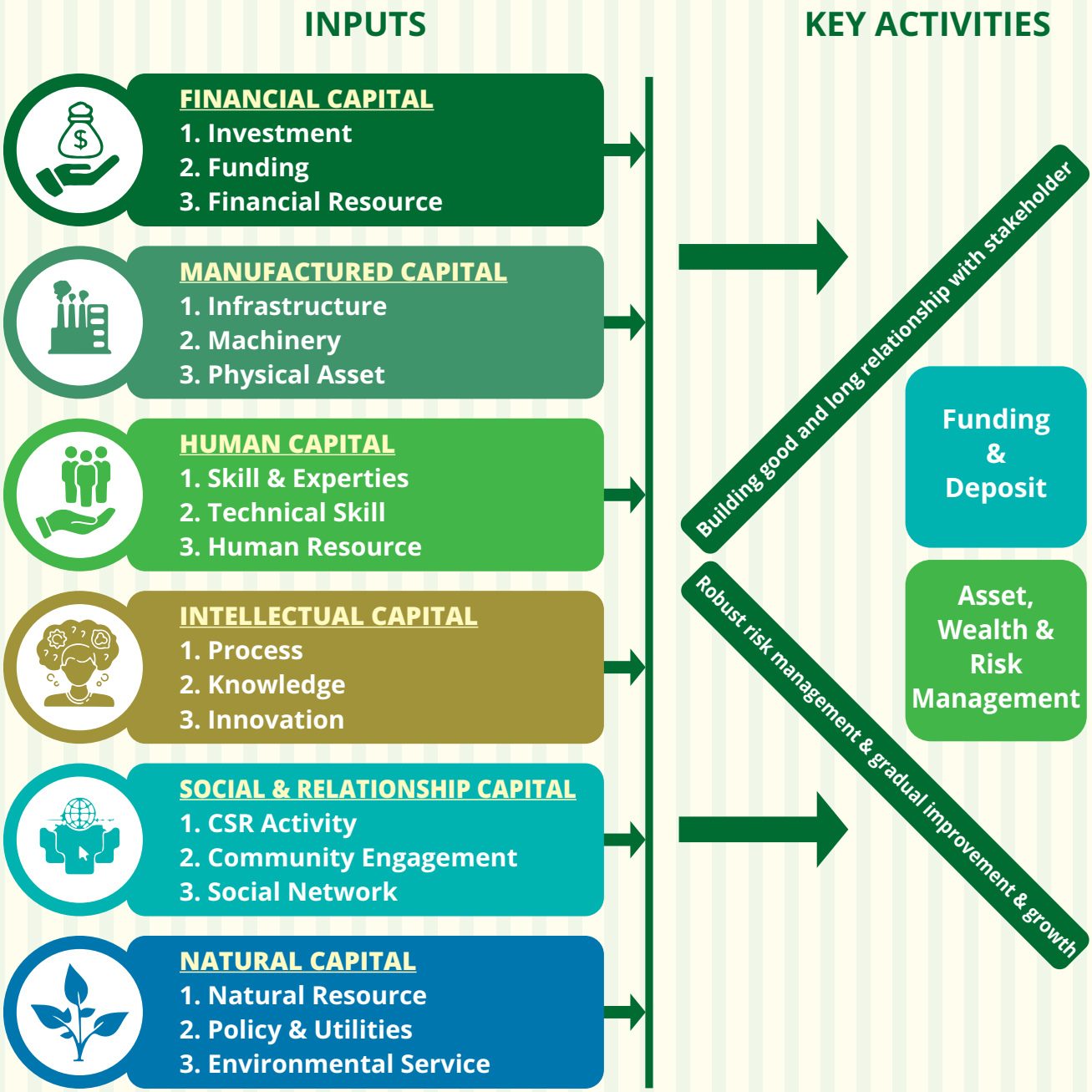
- Consumer
- Investors
- Supplier
- Borrowers
- Fund Managers
- Depositors

Value Proposition

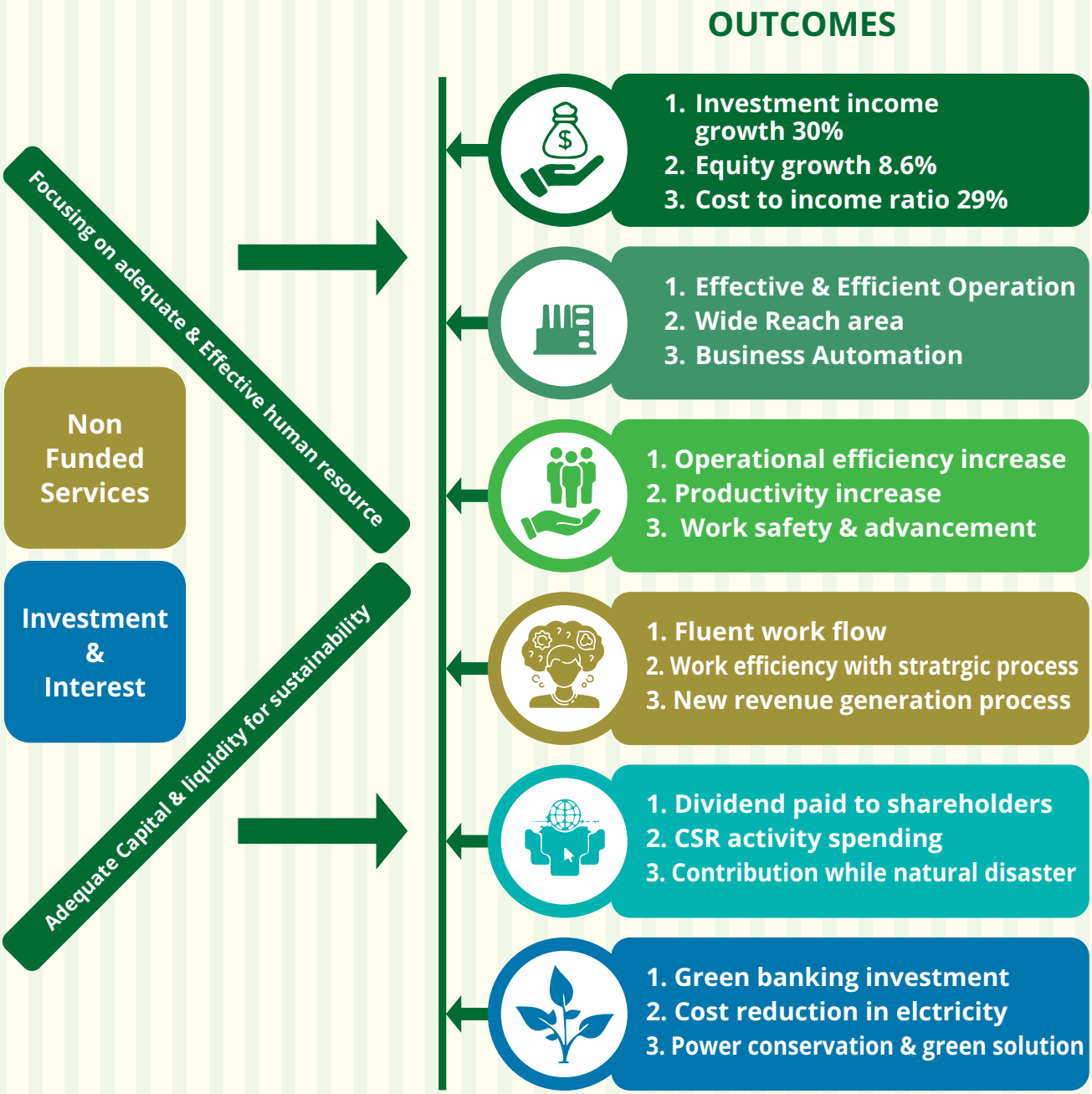
- Customer-Centric Approach
- Financial Expertise
- Innovative Technology Integration
- Expanding Business Network
- Social Engagement
- Environment Friendly Initiatives

Value Creation Model

DBH Finance PLC is dedicated to providing its stakeholders with significant and long-lasting value through a strong and well-integrated structure for value creation. This structure, which is based on a thorough grasp of the business environment, includes all of the essential components that propel our organization's success and enhance the welfare of our customers, workers, investors, and the general public. Our value creation system is built on the tenets of morally and responsibly conducting business, understanding that success



is determined not only by our bottom line but also by our capacity to make a constructive contribution to society. At DBH Finance Plc, we recognize that generating value entails more than just transactions; rather, it necessitates a strategic, all-encompassing strategy that takes into account many types of capital, such as financial, manufactured, intellectual, human, social, and natural capital.



How We Create Value

UNDERSTANDING CUSTOMER NEEDS

In order to create value, DBH FINANCE first carefully examines and understands the requirements, inclinations, and problems of its target market. This calls for carrying out in-depth market research, distributing surveys, evaluating responses, and keeping a close eye on current market trends. By means of these endeavors, DBH FINANCE guarantees a profound comprehension of its clientele, establishing the groundwork for customized and influential value generation tactics.

PRODUCT OR SERVICE DEVELOPMENT

Sensitive to the demands of its customers, DBH Finance uses a rigorous development process to create financial products and services that precisely target problems and provide the intended fixes. This journey is distinguished by a dedication to innovation, strict quality control procedures, and effective resource management, guaranteeing that every service perfectly fits the budgetary objectives and aspirations of its clients.

DIFFERENTIATION

Developing a unique value proposition is crucial for DBH Finance to differentiate itself in the market. We set ourselves apart from the competition with our financial goods and services by carefully combining cutting-edge features, an unshakable dedication to quality, affordable prices, and a strong brand identity. All of these factors work together to make DBH Finance a more alluring option for clients, surpassing the services provided by our rivals.

EFFICIENT OPERATION

We maintains a competitive advantage through careful operational efficiency and process optimization. Our ability to offer our financial products and services at low costs is made possible by this commitment, which is also essential to upholding the high standards of consistency and quality that our clients have come to rely on. We establish ourselves as a dependable and economical partner in the financial services industry by strategically emphasizing efficiency.

SUSTAINABLE PRACTICE

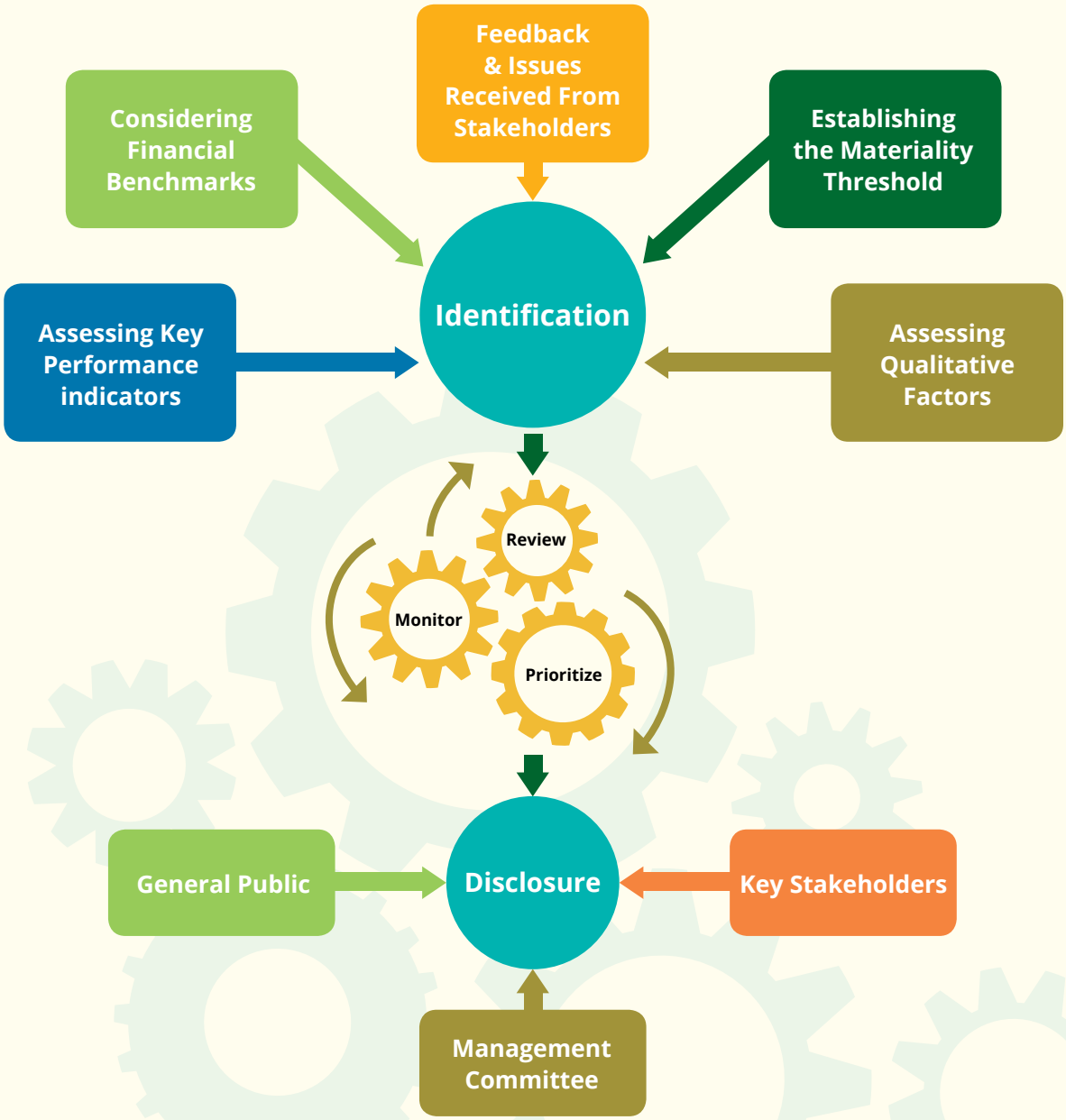
We acknowledge the increasing significance of implementing ecologically and socially responsible activities. We hope that integrating sustainability into our business practices would enhance our brand's reputation and solve the growing worries of our eco-aware clientele.

FINANCIAL PERFORMANCE

For DBH Finance, long-term value development depends on developing sustainable earnings and encouraging financial growth. This dedication enhances the experience for shareholders and strengthens the company's ability to allocate resources to vital areas like innovation, staff training, and other projects that make a substantial contribution to overall value. By strategically pursuing financial stability, DBH Finance establishes itself as a strong organization that can provide long-term benefits to its stakeholders and the industry at large.

Determination of Materiality

Our Integrated Report starts with identification of material topics that are essential and will be helpful for stakeholders to comprehend the overall performance and the potential of the entity to make various decisions. By including both financial and non-financial aspects, the Integrated Report aims to go beyond conventional financial reporting. Determining materiality becomes a strategic exercise as we navigate the complex terrain of sustainability and stakeholder engagement, helping to shape the narrative to center on important issues that create value, promote transparency, and add to a complete picture of the organization's journey.



Key Material Factors of DBH Finance PLC and the compliance and maintenance:

Corporate Governance

- Effective and transparent governance structure.
- Compliance with ethical standard of all employee and executives.

ESG Practices

- Prioritizing sustainability and ethical business operation.
- Promoting ESG practice and spreading awareness.

Innovation & Technology

- Consistent and upto date tecnological advancement.
- Adaption to changes in the technological landscape.

Supplier

- Ability to pay off payables.
- Payment Policy.

Employee Well-being

- Employee satisfaction, diversity & safety.
- Career growth & long term service benefit.

Customer satisfaction

- Prioritizing customer rights and enhance loyalty.
- Quality of customer service.

Strategic Initiatives

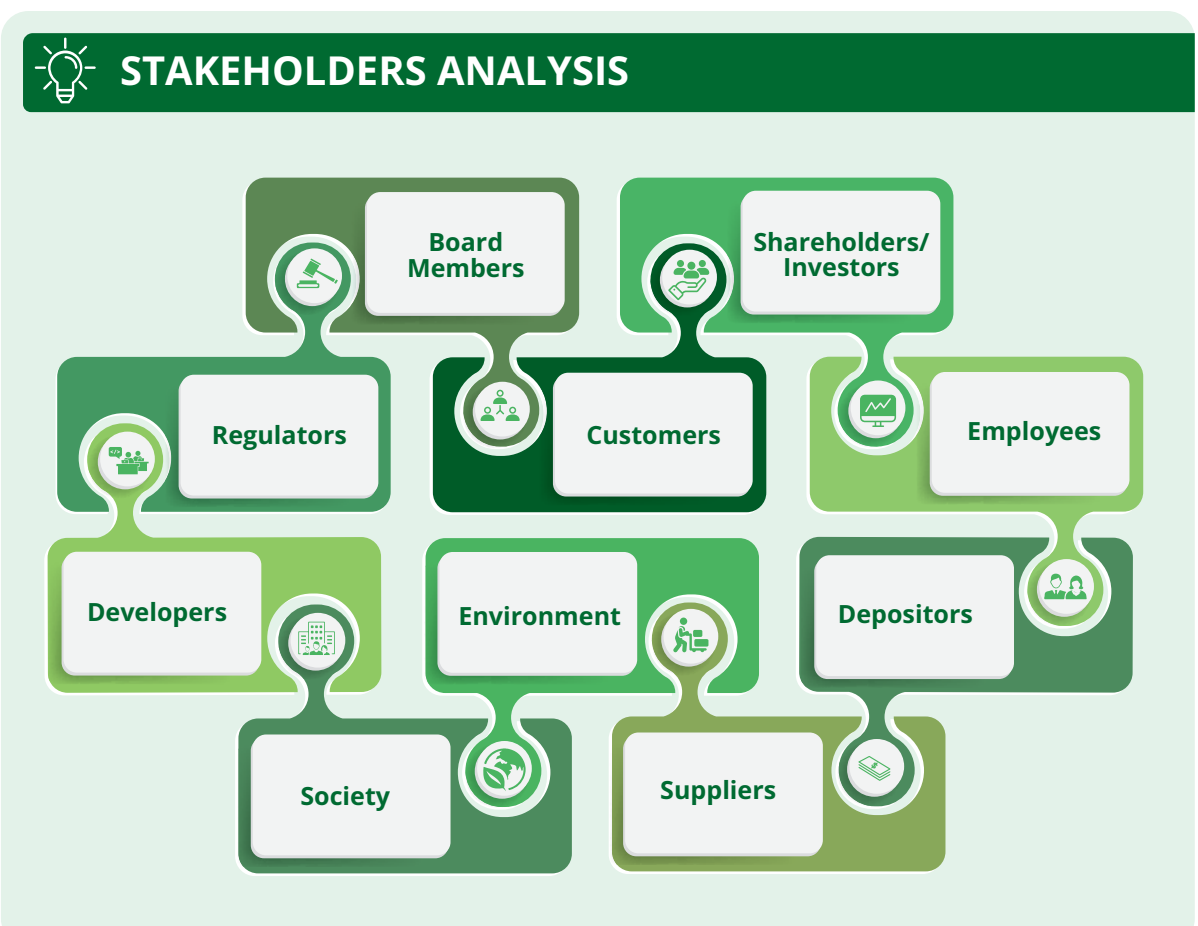
- Innovative strategic direction & position.
- Effective strategic decision for competitive position.

Shareholders

- Shareholder rights to information.
- Return on investment & minimum payout.

Stakeholders Analysis

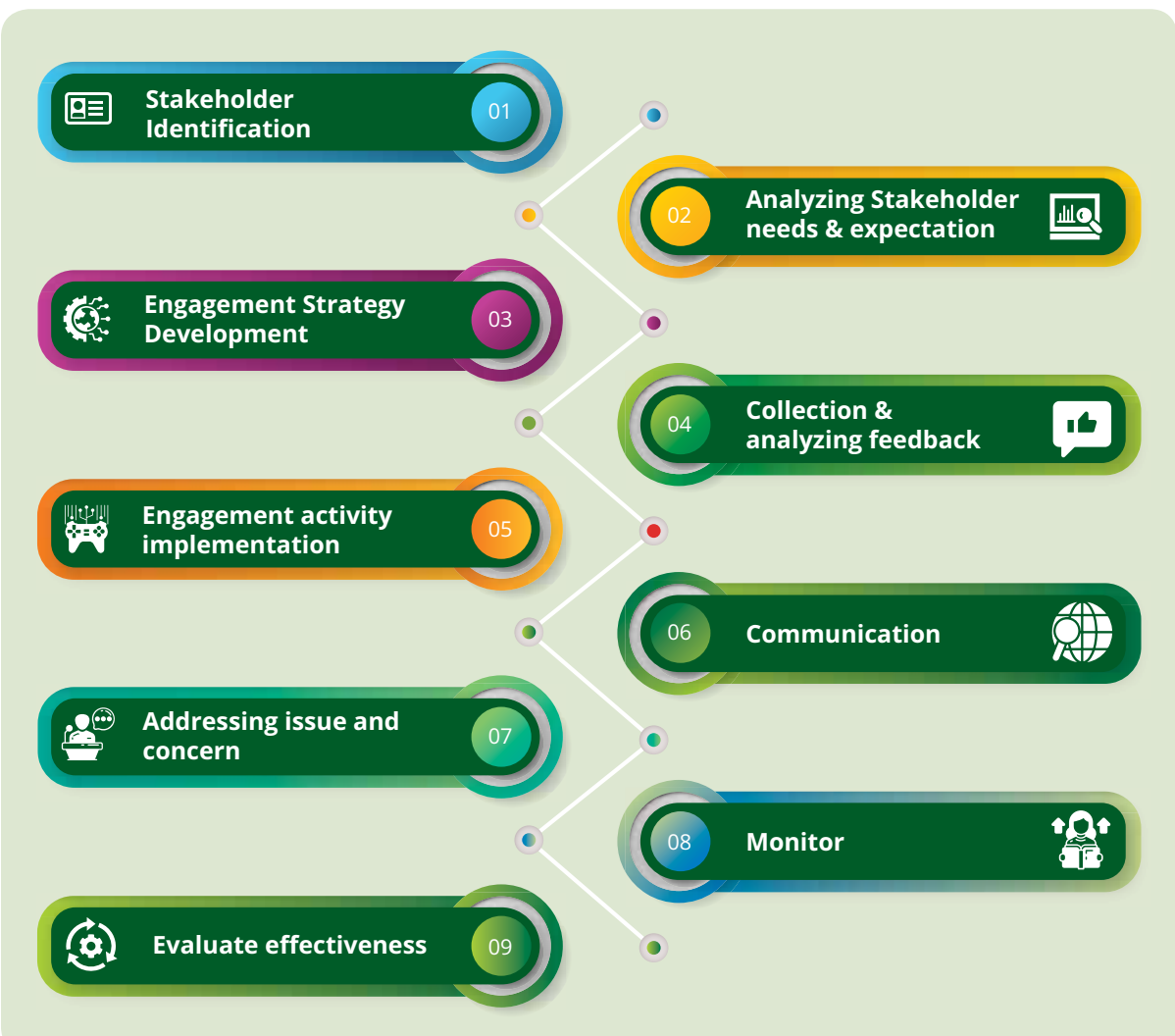
DBH continues to be an industry leader in the housing finance because of its ability to read the market well and keep a customer focused product and service bouquet at the best pricing. We recognize that we compete and operate on the basis of trust, and it is our stakeholders who are the ultimate mediators of our legitimacy, and therefore our sustainability. Our journey is to continue the relationships we have created and nurtured with our Stakeholders, viz., customers, employees, depositors, regulators, shareholders, 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 (from a sustainability perspective) as our key stakeholders:



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

Stakeholder Engagement

DBH Finance PLC's stakeholder engagement operation allows them to actively interact, cooperate, and forge bonds with people or groups who have a stake in the operations and results of the business. These parties have a wide range of interests, such as clients, staff members, investors, vendors, local communities, and government agencies. Understanding and addressing the various needs, expectations, and concerns of different groups is the fundamental components of stakeholder engagement operation of DBH Finance PLC. It entails a continuous conversation that is supported by a variety of platforms and initiatives with the goal of promoting understanding and collaboration. In addition to being a corporate responsibility, effective stakeholder involvement is a critical factor in DBH performance, enhancing decision-making, reducing risk, and generating shared value for the organization and its stakeholders. Skillful stakeholder engagement becomes essential for sustainable growth, innovation, and positive social impact as organizations navigate a constantly changing landscape.



Stakeholders	Engagement Platform	Issues/Concerns	Our Response
Shareholders/ Investors	1. Annual General Meeting 2. Investor conference 3. Social media platform	1. Financial performance of the company (Revenue, Profit, Market share) 2. Dividend payout in comparison to other companies payout scale.	1. Providing detailed financial report & explaining factors influencing the performance. 2. Communicating the dividend policy clearly & reasons behind the decisions.
Regulators	1. Regulatory audit 2. Regulatory meeting & compliance 3. Advisory committees	1. Misleading/ Inaccurate financial reporting. 2. Money laundering & fraud.	1. Adequate & strong internal control and auditor's verification. 2. Implementing anti money laundering process and encourage whistle blowing.
Employees	1. Employee resource group 2. Internal communication platform 3. Training & development programs	1. Work Life balance (heavy workload, working hour) 2. Development & career growth 3. Job security	1. Implement flexible work arrangement. 2. Mentorship program, training & development opportunities. 3. Transparent about companies stability and implement measures to ensure job security.
Customers	1. Customer feedback survey 2. Customer service & support 3. Social media platforms	1. Payment & billing problems 2. Communication transparency 3. Return & refund policies	1. Transparent billing practice, provide detailed invoice. 2. Implement clear communication & continuingly informing customers. 3. Ensuring return policy & prioritize customer satisfaction.
Depositors	1. Savings & investment tools 2. Customer service & feedback forms 3. Personalized financial advice	1. Account fees & charges 2. Account access & technological issues 3. Security of funds	1. Transparent disclosure of charges and minimal fees. 2. Support channel for technical assistance & conduct usability test. 3. Providing robust security measures & adherence to regulatory standards.

Stakeholders	Engagement Platform	Issues/Concerns	Our Response
Developers	1. Developer conference event 2. Developer Advocacy programs 3. Online workshop & webinars	1. Communication & collaboration 2. Projects & challenges 3. Technology stack & tools	1. Implementing collaboration channel & conduct frequent meeting. 2. Encouraging them for innovative & creative projects. 3. Providing with latest tools & feedback on technological challenges.
Suppliers	1. Joint development program 2. Supplier relationship management platform 3. Feedback & mechanism	1. Payment Timelines 2. Volume fluctuation 3. Long term partnership	1. Strictly following payment terms, schedule and process. 2. Accurate forecast & planning demand and supply. 3. Demonstrating long term relationship & strategic planning about mutual growth.
Environment	1. Environment sustainability report 2. Green certification program. 3. Waste reduction & Recycling program	1. Energy consumption. 2. Deforestation & destruction.	1. Implementing energy efficiency measure & invest in renewable energy. 2. Adopting sustainability sourcing practice & supporting reforestation.
Society	1. CSR programs 2. Stakeholder engagement forums 3. Public awareness campaign	1. Community engagement & local impact. 2. Human rights. 3. Community displacement.	1. Addressing community concern, contribution to community development project 2. Following human right principle & conduct human right assessment. 3. Adequete assessment of the impact, compensating fairly and assist with community development projects.
Directors	1. Regular board meeting 2. Committee meeting 3. Strategic planning session	1. Risk management 2. Regulatory compliance 3. Stakeholder engagement	1. Establishing a framework for risk management, conducting ongoing risk assessments, and putting a plan in place to mitigate risks 2. Create a robust compliance program and carry out compliance audits on a regular basis. 3. Developing stakeholder engagement strategies, reporting on engagement initiatives, adopting social responsibility and community engagement.

Business Environment Analysis

Strengths

1. Leading housing finance specialist with strong capital base.
2. Sound & exemplary corporate governance.
3. Strong risk mitigation framework.
4. Conservative and consistent loan provisioning policy resulting one of the lowest NPL ratios in the industry.
5. One of the highest dividend payout ratio in the industry in the range of 25-35% in line with its income and EPS.
6. Effective usage of technology and skilled human resource.
7. Lowest Cost to Income ratio in the industry.

Weaknesses

1. Dependency on a single product.
2. Low interest spread due to dealing with secured loan.
3. Concentrated portfolio on Dhaka region.

Opportunities

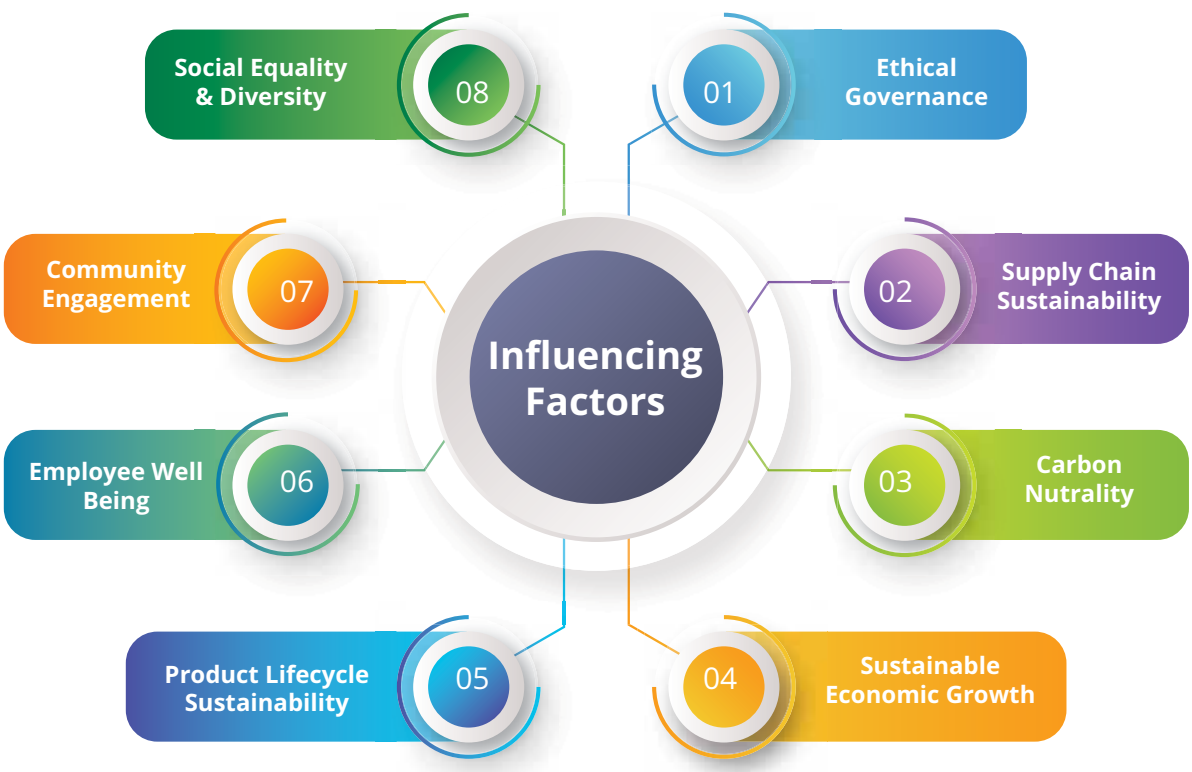
1. Real estate demand in the country specially outside of Dhaka.
2. Attracting foreign funding for affordable housing.
3. Digital service offering to onboard more customers.
4. Adoption of new technologies and innovation to boost customer satisfaction, optimize financial processes, and increase operational efficiency.
5. Grow Islamic Wing segment and attract more customers who prefer Islamic financial solutions.

Threats

1. Fierce competition in the NBFI industry.
2. Direct competition with bank on home loan segment.
3. Risks of takeover of good portfolio by banks.
4. Managing Interest spread amid rapid increase of cost of funds due to Central Bank's contractionary monetary policy.
5. Global & political instability and the effect on our economy and finance.

Strategic Indicators for Sustainability

At DBH Finance, a few core factors that not only direct our path but also personify our dedication to sustainable success and ethical business practices, have a significant impact on our strategic decision-making. Above all, customer-centric innovation is a key motivator that pushes us to consistently anticipate and fulfill our customers' changing needs. Our commitment to technological excellence drives us, keeping us at the forefront of innovation in an industry that is constantly evolving. At the same time, we have a strong commitment to environmental sustainability, which informs our approach and drives us to minimize our ecological imprint and prioritize responsible resource management. Another important factor that fosters a work environment that values diversity, inclusivity, and ongoing learning is employee empowerment and growth. Together, these forces mold DBH's strategic direction as we move forward, securing our goal of long-term expansion, constructive social influence, and continuous value generation.



These factors help DBH Finance to contribute to not only to the economy but also the society and direct or indirect stakeholder thus resulting showing their significance in our operation. With these drivers at the helm, DBH is poised to navigate challenges, seize opportunities, and shape a sustainable and impactful future in the ever-evolving business landscape.

PESTEL Analysis

Political

Influencing Factors	Impact on DBH	Our Response
1. Changes in Govt. Policy 2. Regulations 3. Stability	Stringent regulations can escalate compliance costs for DBH Finance, while political stability may boost investor confidence.	To reduce legal risks, we will keep a close eye on legislative developments and take proactive steps to ensure compliance. It could also be advantageous to take part in advocacy work to create positive policies.

Technological

Influencing Factors	Impact on DBH	Our Response
1. Advancement in Technology 2. Automation 3. Digitalization	Traditional financial services could be disrupted by technology, which would present DBH Finance with both opportunities and difficulties.	We can maintain its competitiveness and satisfy changing client expectations by making investments in technological advancements, working with fintech partners, and providing creative digital solutions.

Economic

Influencing Factors	Impact on DBH	Our Response
1. Economic Cycle 2. Inflation Rate 3. Interest Rate 4. Exchange Rate	Economic downturns may increase the default rate, which would affect DBH Finance's bottom line. Interest rate changes can have an impact on investment returns and borrowing costs.	We can manage economic risks by diversifying our offerings, implementing risk management techniques, and modifying interest rate policies in response to market conditions.

Environmental

Influencing Factors	Impact on DBH	Our Response
1. Climate Change 2. Sustainability 3. Environmental Regulation	Growing environmental consciousness could spur interest in DBH Finance's sustainable finance offerings.	We can attract socially conscious investors by developing and promoting ecologically friendly financial products, implementing sustainable practices in its operations, and complying with environmental legislation.

Social

Influencing Factors	Impact on DBH	Our Response
1. Demographic trends 2. Cultural Attitude 3. Social Values	The demand for the financial services and products provided by DBH Finance may be impacted by shifts in customer preferences and behavior.	We should modify our product offerings and marketing plans to conform to current social trends. Enhancing customer interaction can be achieved by adopting digital channels to accommodate evolving consumer demands.

Legal

Influencing Factors	Impact on DBH	Our Response
1. Legal Frameworks 2. Complience Requirments 3. Regulatory Changes	Lawsuits and harm to DBH Finance's reputation may result from breaking laws and regulations.	We can reduce legal risks and guarantee compliance with regulations by putting in place strong compliance procedures, keeping up with legal developments, and carrying out frequent legal audits.

Porter's Five Forces Analysis

Competitive Rivalry

Factors

1. There may be fierce rivalry when the NBFI market becomes saturated.
2. Competitors' aggressive pricing tactics may intensify their competitiveness.
3. Businesses that offer something original and distinctive could have an advantage over competitors.

Our Response

1. Concentrating on innovation to set goods and services apart.
2. Putting into practice strategic pricing plans that take long-term sustainability into account.
3. Looking for joint venture and collaboration possibilities to get a competitive edge.

Threat of New Entrants

Factors

1. Because of their economies of scale, established NBFI businesses may find it challenging to compete on price.
2. Customer loyalty may be enjoyed by well-established NBFI businesses with great brand awareness, which makes it difficult for new competitors.

Threat of Substitute

Factors

1. Alternative financial services might be introduced via new technology.
2. Alterations in customer inclinations could result in a rise in the need for alternative services.
3. Regulations that change could create new chances for alternative services.

Our Response

1. Keeping up with technology developments and implementing them into current offerings.
2. Carrying out market research to comprehend changing customer preferences and modify offerings as necessary.
3. Working with regulatory organizations to create laws that benefit the NBFI sector.

Our Response

1. Increasing cost-effectiveness and operational efficiency, invest in technology and innovation.
2. Establishing trusting connections with regulatory organizations to impact and mold industry regulations.
3. Stepping up marketing initiatives to increase consumer loyalty and brand awareness.

Factors

1. Suppliers may have more negotiating leverage if they offer distinctive and necessary services.
2. High switching costs could lead to an increase in supplier power for NBFI enterprises.
3. Suppliers may have greater clout if their base is more concentrated.

Our Response

1. Forming strategic alliances with important suppliers to establish win-win connections.
2. Investing in processes and technology that lessen reliance on particular providers.
3. Examining several sources for essential components in order to reduce the influence of a single provider.

Supplier Power

High

Moderate

Low

Buyer Power

Factors

1. Easy-to-access information may provide buyers more negotiating leverage.
2. High switching costs might weaken a customer's negotiating position.
3. The influence of individual buyer power can be mitigated by a diversified customer base.

Our Response

1. Investing in CRM technologies to enhance your ability to comprehend and cater to consumer wants.
2. Using loyalty programs to make it less likely that clients will go to rival businesses.
3. expanding the range of goods and services offered to attract a larger clientele.

Strategic Focus Area

1. **Customer Centric Approach:**

A customer-centric approach is the cornerstone of our strategy, and it is essential to attain long-term success. Our steadfast dedication to comprehend the particular needs of each of our clients, providing experiences that are unmatched, and building long-lasting connections is the cornerstone of our concept. The company leverages the power of positive word-of-mouth marketing in addition to encouraging repeat business by prioritizing client pleasure and loyalty. Our commitment to offering financial solutions that genuinely resonate with our clients is demonstrated by our customer-centric attitude, which also serves to define our interactions and strengthen our position as a reliable partner in their financial journeys.

2. **Innovation & Technological Integration:**

It is strategically essential for us to be steadfast in its embrace of innovation and integration of cutting-edge technologies. We are not limited by traditional bounds; we also prioritize the ongoing improvement of our goods and services, the prompt integration of new technology, and

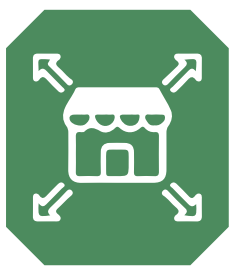
the aggressive pursuit of staying ahead of market trends. By putting an emphasis on innovation, the company positions itself to attract new clients looking for cutting-edge and dynamic solutions, as well as to improve competitiveness within the financial sector. This dedication not only strengthens our current market position but also pushes us into new markets, creating doors to exciting new prospects and solidifying our standing as a progressive leader in the financial industry.

3. Operational Efficiency & Cost Optimization:

Our steadfast dedication to sustainable profitability at the company is based on a strategic focus on improving operational efficiency, streamlining internal procedures, and optimizing resource allocation. Understanding that successful operations depend heavily on efficiency, we focus our efforts on cutting expenses, increasing productivity, and putting lean principles into effect. By doing this, we strengthen our capacity to offer our clients unmatched financial services while still guaranteeing a low cost structure. Operational excellence is fundamental to sustained growth, as it enables us to navigate changing market conditions and provide long-term value to our stakeholders.

4. Market Expansion & Diversification:

Strategic market expansion and financial product and service diversity are essential for our company to maintain long-term growth. Our strategy is centered on thorough market research, which helps us spot new prospects and customize our services to fit the different needs of different clientele groups. Through proactive response to changing market needs, the company expands its market share and improves its ability to cater to a wider range of customers. Strategically speaking, diversification is essential since it protects against an excessive dependence on a single product or market. These strategic initiatives highlight our dedication to innovation, customer-centricity, and resilience in building long-term success as we navigate the financial landscape.



5. Talent Development & Employee Engagement:

We recognize that our success is intricately linked to the strength and commitment of our workforce. Our strategic focus on talent development, comprehensive training programs, and the cultivation of a positive workplace culture is paramount. By prioritizing the growth and satisfaction of our employees, we not only foster a dynamic and collaborative environment but also ensure high levels of retention and overall productivity. We understand that engaged employees are the bedrock of innovation and play a pivotal role in enhancing customer satisfaction. Through these strategic initiatives, we are dedicated to nurturing a workforce that thrives on continuous learning, creativity, and a shared commitment to our organizational values.

Six Capitals

FINANCIAL CAPITAL

FINANCIAL CAPITAL

Overview

DBH Finance is a shining example of prudent financial management and effective resource allocation in continuously changing world of financial businesses. Following the glory of previous year's performance we have showed the optimal level of effectiveness and efficiency in using our financial resources in the year 2023, our net operating income increased by 0.4%. Despite adverse economic and financial situation, we have upheld our profitability close to previous years profitability. Ultimately, we have shown sustainable performance in this year.

ROA
1.52%

Net Operating Income
BDT 153 crore

ROE
11.81%

After Tax Income
BDT 98.4 crore

Value Creation Process

INPUT

1. Investment
2. Funding
3. Financial Resource
4. Deposits & Borrowings

PROCESS

Revenue generation from investment, interest income, fees, commission & brokerage

OUTPUT

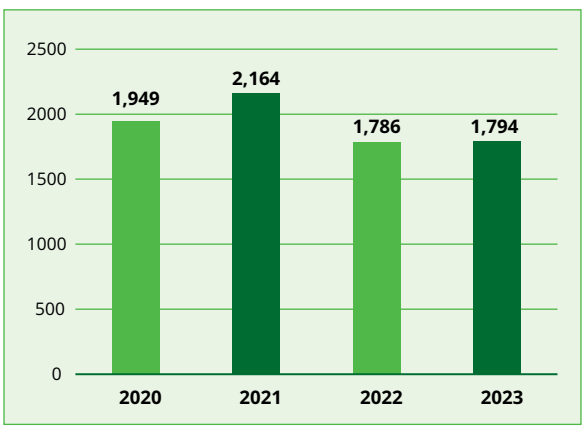
1. Investment income growth 30%
2. Equity growth 8.6%
3. Cost to income ratio 29%

Aligning with SDG

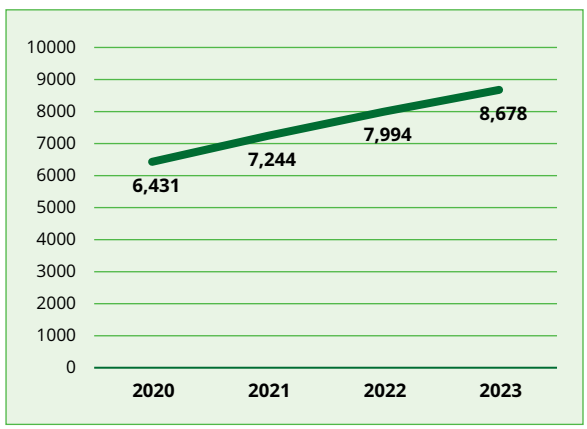
Challenges	Our Response	Way Forward
1. Market volatility frequently creates difficulties for non-bank financial institutions, impacting asset valuation and raising uncertainty.	1. Creating solid risk management policies, portfolio diversification, and applying more advanced models in order to navigate in volatile market environment.	1. To solve issues triggered by market volatility following the market trends, making our technological investments for detection of real-time risks, and explore into other investment alternatives.
2. Stricter and changing legal requirements make it difficult for NBFI to comply, which raises operating expenses.	2. Establishing a compliance team, invest in detail-control tools, and draft a handbook that outlines regulatory agency processes.	2. Be an active member of the industry forums, experience change and learn the ways in which regulations can be adjusted, and utilise the latest technologies to make sure the accuracy and efficiency of the compliance procedures are improved.
3. It is very difficult to maintain ideal levels of liquidity, particularly when there are unanticipated disruptions or economic downturns.	3. Developing complete mechanisms for dealing with liquidity crisis, run simulation-based tests and plan in advance to be ready to withstand cash crisis.	3. Attending the conferences, keeping up with regulatory changes as they come, and use new technology that will make the procedure more accurate, less time consuming, and constant.
4. It is always difficult for NBFI to assess and manage credit risk, especially when dealing with complex and diverse lending portfolios.	4. Applying model-based credit risk, examining stress testing, and implement risk sharing, in conjunction with those.	4. To improve credit risk management, strengthen our ability to identify credit risk, adopt data analytics for predictive modeling, and look into joint ventures for risk-sharing.

Financial Performance
Overview

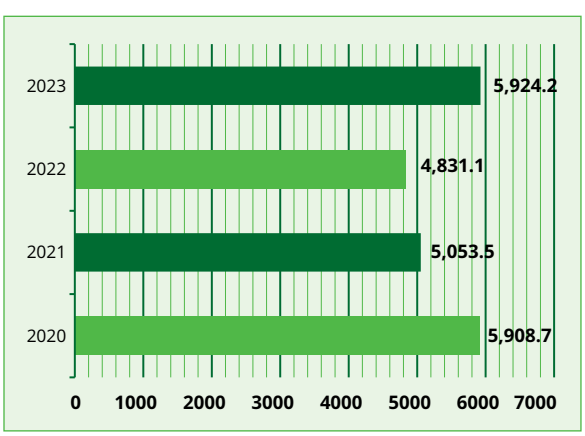
Net Interest Income
(in million BDT)



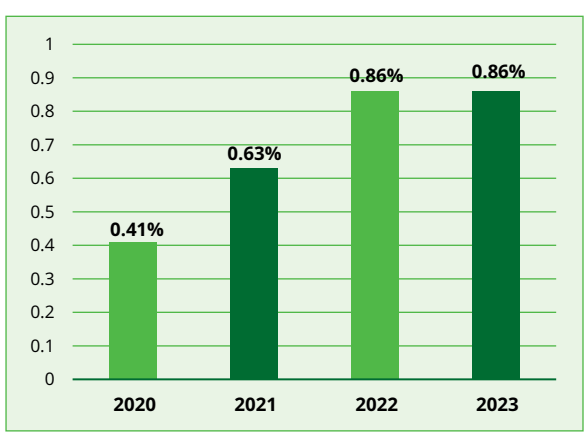
Equity
(in million BDT)



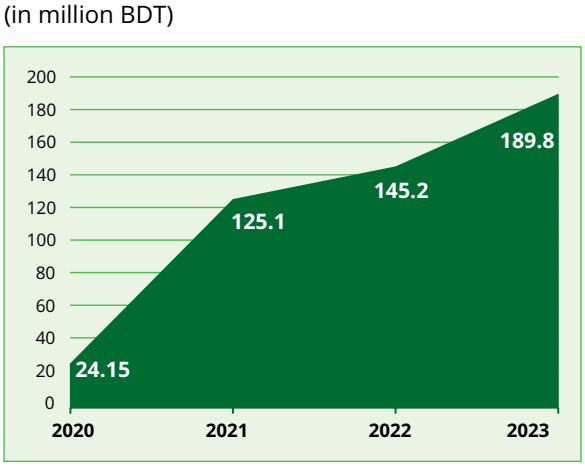
Revenue
(in million BDT)



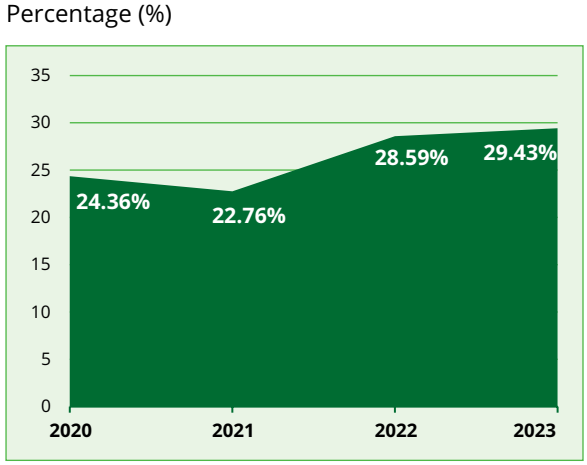
NPL Ratio
Percentage (%)



Income From Investment
(in million BDT)



Cost to Income Ratio
Percentage (%)



Report on Human Capital

HUMAN CAPITAL

Aligning with SDG

As a shining example of financial success, DBH Finance PLC understands that our people are our most valuable resource. Regarding human resources, we take pride in developing a workforce that embodies talent, creativity, and a common dedication to reshaping the financial industry. At DBH Finance PLC, the people that push our mission forward and exemplify a culture of growth, cooperation, and unrelenting dedication to quality are what truly make us successful—rather than just numbers.

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.

value creation process

INPUT

1. Skill & Expertise
2. Technical Skill
3. Human Resource

PROCESS

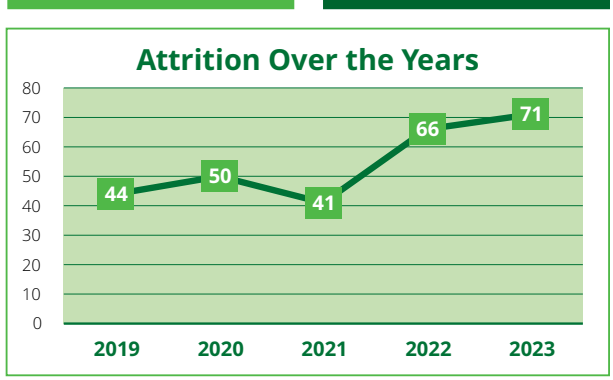
Developed workforce, skillset, knowledge, training, health.

OUTPUT

1. Operational efficiency increase
2. Productivity increase.
3. Work safety & advancement

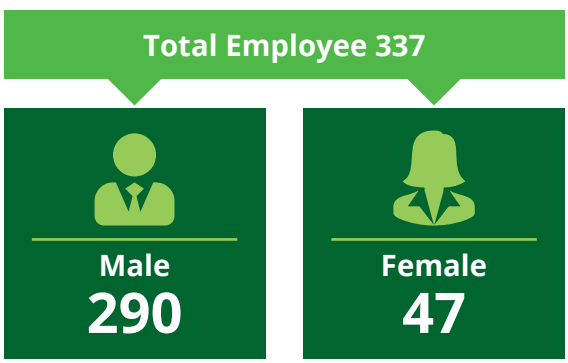
+ New Employee 64

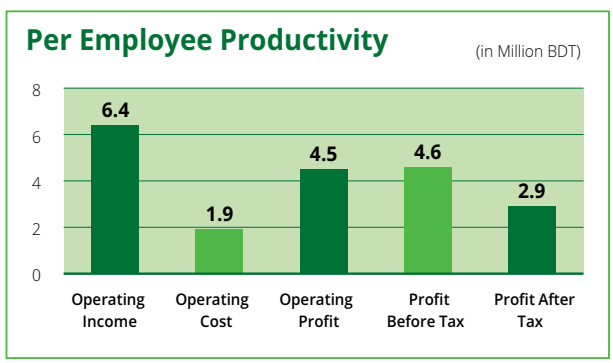
− Attrition 71



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.





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 64 new regular employees were hired of which number of male employees was 59 and female employees was 5. During the year 2023, 71 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.

Benefit Policy

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

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.

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.

Manufactured Capital

MANUFACTURED CAPITAL

ALIGNING WITH SDG

Manufactured capital is the perfect example of our dedication to innovation in technology and superior operations in the non-banking financial industry. Modern IT infrastructure, branches, and carefully designed financial products are the examples of our manufactured assets, which highlight the company's commitment to efficiency and innovation. The organization moves with agility and precision through complicated financial landscapes thanks to strong processes in place, such as unique financial models and risk management frameworks. Furthermore, our investment in state-of-the-art technologies improves client experiences by providing customized solutions and smooth transactions in addition to improving internal operations.

VALUE CREATION PROCESS

INPUT

1. Infrastructure
2. Software & Hardware
3. Physical Asset

PROCESS

Expanding Reach to customers, Technological Adoption

OUTPUT

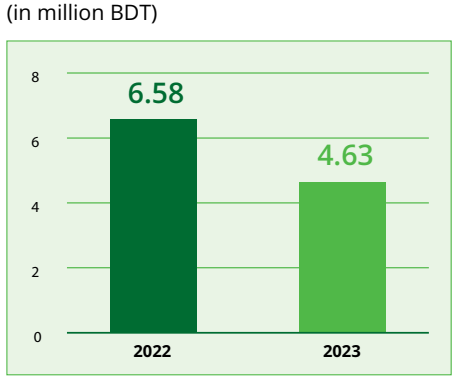
1. Effective & Efficient Operation
2. Wide Reach area
3. Business Automation

CHANNELS

14 Branches and **24/7** Customer service

Wide reach in Digital Channel as more that **150k** followers in Facebook

Computer, software and hardware cost
(in million BDT)



Challenges

Rapid technological innovation presents a substantial problem for DBH Finance in managing its produced capital. Investing heavily in R&D and implementation is necessary to keep up with rapidly changing technologies, which puts pressure on operating and financial resources. Furthermore, sophisticated assaults can jeopardize data integrity and operational continuity, so endangering the company's brand and financial stability. As a result, cybersecurity risks are a persistent risk to manufactured capital. Moreover, regulatory compliance introduces even another level of complexity since strict regulations necessitate frequent upgrades to operational procedures and technology infrastructure, raising the expense and difficulty of compliance.

Response

We need to handle our created capital with a proactive mindset in order to overcome these obstacles. In order to guarantee scalability, flexibility, and resilience in the face of technological changes, this entails giving investments in infrastructure upgrades and technological innovation first priority. To reduce cyber threats and protect important assets, the business also has strong cybersecurity measures in place, such as encryption protocols, intrusion detection systems, and employee training programs. Furthermore, it is crucial to keep a close eye on regulatory compliance. To guarantee that regulations and industry standards are followed, regular audits, risk assessments, and compliance training programs are implemented.

Way Forward

In order to improve customer experiences, expedite operations, and make better decisions, we may leverage emerging technologies like block chain, artificial intelligence, and machine learning to strengthen its manufactured capital. Working together with fintech startups and technology partners can also give you access to cutting-edge knowledge and solutions, which can speed up your digital transformation efforts and give you a competitive edge. Additionally, we can create a dynamic and adaptable organizational culture by investing in talent development and fostering a culture of innovation and continuous improvement. This will help the company meet future challenges and seize new opportunities in the quickly changing NBFI landscape.

Intellectual Capital

INTELLECTUAL CAPITAL

Overview

It becomes clear that intellectual capital is a crucial resource for resilience, innovation, and long-term success. We operate in this field, using its abundance of intellectual capital to negotiate intricate market dynamics and provide value to stakeholders. The intangible assets and resources—such as human skills, institutional infrastructure, client relationships, innovation capabilities, information assets, and regulatory compliance—that support our competitive advantage are collectively referred to as intellectual capital. We explore the various facets of intellectual capital at DBH Finance and how these resources work together to form the company's long-term performance in the NBFI, operational resilience, and strategic vision.

VALUE CREATION PROCESS

INPUT

1. Process
2. Knowledge
3. Innovation

PROCESS

Technical Skill, Work Expertise, Updated Software and Technological Infrastructure.

OUTPUT

1. Fluent work flow
2. Work efficiency with strategic process
3. Effective Revenue generation process

BRIEF PERFORMANCE REVIEW

- No Inconsistency Regarding Laws & Regulations
- Lowest Non-Performing Loan (<1%) Among All the NBFI's in Bangladesh
- AAA Credit Rating for 18 Consecutive Years
- Good Corporate Culture and consistency

ALIGNING WITH SDG

CHALLENGES

We face the challenge of retaining top talent in a competitive industry where skilled professionals are in high demand. Employee turnover can lead to loss of valuable expertise and institutional knowledge, impacting the company's intellectual capital.

Effectively managing and disseminating knowledge across the organization poses a challenge, especially as the company grows and diversifies its operations. Siloed information and lack of collaboration can hinder innovation and decision-making.

Rapid advancements in technology require constant upgrades to IT infrastructure and systems. Keeping pace with these changes while ensuring compatibility and security presents a challenge to our intellectual capital management.

RESPONSE

We can implement comprehensive talent development programs, including training, mentorship, and career advancement opportunities, to attract and retain skilled professionals. Investing in employee well-being and professional growth fosters loyalty and strengthens intellectual capital.

Establishing knowledge sharing platforms, such as internal wikis, collaboration tools, and cross-functional teams, facilitates the exchange of ideas and best practices across departments, enhancing innovation and problem-solving capabilities.

Promoting a culture of continuous learning and innovation encourages employees to stay abreast of industry trends and technological advancements. We can support this culture through training initiatives, hackathons, and participation in industry conferences and workshops.

WAY FORWARD

Embracing diversity and inclusion initiatives not only fosters a more inclusive work environment but also brings diverse perspectives and ideas to the table, fueling innovation and creativity within the company.

Proactively investing in emerging technologies such as artificial intelligence, data analytics, and blockchain enables us to stay ahead of the curve and leverage these tools to enhance operational efficiency and customer experiences.

Forming strategic partnerships with fintech startups, academic institutions, and industry peers provides access to new ideas, technologies, and talent pools, fostering a culture of collaboration and driving innovation within our company.

SOCIAL & RELATIONSHIP CAPITAL

SOCIAL & RELATIONSHIP CAPITAL

The acknowledgment and integration of social and natural capital have become essential elements in the current environment of non-banking financial institutions (NBFIs) in order to promote community-centric initiatives, responsible stewardship, and sustainable growth. In this regard, DBH Finance stands out as a trailblazer, going beyond traditional financial paradigms by appreciating the inherent worth of environmental stewardship and social cohesion.

Being a prominent NBFI, DBH Finance recognizes that its activities go well beyond profit margins to include more important social and environmental imperatives. As such, it is at the forefront of financial innovation and societal responsibility. Its guiding principles center on a dedication to maximizing the use of natural capital, which refers to the limited resources and ecosystems that are the foundation of all economic activity, and social capital, which is the web of connections, trust, and goodwill that are fostered within communities.

DBH Finance represents a new paradigm for NBFI leadership by fusing financial goals with social and environmental responsibility and acknowledging the mutually reinforcing nature of financial prosperity and communal well-being.

VALUE CREATION PROCESS

INPUT

1. CSR activity
2. Community Engagement
3. Social network

PROCESS

Understanding customer needs, social development initiative & program

OUTPUT

1. Cash Dividend paid to shareholders Tk 292.4 million
2. CSR activity spending 3,136,845
3. Contributing in welfare while natural disaster.

Key Stakeholders
Customer & Client
Supplier & Investor
Community & Environment

CSR Expense
BDT 3,136,845

ALIGNING WITH SDG

Breakdown of how DBH Finance interacts with its key stakeholders:

Clients: We place a high value on fostering long-lasting bonds with our clients by offering specialized financial solutions catered to their requirements. The organization guarantees that clients receive prompt assistance and support by utilizing professional relationship managers and web platforms as regular communication channels. Additionally, client feedback channels are in place to allow DBH Finance to keep improving its goods and services.

Employee: We invest in the engagement, well-being, and professional growth of its staff members because we view them as priceless assets. Employees are encouraged to express their thoughts, offer suggestions, and advance their careers in the company's friendly work environment. Open lines of communication, initiatives for performance recognition, and extensive training programs show how the company is dedicated to developing a diverse and driven team.

Investors: DBH Finance regularly notifies its investors on financial performance, strategic initiatives, and corporate governance procedures in an open and transparent manner. By upholding strict guidelines for accountability, transparency, and risk management, the business aims to win over investors. Exchange of positive comments and constructive discourse is facilitated by investor relations activities like yearly meetings, quarterly earnings calls, and investor presentations.

Regulatory & Government Authority: DBH Finance keeps positive working relationships with government officials and regulators while conducting business in accordance with legal regulations. In order to guarantee compliance with legal and regulatory requirements, reduce risks, and handle new regulatory issues, the company regularly interacts with regulatory organizations. DBH Finance's dedication to regulatory integrity and accountability is demonstrated by its transparent reporting procedures and proactive regulatory compliance initiatives.

Community & Society: DBH Finance is steadfastly dedicated to improving the communities it works with. The corporation addresses social and environmental concerns and promotes community development through corporate social responsibility (CSR) initiatives, philanthropic undertakings, and community outreach programs. DBH Finance seeks to generate shared value and promote sustainable socio-economic progress through actively interacting with regional stakeholders, non-governmental organizations, and community groups.

CSR Activity Main Focus Areas:

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. DBH Finance Has donated Tk. 7,72,600 as scholarship in Brac University. Donation To Utsho Bangladesh Tk 57,500. We also donated Tk 37,329 in financial literacy wing program during Jan 2023 - Jun 2023, and Tk 11,500 during Jul 2023 - Dec 2023 period.

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 to BracU James P Grant School of Public Health (JPGSPH).

Environment: Considering the importance of environmental initiative and concept of green financing DBH Finance has donated to Sajida Foundation for CCP Project purpose which amounted to tk. 10,00,000.

Other: 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 published one rhyme during this period and spent an amount of Tk 23,000 only from its CSR fund.

Natural Capital

NATURAL CAPITAL

Aligning With SDG

Understanding that long-term success depends on ecosystem health and sustainable resource usage, DBH Finance acknowledges the intrinsic worth of natural capital in its operations and investments. The company recognizes its obligation as a Non-Banking Financial Institution (NBFI) to actively support economic growth while preserving and enhancing natural capital. DBH Finance aspires to incorporate environmental considerations into its fundamental business practices through strategic initiatives, effective investments, and a dedication to environmental responsibility. In order to produce long-term value for shareholders and society at large, the company balances financial objectives with environmental sustainability. This introduction lays the groundwork for a closer look at how the company interacts with natural capital.

Value Creation Process

INPUT

1. Natural Resource
2. Policy & Utilities
3. Environmental service

PROCESS

Effective usage of natural resource, green banking activity

OUTPUT

1. Go green activity
2. Low wastage in electricity
3. Power conservation & green solution

Objective

- Reducing carbon Footprint
- Reducing water and electricity usage
- More investment in Green Activities
- Reducing paper usage

Electricity usage per employee
0.0130 million BDT

Water Consumption per employee
0.001477 million BDT

Paper Usage per employee
0.002236 million BDT

Challenges	Response	Way Forward
Regulatory Compliance: DBH Finance faces difficulty in complying with a variety of constantly changing environmental requirements. Standards may differ throughout jurisdictions, necessitating careful observation and compliance measures to guarantee compliance with environmental legislation.	**Diligence:** DBH Finance analyses and graph the factors of environmental risks and opportunities of its prospective investments through intense due diligence. A choice of wise investments involves scrutinizing environmental impact studies, regulatory history and sustainability practices.	**Strategic Partnership:** Through partnerships with the government, research institutions, and environmental non-governmental entities, we will continuously form the strategic alliances that are necessary for collaborative achievement of environmental objectives. DBH Finance strives to initiate and shape unfaltering progress in the area of sustainable environment.
Risk Management: Investment performance can be impacted by environmental risks like as resource depletion, pollution liability, and the effects of climate change. Protecting DBH Finance's and its stakeholders' interests requires good risk identification, assessment, and management.	**Integration of ESG Factors:** We understand that investing in a sustainable and socially responsible manner is a key factor for a successful growth. This is why the company takes into account ESG measures when deciding on investments. We will seek investment opportunities that are in tandem with our values of sustainability and socially responsible investments.	**Innovation and technology:** It is crucial to pursue a sustainable growth policy and achieve the highest level of environmental performance by embracing both innovation and technology. In order to achieve this environmental aspiration, we will fund innovative ideas such as sustainable infrastructural projects, green refinancing facilities, and renewable energy technology.
Investment Alignment: It might be difficult to strike a balance between financial ambitions and environmental sustainability aims. DBH Finance must make sure that, while making investment decisions, it takes into account variables like project impact and long-term viability in addition to environmental responsibility and profitability targets.	**Engagement & Collaboration:** We regularly collaborate to address environmental concerns with investee firms, peers in the sector, and stakeholders. DBH Finance supports group efforts towards environmental stewardship by promoting sustainability activities, encouraging discussion, and exchanging best practices.	**Transparency & Reporting:** We shall be accountable and transparent in all of its environmental endeavors. Continuously reporting on environmental performance, disclosing ESG metrics and stakeholder-consultation which enables superior decision quality and consequently has the company grow closer to its environmental.

Economic Review

World Economy

In 2023, the global economy demonstrated resilience, characterized by robust growth alongside a faster-than-expected decline in inflation. However, disparities were evident among countries, with the United States and many emerging markets experiencing strong expansion, while most European nations faced a slowdown. Recent indicators point to a moderation in growth, influenced by tighter financial conditions affecting credit and housing markets, coupled with subdued global trade. Escalating shipping costs due to attacks on Red Sea ships have disrupted production schedules and heightened price pressures. Projections indicate a slowdown in global GDP growth to 2.9% in 2024 from 3.1% in 2023, with a subsequent rebound to 3.0% in 2025 amid improved financial conditions.

Regional Variances:

While the United States anticipates continued growth supported by household spending and robust labor markets, projections suggest a moderation to 2.1% in 2024 and 1.7% in 2025. Euro area growth is initially constrained by tight credit conditions before picking up as real incomes strengthen. China's growth is forecasted to ease due to subdued consumer demand, high debt, and a weak property market.

Table 1: Moderate global growth is projected to persist

	2023	2024		2025	
		Interim EO projections	Difference from November EO	Interim EO projections	Difference from November EO
World	3.1	2.9	0.2	3.0	0.0
G20 [1]	3.3	2.9	0.1	3.0	0.0
Australia	2.0	1.4	0.0	2.1	0.0
Canada	1.1	0.9	0.1	1.9	0.0
Euro Area	0.5	0.6	-0.3	1.3	-0.2
Germany	-0.1	0.3	-0.3	1.1	-0.1
France	0.9	0.6	-0.2	1.2	0.0
Italy	0.7	0.7	0.0	1.2	0.0
Spain [2]	2.5	1.5	0.1	2.0	0.0
Japan	1.9	1.0	0.0	1.0	-0.2
Korea	1.3	2.2	-0.1	2.1	0.0
Mexico	3.1	2.5	0.0	2.0	0.0
Turkiye	4.1	2.9	0.0	3.1	-0.1
United Kingdom	0.3	0.7	0.0	1.2	0.0
United States	2.5	2.1	0.6	1.7	0.0
Argentina	-1.0	-2.3	-1.0	2.6	0.7
Brazil	3.1	1.8	0.0	2.0	0.0
China	5.2	4.7	0.0	4.2	0.0
India [3]	6.7	6.2	0.1	6.5	0.0
Indonesia	4.9	5.1	-0.1	5.2	0.0
Russia	3.1	1.8	0.7	1.0	0.0
Saudi Arabia	-0.9	2.4	-0.6	4.2	-0.5
South Africa	0.5	1.0	0.0	1.2	0.0

Note: Difference from November 2023 OECD Economic Outlook in percentage points, based on rounded figures. World and G20 aggregates use moving nominal GDP weights at purchasing Power Parities (PPPs). Revisions to PPP estimates affect the differences in the aggregates.

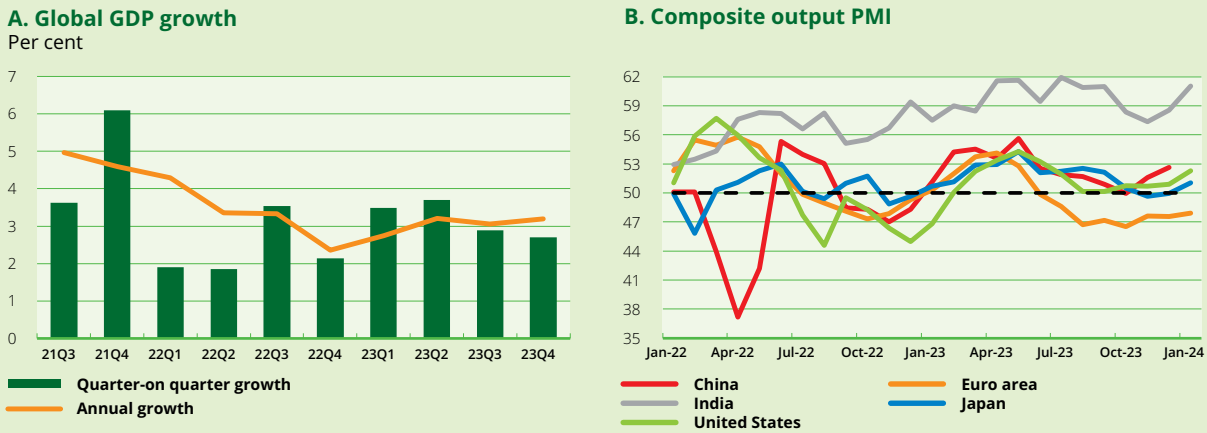
1. The European Union is a full member of the G20, but the G20 aggregate only includes countries that are also members in their own right.
2. Spain is a permanent invitee to the G20.
3. Fiscal years, starting in April.

Source: OECD Interim Economic Outlook 115 database; and OECD Economic Outloook 114 database.

Recent Activity Indicators:

Recent activity indicators suggest continued moderate global growth, with services outperforming manufacturing. India demonstrates strong momentum, while Europe faces relative weakness. Consumer confidence remains subdued in advanced economies but fares better in many emerging markets like Mexico and Brazil.

Figure 1. Global growth has started to ease with continued divergence across countries



Note: Panel A: GDP growth using moving nominal GDP weights at purchasing power parities. Quarter-on-quarter growth is expressed at an annualised rate.

Source: OECD Interim Economic Outlook 115 database; and S&P Global.

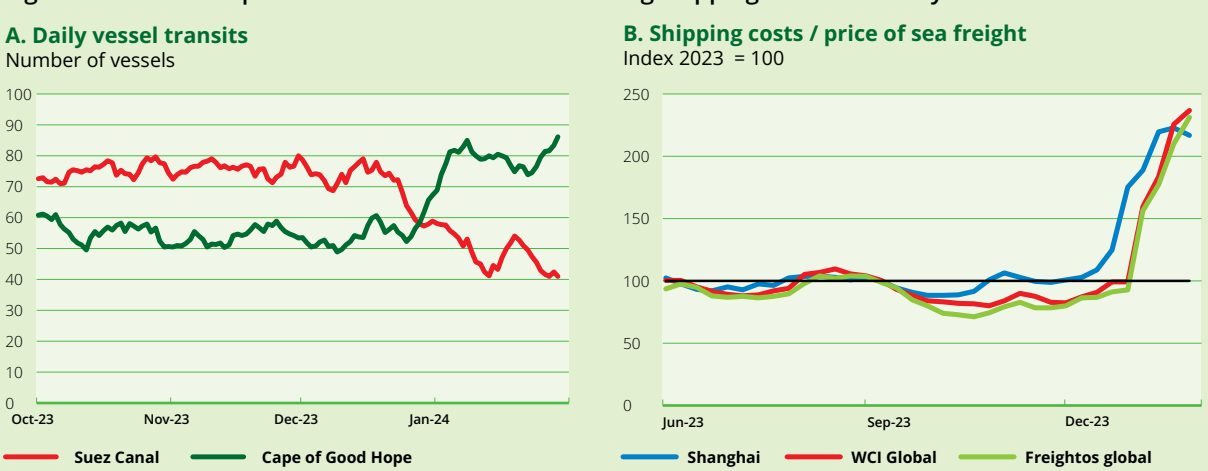
Trade Dynamics:

Global trade remains subdued but is gradually improving, driven by increased semiconductor and electronics production in Asia and stronger car sales. Services trade benefits from the return of international air travel to pre-pandemic levels. However, export orders, especially in manufacturing, remain modest, and new supply disruptions emerge.

Geopolitical Risks and Challenges:

Attacks on shipping in the Red Sea have resulted in rerouted trade flows, increased shipping costs, and longer delivery times, particularly impacting car manufacturers in Europe. Geopolitical tensions, especially in the Middle East, pose near-term risks, potentially disrupting energy markets.

Figure 3. Trade disruptions in the Red Sea are increasing shipping costs and delays



Note: Panel A: seven-day moving average, using daily data up to 29 January 2024. Count of all cargo ships transiting the Suez Canal and the Cape of Good Hope, including bulk carriers, container ships and oil and liquid natural gas tankers, but excluding fishing vessels and tugs. Transit is estimated using AIS data transmitted from vessels within OECD-defined geographic boundaries.

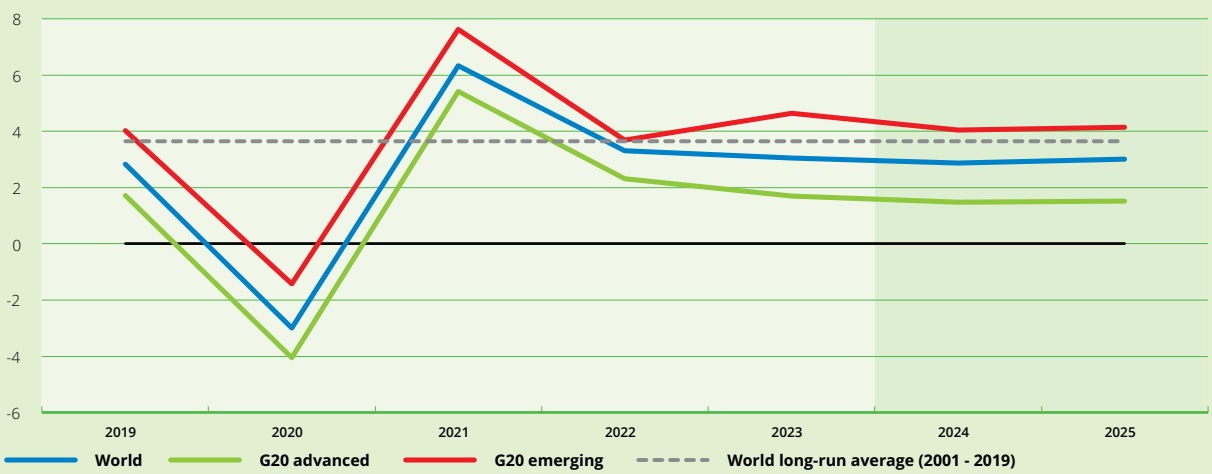
Source: Pilgrim, G., E. Guidetti and A. Mourougane (2024) "An Ocean of Data: The Potential of Data on Vessel Traffic", OECD forthcoming; Bloomberg; and OECD calculations.

Inflation Trends:

Headline and core inflation declined in 2023 due to easing energy and food prices alongside restrictive monetary policies. Despite a slowdown in global GDP growth, inflation moderation persisted. Factors supporting disinflation may reverse due to geopolitical events. Financial conditions have eased slightly but remain restrictive, impacting housing markets.

Figure 7. Global growth is projected to remain moderate

Per cent, year-on-year



Note: Aggregates use moving nominal GDP weights at purchasing power parities (PPPs).
Source: OECD Interim Economic Outlook 115 database.

Policy Recommendations:

Monetary policy should remain prudent to contain inflationary pressures, with potential for interest rate reductions as inflation declines. Governments must address mounting fiscal challenges by implementing near-term spending containment and designing sustainable fiscal frameworks. Policy reforms to enhance education, skills development, and address labor and product market constraints are essential for future growth. Enhanced international cooperation is crucial to revive global trade, accelerate decarbonization efforts, and address debt burdens in lower-income nations.

Economic Report: Bangladesh

Bangladesh's economic performance during the year 2023 has been marked by a mix of challenges and opportunities. This report aims to provide a comprehensive analysis of various economic indicators, both qualitative and quantitative, to assess the current state of the Bangladeshi economy.

1. **Inflation:** Inflationary pressures witnessed a notable uptick during the period under review. General inflation surged from 8.57% in January 2023 to 9.41% by December 2023. This was driven by a combination of factors including rising food and non-food inflation. Food inflation escalated

Source: The Business Standard, 21 January, 2024

from 7.76% in Jan' 23 to 9.58% in Dec'23, while non-food inflation experienced a slight decline from 9.84% in Jan'23 to 8.52% in Dec'23. These figures reflect the impact of rising prices on consumer purchasing power and overall economic stability.

2. **Real GDP Growth:** The Real GDP growth trajectory exhibited a slight moderation during the fiscal year 2023, standing at 6.03%, compared to 7.10% in the previous fiscal year. However, the government's forecast and targets for FY24

Source: The Business Standard, 21 January, 2024

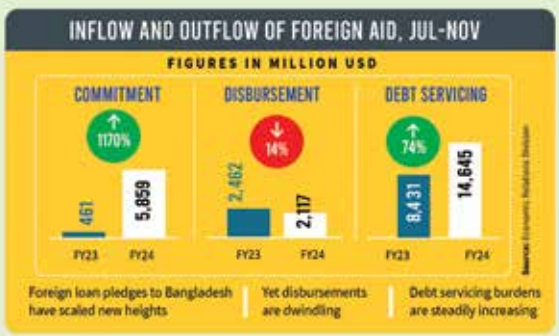
aim for a recovery, with projections set at 6.5%. External organizations such as the ADB, IMF, World Bank, and UN hold slightly lower forecasts ranging from 5.6% to 6.2%.

3. **Foreign Exchange Reserves:** The gross foreign exchange reserve saw fluctuations over the months in 2023, with figures ranging from 24.70 billion USD to 21.87 billion USD. This indicates potential volatility and challenges in

Source: The Business Standard, 21 January, 2024

managing external accounts, which are crucial for maintaining currency stability and meeting international obligations.

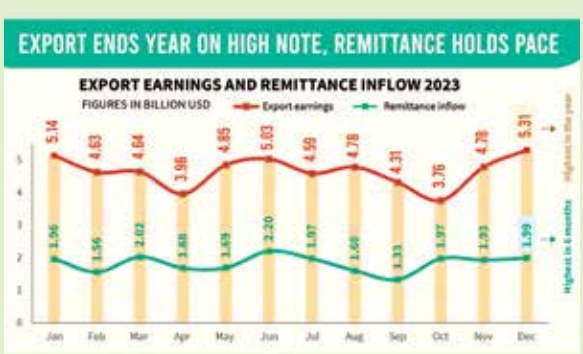
4. **Inflow and Outflow of Foreign Aid:** Despite a significant increase in foreign loan pledges, actual disbursements witnessed a decline, impacting the



Source: The Business Standard, 21 January, 2024

country's ability to utilize pledged aid effectively. While loan commitments surged to $ 5,859 million by 1,170% from FY23 to FY24, disbursements reduced to $ 21,117 million from $ 2,462 million, by 14% during the same period. On the other hand, debt servicing burdens are steadily increasing, which was $ 8,431 million in 2023 and will be $ 14,645 million in 2024 i.e. increase by 74%. The growing debt servicing burden poses challenges for sustainable economic development.

5. **Export Earnings:** Bangladesh's merchandise export earnings demonstrated modest growth, reaching $ 55.79 billion in 2023, with a year-on-year increase of 2%, which was $ 54.70 billion in 2022. The Ready-Made Garments (RMG) sector



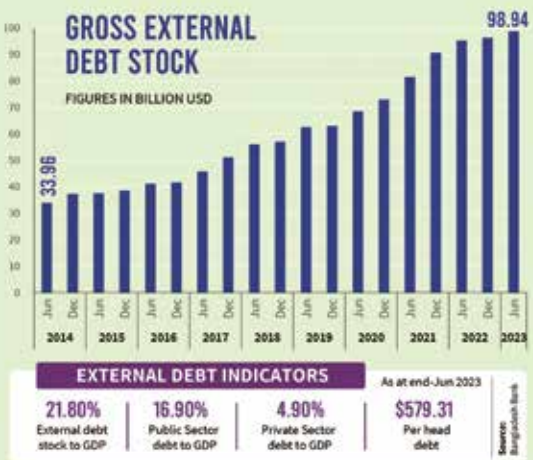
Source: The Business Standard, 21 January, 2024

remains a significant contributor, fetching $47.39 billion with a growth rate of 3.7%.

6. **Remittance Inflows:** Remittance inflows experienced a slight uptick, reaching $21.92 billion in 2023, up nearly 3% compared to the previous year. This increase can be attributed to the surge in foreign job opportunities, which reached a

record 13 lac in 2023, marking a notable increase of 15.2% year-on-year.

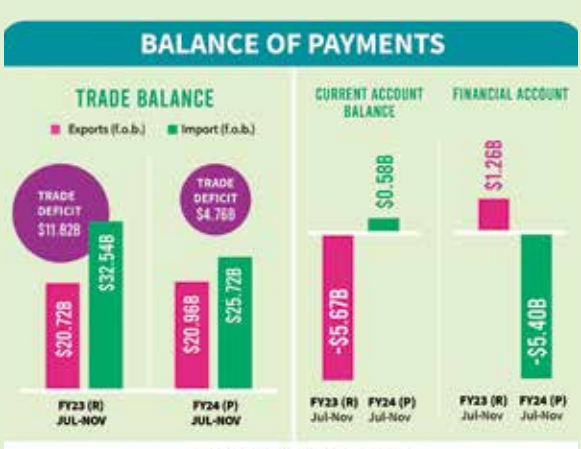
7. **Gross External Debt Stock:** The gross external debt stock remains a concern, standing at $ 98.94 billion as at end of June 2023. Despite efforts to



Source: The Business Standard, 21 January, 2024

manage debt levels, the per capita debt burden remains significant at $579.31. External debt indicators as of end-June 2023 indicate a debt stock to GDP ratio of 21.80%, with public sector debt at 16.90% and private sector debt at 4.90%.

8. **Balance of Payment:** The trade deficit in Export is equivalent to $11.82 billion i.e. in July – Nov, 2023 (revised) export was $20.72 billion and Import was $32.54 billion and in Jul-Nov'24 projected trade deficit is equivalent to $4.76. On



Source: The Business Standard, 21 January, 2024

the other hand, the current account balance was ($5.67) billion and financial account balance $1.26 billion

Conclusion:

Bangladesh's economy faced various challenges and opportunities during the period under review. While inflationary pressures persisted, real GDP growth moderated slightly, with recovery efforts underway for the fiscal year ahead. Effective utilization of foreign aid, sustainable management of debt, and efforts to improve trade balance remain critical for ensuring long-term economic stability and growth. Moving forward, policymakers need to focus on enhancing competitiveness, diversifying the economy, and ensuring sustainable debt management to foster long-term economic stability and growth.

Capital Market

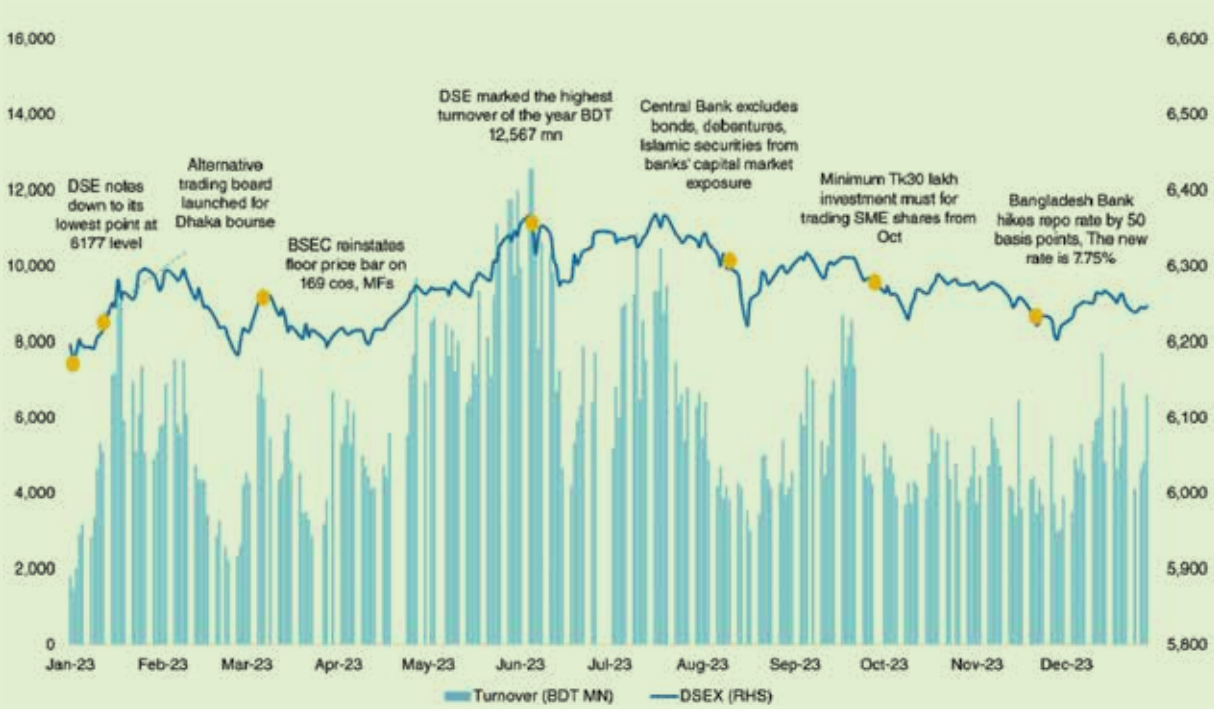
Bangladesh's capital market is thought to be the third largest in South Asia. With the help of its two fully functional automated stock exchanges, Dhaka Stock Exchange PLC (DSE) and Chittagong Stock Exchange PLC (CSE), it has been assisting in the expansion of the overall country. Between these two, DSE has been leading the market by reflecting lion's share of total market capitalization. A major portion of trading takes place in DSEX and DSE 30 index, introduced by DSE. DSEX reflects around 97% of the total market capitalization. Besides this, DSE also operates in Small Capital Platform, Alternative Trading Board & Over the Counter Market.

Due to the average turnover and decline in foreign investment, the stock market had a very disappointing year in 2023.The investors did not face such a bad phase in the last decade. DSEX, the key index of the Dhaka Stock Exchange (DSE), started with 6,206.81 points on the very first day of the year and ended at 6,246.49 points on the last trading day of 2023, which means a drop of 39.68 points. During the year, DSE's average daily turnover fell by 39.83 percent to Tk. 578 crore, compared to Tk. 960 crore in the previous year (2022).

Investors anticipated at the start of the year (2023) to make up for the losses they had sustained the year before (2022), but the floor price which was imposed by Bangladesh Securities & Exchange Commission led to few volume trades in the market. Consequently, no additional investment could have been made, and no return could have been discovered as expected. These have made constraints on the capacity of the stock exchanges. Amidst this situation, the price-earnings (P/E) ratio rose to 15.77 at the end of 2023 from 14.08 at the end of 2022.

At the end of July of 2022, BSEC decided to set floor prices for all securities to keep shares from dropping below a specific point, much like it did in 2020 when the global pandemic crisis arose. The floor price was the average of the closing prices on July 28, 2022 and the preceding four days. However, in December of 2022, BSEC lifted the floor price for 169 companies for the purpose of bringing vibrancy in the market but the floor price was reintroduced in March of 2023 for 169 companies again. As a result, most companies' share prices have remained at the floor price for the entire year 2023. Due to the unfavorable situation, the investors felt pressured to sell their holdings. It created a liquidity crisis in the markets. During the beginning of the year, foreign investment was at a decent level for three months, but political uncertainties due to the election, depreciation of local currency against US Dollar, bad condition of the banking sector, and many other issues made the situation worse. A number of foreign investors sold off their securities.

After all of these unwanted situations in the capital market throughout the year 2023, the positive news is that BSEC has removed the floor price for most of the securities on January 18, 2024. Hopefully, it will stabilize the condition of the capital market in 2024..



Risk Management Framework

In the Progressing financial sector, resilience and sustainable growth are largely dependent on efficient risk management. We understand that in order to successfully complete our operations, strong risk management techniques are essential. With an unwavering dedication to protecting the interests of its stakeholders and guaranteeing financial stability we have created an extensive risk management framework. In this case, risk management is not only required by law but also deeply embedded in the organizational culture as a strategic objective. Through proactive risk identification, assessment, mitigation, and monitoring, the organization aims to maximize possibilities while taking

Framework

Continual Improvement

1. Encouraging a culture of ongoing development by getting input from relevant parties and applying the knowledge gained from previous risk experiences.
2. Keeping up with the latest changes in risk management regulations and best practices.
3. Regularly reviewing and updating the risk management framework to adapt to changes in the business environment and emerging risks.

Governance & Oversight

1. Defining clear roles and responsibilities for individuals and committees involved in risk management.
2. Establishing an independent risk management function with adequate authority and resources to oversee the implementation of the risk management framework.
3. Reviewing and assessing the risk management framework's efficacy on a regular basis. This should involve both internal and external assessments.
4. Ensuring alignment of risk management practices with the institution's overall business strategy and objectives.
5. Fostering a culture of risk awareness and accountability throughout the organization.

Risk Monitoring & Reporting

1. Implementing a robust monitoring system to track key risk indicators (KRIs) and early warning signals.
2. Ensuring transparency and accountability in risk reporting processes.
3. Conducting periodic stress tests and scenario analyses to evaluate the resilience of the institution's risk management framework under adverse conditions.

appropriate measures to manage potential hazards. DBH Finance is a forward-thinking company that strives to create sustainable value for its clients, shareholders, and the wider financial ecosystem by keeping risk and reward in check. Our framework for managing risks, explaining its main elements, governance, and the proactive steps taken to handle a variety of hazards common in the NBFI industry. As we continue this investigation, it becomes clear that our dedication to excellence goes beyond financial performance and includes risk management in a responsible manner, supporting our company's standing as a reliable partner in the financial services industry.

Risk Identification

1. **Undertaking a comprehensive evaluation of all possible hazards, encompassing credit, market, liquidity, operational, compliance, and strategy risks, among others.**
2. **Examining macroeconomic conditions, industry developments, and regulatory changes on a regular basis to spot new hazards.**
3. **Providing staff with clear methods to report any potential hazards they may come across.**

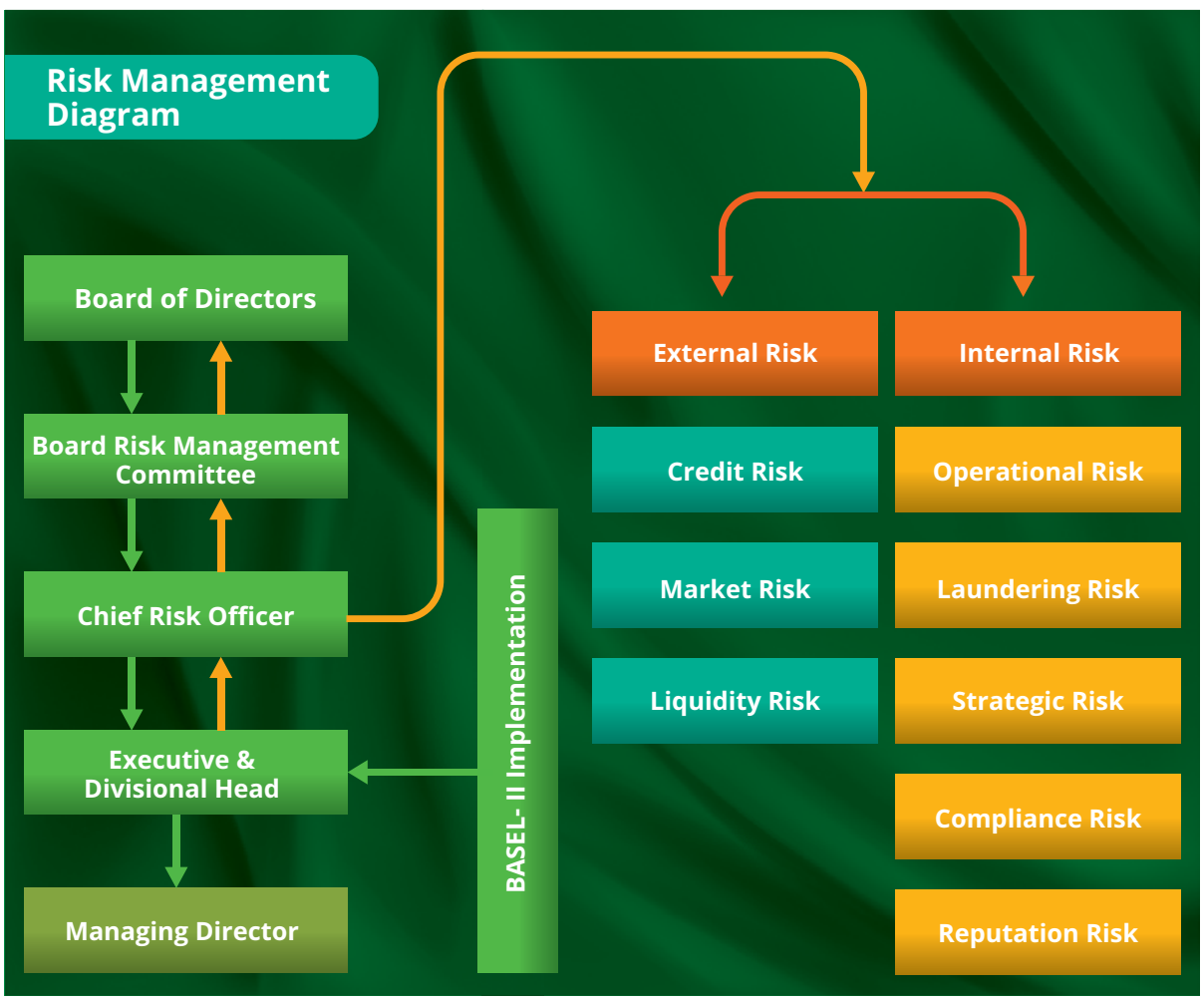
Risk Assessment

1. **After risks have been identified, ranking them according to likelihood and potential impact.**
2. **Analyzing each risk using both qualitative and quantitative methods, taking into account variables including past performance, professional opinion, stress testing, and scenario analysis.**
3. **Determining the institution's risk appetite and tolerance levels for each type of risk.**

Risk Mitigation

1. **Diversification of investment portfolios to reduce concentration risk.**
2. **Establishing robust credit assessment and monitoring processes to mitigate credit risk**
3. **Building adequate liquidity buffers to mitigate liquidity risk.**
4. **Enhancing cybersecurity measures to reduce operational risk related to data breaches or system failures.**
5. **Implementing robust compliance procedures to ensure adherence to regulatory requirements.**
6. **Conducting regular training programs to enhance risk awareness among employees.**

Risk Management Structure



Basel-II Implementation:

DBH Finance strides boldly into the realm of financial resilience with the implementation of Basel II, marking a pivotal moment in its journey toward fortified risk management. We support the framework's pillars as the regulatory environment changes, strengthening capital sufficiency, improving transparency, and improving risk assessment techniques. With Basel II, we create a tapestry of innovation and caution that goes beyond simple compliance. By using sophisticated risk quantification methods and strong internal models, we carefully measure our risk tolerance to maintain a healthy ratio of reward to risk. With effect from January 1, 2012, Bangladesh Bank established the "Risk Based Capital Adequacy for FI's" regulatory capital framework. We are 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.

Different Types of Risk and Our Response:

We are aware that risk is a complex concept with many facets that necessitates thoughtful solutions rather than being a single, monolithic entity. With a wide range of risk management techniques at its disposal, we take on all threats to its operations, including the dangers of credit default, market volatility, and the constant threat of operational errors.

Risk Mitigation Methodology

Credit Risk

Risk Severity: High

Risk	Response	Way Forward
Default Risk: This risk arises when borrowers fail to meet their obligations, resulting in non-payment or delayed payments. **Underwriting Risk:** Poor credit underwriting practices can lead to misjudgments in assessing borrower creditworthiness, resulting in higher default rates. **Concentration Risk:** Concentration risk occurs when a significant portion of our loan portfolio is exposed to a single borrower, industry, or geographic region.	1. We respond to counterparty default risk by conducting thorough credit assessments and due diligence before extending credit. 2. We employ robust underwriting standards, leveraging data analytics and predictive modeling to evaluate the creditworthiness of borrowers accurately. 3. We diversifiy our lending activities across various sectors and geographies, setting limits on exposure to any single counterparty or sector.	1. The company may diversify its loan portfolio to mitigate concentration risk and implement stringent monitoring mechanisms to detect early signs of financial distress. 2. The company invests in ongoing training and development programs for its underwriting team to enhance their skills and adapt to evolving market conditions. 3. The company regularly evaluates its portfolio composition to identify and mitigate concentration risk proactively.

Market Risk

Risk Severity: High

Risk	Response	Way Forward
Interest Rate Risk: Fluctuations in interest rates can impact DBH Finance's profitability, as they affect the cost of funds and the interest income earned on loans and investments. **Market Price Risk:** It arises from fluctuations in the prices of financial assets held by DBH Finance, such as equities, bonds, and derivatives. These price movements can impact the value of the company's investment portfolio and trading positions.	1. We employ interest rate hedging instruments such as interest rate swaps or options to mitigate the impact of adverse rate movements. 2. We employ robust risk management frameworks, including regular monitoring of market exposures, stress testing, and scenario analysis, to assess and mitigate market price risk.	1. The company may adjust its loan and investment portfolios' duration to align with its interest rate outlook, optimizing the balance between risk and return. 2. The company may diversify its investment portfolio across asset classes and geographic regions to reduce concentration risk and enhance risk-adjusted returns.

Liquidity Risk

Risk Severity: High

Risk	Response	Way Forward
Funding Liquidity Risk: It arises when we face challenges in raising funds to meet its financing needs, either due to disruptions in the funding markets or a mismatch between our assets and liabilities. **Asset Liquidity Risk:** It refers to the difficulty of selling or liquidating assets quickly without causing a significant loss in value. **Market Liquidity Risk:** It arises when we encounters challenges in executing transactions in the financial markets at favorable prices due to insufficient trading activity or depth.	1. We maintain diverse funding sources, including lines of credit, short-term borrowings, and deposits from institutional and retail investors. 2. We manage the risk by diversifying investment portfolio comprising liquid and marketable assets, such as government securities, high-quality corporate bonds, and highly liquid money market instruments. 3. We focus on investing in assets with sufficient liquidity and actively monitors market conditions to identify potential liquidity disruptions.	1. The company should establishes contingency funding plans and liquidity buffers to ensure access to funding during periods of market stress. 2. The company should conducts regular stress testing and scenario analysis to assess the impact of adverse market conditions on asset liquidity and adjusts its investment strategy accordingly. 3. The company should also employ hedging strategies and derivatives instruments to manage market liquidity risk effectively.

Operational Risk

Risk Severity: High

Risk	Response	Way Forward
Technology and Cybersecurity Risks: NBFI companies face the risk of disruptions or data breaches due to technological failures or cyberattacks. **Business Continuity and Disaster Recovery Risks:** Operational disruptions caused by natural disasters, pandemics, or other unforeseen events can impair our ability to serve to its customers. **Compliance and Regulatory Risks**: Non-compliance with regulatory requirements and industry standards can expose DBH Finance to legal and reputational risks.	1. We invest in cybersecurity measures, including firewalls, encryption, and intrusion detection systems. we conduct regular security audits and employee training to enhance awareness of cybersecurity threats. 2. We develop business continuity plans and recovery strategies. These plans outline protocols for maintaining essential operations, and restoring systems and services. 3. We maintain compliance framework, encompassing policies, procedures, and controls designed to ensure adherence to relevant laws and regulations.	1. We should continuously monitor emerging cyber threats and adopt advanced technologies to strengthen its cyber defenses proactively. 2. The company should conduct regular drills and simulations to test the effectiveness of its plans and enhance preparedness for potential emergencies. 3. We Should stay abreast of regulatory developments and proactively adjusts our practices to align with evolving regulatory expectations.

Laundering Risk

Risk Severity: Medium

Risk	Response	Way Forward
Customer Due Diligence (CDD) Risks: Its processes can enable money launderers to use NBFI services to disguise the origins of illicit funds. **Transaction Monitoring Risks:** Money laundering activities often involve complex transaction patterns designed to evade detection. **Compliance and Reporting Risks:** Non-compliance with anti-money laundering (AML) regulations and reporting requirements can expose us to regulatory sanctions and reputational damage.	1. We respond CDD risks by implementing Know Your Customer (KYC) procedures, including verification of customer identities, screening for politically exposed persons (PEPs) and high-risk entities, and ongoing monitoring of customer transactions. 2. We deploy sophisticated transaction monitoring systems that leverage data analytics and machine learning algorithms to identify potentially suspicious activities. 3. The company maintains AML compliance program that includes policies, procedures, and controls designed to detect and prevent money laundering activities.	1. The company should also conduct enhanced due diligence for higher-risk customers and transactions, such as large cash transactions or those involving jurisdictions with weak anti-money laundering controls. 2. The company should maintain a team of trained analysts responsible for reviewing alerts generated by the monitoring systems. 3. We should demonstrate our commitment to upholding the highest standards of integrity and ethical conduct in its operations.

Strategic Risk

Risk Severity: Medium

Risk	Response	Way Forward
Market Disruption Risk: Rapid technological advancements, changing consumer preferences, and disruptive market forces can pose threats to our traditional business model and market positioning. **Regulatory and Compliance Risk:** Regulatory changes and evolving compliance requirements can impact our operations, necessitating adjustments to our business practices and strategies. **Strategic Planning and Execution Risk:** Ineffective strategic our ability to achieve long-term objectives and sustain our competitive advantage.	1. The company adopts a proactive approach to innovation, investing in emerging technologies, and exploring new business opportunities. 2. The company maintains a robust regulatory intelligence program, staying abreast of regulatory developments and engaging with regulators to understand and comply with new requirements. 3. The company adopts a structured approach to strategic planning, involving key stakeholders in the formulation of strategic objectives and initiatives.	1. Conducting regular market analysis and scenario planning to anticipate and adapt to changes in the competitive landscape, ensuring our continued relevance and competitiveness in the market. 2. Conducting regular compliance assessments and internal audits to identify and address potential compliance gaps, ensuring adherence to regulatory standards and safeguarding its reputation and license to operate. 3. Fostering a culture of innovation and agility, encouraging experimentation and learning from both successes and failures for improvement and adaptation.

Compliance Risk

Risk Severity: Low

Risk	Response	Way Forward
Regulatory Compliance Risk: Non-compliance with laws and regulations governing the financial services industry can expose us to regulatory sanctions, fines, and reputational damage. **Data Privacy and Information Security Risk:** Inadequate protection of customer data and information security breaches can result in regulatory penalties, lawsuits, and damage to our reputation.	1. To address regulatory compliance risk, the company maintains a robust compliance management framework, comprising policies, procedures, and controls designed to ensure adherence to applicable laws and regulations. 2. The company implements robust data protection measures, including encryption, access controls, and regular security assessments. DBH Finance also maintains compliance with data privacy regulations such as the General Data Protection Regulation (GDPR) and conducts regular audits and reviews to ensure the integrity and confidentiality of customer information.	We remain committed to enhance our compliance risk management capabilities by investing in technology, talent, and processes. The company continues to monitor regulatory developments, adapt its compliance programs accordingly, and foster a culture of compliance and ethical conduct across the organization. By embracing a proactive approach to compliance risk management and demonstrating a commitment to regulatory compliance and integrity, we aim to maintain the trust and confidence of its stakeholders and sustain its long-term success in the financial services industry.

Reputation Risk

Risk Severity: Low

Risk	Response	Way Forward
Misconduct and Ethical Breaches: Instances of misconduct, unethical behavior, or fraudulent activities by employees or senior management can tarnish our reputation and erode stakeholder trust. **Customer Complaints and Dissatisfaction:** Poor customer service, product quality issues, or failure to meet customer expectations can lead to negative reviews, complaints, and reputational damage for us.	1. We maintain a strong ethical culture, emphasizing integrity, transparency, and accountability throughout the organization. The company implements robust internal controls, whistleblowing mechanisms, and ethical guidelines to prevent and detect unethical behavior, ensuring alignment with its values and ethical standards. 2. The company prioritizes customer-centricity, investing in training and development programs to enhance the customer experience.	We remain committed to safeguarding its reputation by fostering a culture of integrity, transparency, and accountability. The company continues to invest in stakeholder engagement, brand management, and crisis preparedness to effectively manage reputation risks and maintain stakeholder trust. By demonstrating a steadfast commitment to ethical conduct, superior customer service, and responsible corporate citizenship, DBH Finance aims to uphold its reputation as a trusted and reputable financial institution in the eyes of its stakeholders and the broader community.

Disclosure 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	198.89
Non-repayable share premium account	5.50
Statutory reserve	193.93
General reserve & other reserve	377.50
Retained earning	67.56
Dividend equalization account	25.00

	Amount in Crore Taka
The total amount of Tier 2 capital	32.93
(d) Other deductions from capital	-
(e) Total eligible capital	900.77

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 (in crore Taka)

(b) Capital requirement for Credit Risk	263.40
(c) Capital requirement for Market Risk	14.90
(d) Capital requirement for Operational Risk	33.95
(e) Total and Tier 1 capital ratio:	
CAR on Total capital basis (%)	28.85
CAR on Tier 1 capital basis (%)	27.79

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	3,985.31
Loan against Deposit	12.40
Staff Loan	15.60
Term Loan	353.67
Total	**4,366.98**

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

Area	Amount in crore Taka
Dhaka	3,713.60
Chattogram	211.06
Sylhet	22.78
Cumilla	65.10
Gazipur	223.72
Narayangonj	58.89
Khulna	32.40
Rajshahi	19.65
Rangpur	19.76
Total	**4,399.98**

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

Sector	Amount in crore Taka
Housing & Real Estate	3,998.28
Consumer Finance	368.70
Total	**4,366.98**

(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	24.83
Not more than 3 months	200.53
Over 3 months but not more than 1 year	588.72
Over 1 year but not more than 5 years	2103.85
Over 5 years	1,449.03
Total	**4,366.98**

(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	00.32
Housing loans over 5 years	32.65
Totals	**32.97**

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	31.27
Provision on unclassified loans and advances	59.23
Total	**90.50**

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

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

Particulars	Amount in crore Taka
Provision on classified loans and advances	(2.52)
Provision on unclassified loans and advances	(1.13)
Total	**(3.65)**

		Amount in crore Taka
(g)	Gross Non Performing Assets (NPA)	37.64
	Non Performing Assets (NPAs) to outstanding Loans and Advances	0.86%

Movement of Non-Performing Assets (NPAs)

	Amount in crore Taka
Opening Balance	38.48
Additions	3.19
Reductions	(4.03)
Closing Balance	37.64

Movement of Specific Provisions for NPAs**

	Amount in crore Taka
Opening Balance	6.41
Provisions made during the period	0.68
Write-off	0.00
Written-back of excess provisions	0.00
Closing Balance	7.09

** 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, 2023. 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)	74.50
Quoted shares (Cost Price)	91.50
Unquoted shares	6.45

Breakup of Total Investment

Particulars	Amount in crore Taka
Government securities	418.55
Non marketable securities	6.45
Preference share	-
Marketable Securities	91.50

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

Particulars	Amount in crore Taka
Cumulative realized gain (loss)	0.53

d)

Particulars	Amount in crore Taka
Total unrealized gains(Losses)	(14.80)
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 80.95 crore. Capital requirement is 10% of the said value which stands at BDT 8.09 crore.

General Risk – Market value of investment in equities is BDT 80.95 crore. Capital requirement is 10% of the said value which stands at BDT 8.09 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 affects 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)	183.42	116.96	802.27	443.51	607.43
B. Total Rate Sensitive Assets (B)	764.70	300.40	784.79	223.27	382.86
C. Mismatch	581.27	183.44	-17.48	-220.24	-224.57
D. Cumulative Mismatch	581.27	764.71	747.24	526.99	302.42
E. Mismatch (%)	316.90%	156.84%	-2.18%	-49.66%	-36.97%

Interest Rate Risk

Magnitude of Shock	Minor	Moderate	Major
	2%	4%	6%
Change in the Value of Bond Portfolio (BDT in Crore)	-27.51	-55.02	-82.54
Net Interest Income (BDT in Crore)	6.05	12.10	18.15
Revised Regulatory Capital (BDT in Crore)	879.31	857.84	826.38
Risk Weighted Assets (BDT in Crore)	3,122.54	3,122.54	3,122.54
Revised CAR (%)	28.16%	27.47%	26.79%

G) Market Risk

Qualitative Disclosures

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

Method used to measure Market risk

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

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

Market Risk Management System

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

Interest Risk Management

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

Market analysis

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

GAP analysis

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

Continuous Monitoring

Company's treasury manages and controls day today 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	14.90
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.

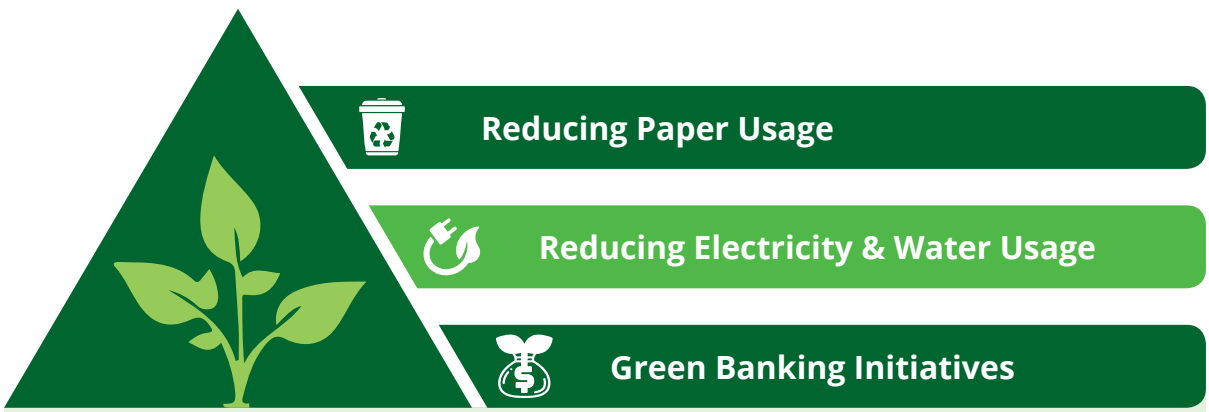
Quantitative Disclosures:

b) Capital requirement for operational risk:

	Amount in crore Taka
Capital requirement for operational risk:	33.95

Environment Related Initiative

Our main objectives regarding environmental sustainability,



With its creative project "Green Financing for a Greener Tomorrow," DBH Finance has made a noteworthy contribution to environmental sustainability. We have included environmental considerations into its fundamental business strategy, acknowledging the urgent need to address environmental challenges and promote sustainable growth.

Offering green loans and finance options designed especially for environmentally friendly projects and activities is one of the main tenets of our environmental program. These could be waste management systems, energy-efficient infrastructure, sustainable agriculture, renewable energy projects, and other environmentally friendly initiatives. DBH Finance incentivizes companies and people to participate in environmentally conscious projects that mitigate climate change and conserve the environment by providing favorable terms and circumstances.

We aggressively encourage environmental education and awareness among its stakeholders in addition to providing green funding. The organization aims to educate its clients, staff, and the general public about the value of environmental preservation and the part financial institutions may play in promoting sustainability through a variety of outreach initiatives, workshops, and seminars.

Furthermore, we incorporate eco-friendly policies and practices into our own operations, living up to our words. This can entail cutting back on paper use, using less energy, implementing ethical purchasing procedures, and planting trees or making investments in renewable energy sources to offset carbon emissions.

Working together with governmental bodies, ecological associations, and additional interested parties, we promote legislative changes that uphold sustainable development and green financing. Through proactive discourse and advocacy, we seek to foster an atmosphere that supports environmentally conscious investments and behaviors.
Our dedication to sustainable development and corporate social responsibility is demonstrated by its environmental effort. We are improving the environment and assisting in the shift to a more resilient and sustainable future through its advocacy activities, internal sustainability initiatives, educational programs, and green financing solutions.
Here are some segments where we are trying to reduce our usage to create more ecofriendly environment,

Energy Consumption

Adopt energy-saving strategies in office buildings, such as employing energy-efficient HVAC, appliances, and lighting. When not in use, remind staff members to turn off lights, computers, and other electronics. To offset carbon emissions related to power usage, invest in renewable energy sources like solar panels or buy renewable energy credits. Energy consumption per employee in our company is 13,000 tk.

Paper Usage

Reduce the amount of paper you use by encouraging electronic communication and digital documentation whenever you can. Promote the use of digital platforms and electronic signatures for transactions and record-keeping. Use recyclable paper for printing as needed, and print on both sides of the page. Implement initiatives for recycling paper in workplace buildings. Paper usage per employee here is 2,236 tk.

Water Conservation

Install water-saving fixtures in office buildings, such as low-flow toilets and faucets, and water-conserving landscaping. Encourage staff members to report and quickly address leaks. Inform employees on the value of water conservation and practical strategies for cutting back on water use at home and at work. Water consumption per employee here is 1,477 tk.

Waste Management

Establish a thorough waste management program that addresses recycling, waste reduction, and appropriate disposal of waste products. Provide recycling containers in workplace spaces for materials such as paper, plastic, glass, and other recyclables. To guarantee that hazardous trash is handled and disposed of properly, collaborate with waste management firms.

Transportation

Encourage staff members to make their regular commutes using environmentally friendly forms of transportation like walking, bicycling, carpooling, or public transportation. Provide rewards to carpoolers, including discounted public transportation passes, bike racks, or parking spots. Encourage flexible work schedules and telecommuting to lessen the need for commuting.

Procurement

For office operations, look for green products and services. Examples of these include energy-efficient office equipment, cleaning supplies that are safe for the environment, and products made from recycled paper. Form alliances with vendors and suppliers who place a high value on environmental responsibility and sustainability in their operations.

Green Banking Activities & Social Obligation

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 it's 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.

Environmental Education and Awareness

Plan outreach initiatives, workshops, and seminars to educate staff members, clients, and the general public on environmental issues and sustainable practices. Give stakeholders access to instructional materials and resources so they can comprehend the value of environmental preservation and their part in advancing sustainability.

Community Development Initiatives

Invest in community development initiatives that tackle environmental and social issues in marginalized areas. This can entail lending support to programs pertaining to sustainable livelihoods, clean water access, healthcare, and education. DBH Finance can support social inclusion, poverty reduction, and environmental sustainability by funding community development.

Stakeholder Engagement and Advocacy

Take part in lobbying for laws and policies that promote sustainable finance and ethical business practices by interacting with governmental organizations, regulatory authorities, trade groups, and other interested parties. This can entail taking part in industry forums, making policy contributions, and endorsing programs meant to advance sustainability in the financial sector.

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 2023-2024, 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 one selected rhyme from the book "Choray Choray Shuddhachar" 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 3 (three) officials awarded the prizes for the year 2022-2023 & 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.

Formulated the work plan for the year 2023-2024

Published one selected rhyme from the book 'Choray Choray Shuddhachar'

Integrity Award was provided to 3 (three) officials for the year 2022-23

Introduced effective measures for combating money laundering & financing of terrorism

Jashim Uddin, FCS
Focal Point
DBH, Ethics Committee

Corporate Social Responsibility (CSR) at DBH

DBH Finance PLC (DBH) recognizes its societal responsibility and is dedicated to conducting business operations with integrity and a focus on the broader community. Through robust CSR initiatives aligned with international standards, DBH aims to create lasting positive impacts while embracing sustainability and ethical practices.

CSR Impact

12.3 lac
Education

7.10 lac
Health

10.0 lac
Climate

2.1 lac
Others

31.4 lac

Education
Donation to PM Education Trust Fund.
Contribution to Utsho Bangladesh.
Financial Literacy Program.
'DBH Finance Scholarship' at BRAC.

Health
Donation to BracU James P Grant School of Public Health.

Climate
Donated for Climate Change Program, Implemented projects like rainwater harvesting and flood-resilient tubewells.

Others
DBH contributes to NIS by Publishing rhymes in national dailies.

Figure: DBH's CSR Contribution For the year 2023

Stories of Impact

DBH Finance Scholarship to BRAC University

The DBH Finance Scholarship at BRAC University is designed to support financially challenged Bangladeshi students pursuing Business studies. Our objective is to ensure inclusivity and maximum impact through a tailored selection process and eligibility criteria.

Selection Process: Collaboratively conducted by BRAC University and DBH authority.

Strategic Focus on BBA Program: We strategically support students enrolled in the BBA Program for two primary reasons:

Academic Excellence
Minimum GPA of 4.50 in both SSC/ Equivalent and HSC/Equivalent.

Financial Need
Candidates have been chosen from financially challenged families.

Gender Preference
Female students have been given preference over male candidates.

Diversity and Inclusion
Gender equity, minority, and disability representation in selection has been maintained.

- Enhanced Coverage: BBA programs typically have lower educational expenses compared to engineering programs, allowing us to extend support to a broader spectrum of beneficiaries.

- Future Employment Opportunities: BBA students may find potential employment within DBH, fostering a sustainable and mutually beneficial relationship.

Funding and Donation: In accordance with DBH's commitment to empowering promising individuals through education. We have taken the responsibility of the Tuition expenses of two deserving students for their 4 years graduation program and donated a total of BDT 772,600/- on December 05, 2023, against their 1st year's tuition fees. The name of the students are: Muhammad Kayesh Bin Mokter and Mushfika Tahsin Samiha.

DBH's Support to BRAC University JPGSPH

BRAC University's James P Grant School of Public Health (JPGSPH) launched a flagship three-year residential Diploma course in Midwifery in 2012 under the visionary guidance of Sir Fazle Hassan Abed. This program aims to impart safe birthing practices, particularly in rural areas.

Objective and Target Beneficiaries: The primary objective is to produce competent midwives to address the national demand for safe pregnancies. Beneficiaries include students from disadvantaged populations, primarily from remote and hard-to-reach areas of Bangladesh, belonging to lower socio-economic and ethnic minority groups.

DBH's Support in the Project: DBH Finance recognized the pivotal significance of BRAC University JPGSPH's Midwifery Diploma course and demonstrated profound commitment by contributing Tk. 700,000/- lac in 2023, continuing its support from previous years.

Water & Wash Initiatives

Constructed 4 rainwater tanks,

committees, installed 5 flood-resilient tubewells, provided WASH training.

800+ people from climate-vulnerable communities in Tahirpur, Sunamganj and Mongla, Bagerhat are covered.

Water and Wash Initiatives

BDT. 1,000,000 allocated for tanks, tubewells, and training.

In response to the pressing need for access to safe water and improved sanitation practices, DBH Finance PLC has initiated a comprehensive Water and WASH (Water, Sanitation, and Hygiene) program in collaboration with Sajida Foundation. This initiative targets climate-vulnerable communities in Tahirpur, Sunamganj, and Mongla, Bagerhat aiming to address critical challenges exacerbated by natural disasters and freshwater crises. Through strategic partnerships and meticulous planning, DBH is committed to making a tangible difference in the lives of over 800 individuals residing in these vulnerable regions.

Project Details:

- Constructed four rainwater harvesting tanks.
- Established a local management committee and provided training on rainwater harvesting system usage and maintenance.
- Installed five flood-resilient tubewells.
- Conducted WASH practices and system maintenance training facilitated by community mobilizers.

Funding and Donation: On November 15, 2023, DBH donated a total of BDT 1,000,000/- to Sajida Foundation in support of the above mentioned Water and WASH initiatives. The project aligns with environmental and climate change mitigation and adaptation goals. Focuses on benefiting vulnerable communities by providing access to fresh water and promoting WASH practices.

Pic: DBH'S Water & Wash Initiatives.

Donation to Utsho Bangladesh

Objective

To support UTSHO Bangladesh in enabling access to basic human rights for marginalized women and children.

Beneficiaries

- 525 students benefit from the donation.
- 85 students in the residential school in Gazipur.
- 355 students attend the non-residential school.

Social Impact

Contribution to the well-being and education of marginalized children.

Promotes independence and breaks societal barriers.

Helps UTSHO sustain and expand its operations, fostering a more inclusive society.

DBH Finance is proud to support UTSHO Bangladesh in its noble mission of ensuring access to fundamental human rights for marginalized women and children. Our donation reflects DBH Finance's deep commitment to social responsibility and community development.

The beneficiaries of our donation are the 525 students currently enrolled in UTSHO Bangladesh's two schools. These students, comprising 85 residential and 355 non-residential individuals, receive essential support such as education, accommodation, affection, and other necessities. Notably, the largest contingent studies at UTSHO's main campus in Gazipur.

DBH Finance has generously donated BDT 57,500 to aid UTSHO Bangladesh in creating a safe, secure and nurturing environment for marginalized children and women. This financial support plays a Pivotal role in sustaining and expanding UTSHO's operations, ultimately fostering a more inclusive and equitable society for all.

Donation to PM Education Trust Fund

Project Information

The Prime Minister's Education Assistance Trust in Bangladesh provides financial aid to economically disadvantaged students, ensuring equal access to higher education. Through scholarships and support, it fosters inclusivity and socio-economic progress.

Beneficiaries

Students from impoverished families in Bangladesh with academic potential but lacking financial resources.

Donation Details

DBH donated the total approved amount of BDT. 3,50,000/- to Prime Minister's Education Trust on May 31, 2023.

DBH Finance proudly supports the Prime Minister's Education Assistance Trust in Bangladesh, dedicated to providing financial aid to economically disadvantaged students. With a generous donation of BDT 3,50,000/- on May 31, 2023, DBH underscores its commitment to promoting education accessibility and inclusivity, aligning with its core values of making a positive impact on society.

Financial Literacy Wing Program

The Financial Literacy Wing Program aims to enhance financial literacy among underprivileged individuals through education and outreach efforts. DBH Finance PLC's contribution reflects its commitment to promoting financial education and empowerment, aligning with CSR policies for financial institutions in Bangladesh. This initiative increases awareness, fosters informed decision-making, and improves access to financial services, Ultimately promoting financial inclusion and reducing disparities in opportunities. In 2023, DBH spent Tk 48,829/- on several Financial Literacy Programs.

Publishing Rhymes from the Book 'Choray Choray Shuddasar'

DBH contributed Tk. 23,000 from its CSR fund on June 22, 2023, to publish a rhyme from the book 'Choray Choray Shuddachar', issued by Bangladesh Bank, in the 'Daily Samakal'. This initiative aims to raise ethical awareness among mass people, as part of the National Integrity Strategy (NIS) program.

Statement of Contribution to Government Exchequer

Forms of Contribution	2023	2022
Income Tax	**1,003,995,226**	**1,111,205,677**
Salary	37,140,862	25,397,698
Interest on savings deposit	442,777,206	279,818,747
Payment of Supplier	4,643,379	5,564,843
House Rent	1,483,020	1,483,020
Advance Corporate Tax	458,221,622	665,890,888
Return Submission	3,167,727	85,351,371
Dividend Payment	56,477,410	47,617,511
Others (Directors Honorarium)	84,000	81,600
VAT	**44,115,665**	**49,282,095**
House Rent	6,543,631	6,481,502
Processing, Documentation Fee etc.	27,199,486	30,413,551
Procurement of goods and services	10,286,148	12,305,442
Director Fees	86,400	81,600
Excise Duty	**157,060,134**	**79,415,381**
Collection of excise duty from clients	151,255,350	73,961,550
Excise duty deducted by bank	5,804,784	5,453,831
Total Paid to Government Exchequer	**1,205,171,025**	**1,239,903,152**

REPORT ON FINANCIAL INCLUSION-2023

Fostering inclusive growth and Sustainable Development is one of the key objectives of Bangladesh Bank (BB). BB has identified "Strengthen Financial Literacy and Financial Education Initiatives" as an important core objective in its "Strategic Plan for 2020-2024". In this backdrop, BB has formulated a Guideline for all the Banks and Financial Institutions in Bangladesh.

With these objectives in mind, DBH Finance PLC. is a part of that program and deployed required effort in-line with the program objectives. As per FID circular and guidelines, we have formed a 9-members' committee, termed as Financial Literacy Wing (FLW) which is being headed by DMD & Head of Credit to take necessary Initiatives and execution as well.

- As part of DBH Financial Literacy Plan (FLP), we have conducted six 'Financial Literacy Program' for the year of 2023 across the country for Consumer Empowerment and enrich Financial Literacy for targeted audience. These programs were executed in Dhaka, Chittagong, Khulna, Rajshahi, Cumilla and Sylhet region. Among the numerous activities, distribution of leaflet, display of x-banners, content presentation and question/answer session on Financial products/services were taken. As our program were mainly school and college centric, directly benefited people were more than 400 young peoples and mostly were female students.

Other initiatives during the session:

1) As per FID letter no, 203/02/2023-401, dated on 17/01/2023, DBH Finance PLC has already implemented social awareness program through social media platform on "Remittance Through Legitimate Channel" for the period January to June-2023 session.

Financial Literacy program organized by DBH at Khulna.

Financial Literacy program organized by DBH at Savar.

As a concerned corporate citizen and advocate for economic development, we believe it is crucial to address the said issue in order to safeguard the integrity of our financial system and maximize benefits of remittance for our nation.

We have broadcast social media content describing the benefits of sending remittance through legitimate channel and direct cash benefits where audience is being reached 5,614 people, 267 engagements, 8 share and 2 comments. We firmly believe our social media awareness program will have positive impact on remittance inflow through legal channel in our country.

2) As per FID letter no, 203/02/02/2023-1550, dated on 03/05/2023, DBH Finance PLC has already implemented a new feature on its website, specially the addition of a "Financial Literacy Tab' as directed by respective department of BB.

Mentioned "Tab" is now on-live and accessible to our website visitors, where user can find curated content, e-book materials and many more educated materials. We have been promoted "Financial Literacy tab inclusion" event through social media platform for visitors' awareness where audience is being reached more than 4000 and engagements more than 300. The said tab can be seen and verified at any time through our website (www.dbhfinance.com).

3) Referring FID circular No. 203/02/02/2023/669 dated on 01/02/2023, DBH Finance PLC has joined the celebration of "Financial Literacy Day" through various activities focusing on internal and external audience.

Our internal audience (Employees of Customer Experience department, Deposit operations, Loans Sales team, Branch operations, Admin department and Brand and communication department) mostly covered through discussion session.

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

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

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)

Mr. Md. Abu Yousuf, CSAA
Member Secretary
(Assistant Vice President, 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.

Major General Syeed Ahmed, BP, awc, psc (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, DBH

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 and started his career in 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 himself in the family 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 assumed the role of Managing Director and CEO of DBH Finance PLC. (DBH) on January 1, 2021. He is the home grown Managing Director of the company serving for more than 26 years in the company. He previously worked 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 huge experience in housing finance and real estate industry. He worked extensively with IFC, World Bank, ADB, FMO and other reputed local and international organizations for promoting affordable housing practices for the sustainable growth of real estate sector in Bangladesh and for promoting global best practices in the housing finance sector.

He is leading the Executive Management team for DBH's next phase of growth as the company solidified its position as country's largest home loan provider and presently operating as one of the leading financial institutions. DBH achieved AAA rating for 18 consecutive years 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 Branches, etc.

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

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

Nasimul Baten
Managing Director & CEO

He is the home grown Managing Director of DBH, serving in the Company for more than 26 years.

Board Committees

AUDIT COMMITTEE

- **Major General Syeed Ahmed,** BP, awc, psc (Retd.)
  Chairman
- **Mr. Syed Moinuddin Ahmed**
- **Ms. Mehreen Hassan, Bar-at-Law**
- **Mr. Khandkar Manwarul Islam**

EXECUTIVE COMMITTEE

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

Management & Other Committees

MANAGEMENT COMMITTEE

- Mr. Nasimul Baten
- Mr. A.K.M. Tanvir Kamal
- Mr. Tanvir Ahmad
- Mr. Saiyaf Ejaz
- Mr. Ashfakul Islam
- Mr. Md. Zakaria Eusuf
- Mr. Md. Golam Rosul
- Mr. Md. Abdul Ahad
- Mr. Md. Fakrul Amin
- Mr. Jashim Uddin, FCS
- Ms. Nahid Ahmed
- Mr. Sabed Bin Ahsan

ALCO

- Mr. Nasimul Baten
- Mr. A.K.M. Tanvir Kamal
- Mr. Tanvir Ahmad
- Mr. Md. Abdul Ahad
- Ms. Nahid Ahmed
- Mr. Sabed Bin Ahsan
- Mr. Md. Ariful Bari Rumi

ETHICS COMMITTEE

- Mr. Tanvir Ahmad
- Mr. Saiyaf Ejaz
- Mr. Ashfakul Islam
- Mr. Md. Zakaria Eusuf
- Mr. Md. Abdul Ahad
- Mr. Jashim Uddin, FCS
- Mr. Shihabuddin Mahmud

CENTRAL COMPLIANCE UNIT (CCU)

- Mr. Saiyaf Ejaz
- Mr. Md. Abdul Ahad
- Mr. Sabed Bin Ahsan
- Mr. Khandaker Satil Sayeed
- Mr. Ariful Bari Rumi

ICT STEERING COMMITTEE

- Mr. Nasimul Baten
- Mr. A.K.M. Tanvir Kamal
- Mr. Tanvir Ahmad
- Mr. Ashfakul Islam
- Mr. Saiyaf Ejaz
- Mr. Md. Zakaria Eusuf
- Mr. Md. Abdul Ahad, FCA
- Mr. Sabed Bin Ahsan
- Mr. Mohammad Fakrul Amin
- Mr. Md. Mamun-ur-Rashid
- Mr. Shihabuddin Mahmud

ICT SECURITY COMMITTEE

- Mr. Ashfakul Islam
- Mr. Saiyaf Ejaz
- Mr. Sabed Bin Ahsan
- Mr. Md. Abdul Ahad, FCA
- Mr. Mir Md. Mukhlesur Rahman
- Mr. Md. Mamun-ur-Rashid
- Mr. Shihabuddin Mahmud
- Ms. Syeda Zehan Asgar

Management Committee

Nasimul Baten
Managing Director & CEO

A. K. M. Tanvir Kamal
Deputy Managing Director & Chief Operating Officer

Tanvir Ahmad
Deputy Managing Director and Head of HR & Islamic Financing

Ashfakul Islam
Senior Executive Vice President & Head of Information Technology

Saiyaf Ejaz
Senior Executive Vice President & Head of Recovery, Administration and Operational Risks

Md. Zakaria Eusuf
Executive Vice President & Head of Credit

Md. Golam Rosul
Executive Vice President & Head of Loan Sales

Md. Abdul Ahad
Executive Vice President & Chief Financial Officer

Md. Fakrul Amin
Executive Vice President & Head of Legal

Jashim Uddin
Executive Vice President & Company Secretary and Head of Corporate Affairs

Sabed Bin Ahsan
Senior Vice President & Head of Deposits, Affordable Home Loans, Digital and Processing

Nahid Ahmed
Senior Vice President & Head of Treasury

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সবারই হোক নিজের ঠিকানা

ডিবিএইচ হোম লোন

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DBH

Report on Corporate Governance

Report of the Directors on Corporate Governance

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

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

Philosophy on Corporate Governance

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

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

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

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

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

Responsibilities of the Board

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

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

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

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

Change in Board Composition

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

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

1. BOARD INDEPENDENCE & GOVERNANCE

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

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

Recognizing the importance of diversity and expertise, the composition of our Board is carefully curated to encompass a blend of skill, experience, and personal attributes. This diversity enables our Directors, both individually and collectively, to discharge their duties efficiently, understand the intricacies of our business, and evaluate management performance effectively. With Directors possessing a wealth of local and international experience, expertise, and specialized skills, we are well-equipped to make informed decisions and lead the Company for the benefit of our shareholders.

(a) Chairman

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

Responsibilities of the Chairman

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

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

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

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

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

Role of the Managing Director & CEO

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

(c) Criteria for Appointment of Independent Directors

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

Thus, in compliance with the Code, two (2) Directors out of the total eight (8) Directors were independent, having no share or interest in DBH. The independence of the respective Independent Directors is confirmed during selection and appointment and they remain committed to continuing with such independence throughout their tenure.

Role of Independent Directors

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

(d) DBH's Policy for Induction of Directors

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

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

(e) Composition and Category

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

(f) Board's Effectiveness Policy

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

Broadly, the responsibilities of the Board include the followings:

- Reviewing and approving overall business strategy, as well as organization structure, developed and recommended by management;
- Ensuring that decisions and investments are consistent with long-term strategic goals;
- Ensuring that DBH is operated to preserve its financial integrity and in accordance with policies approved by the Board;
- Overseeing, through the Audit Committee, the quality and integrity of the accounting and financial reporting systems, disclosure, controls & procedures, and internal controls;
- Providing oversight in ensuring that DBH's risk appetite and activities are consistent with the strategic intent, operating environment, effective internal controls, capital sufficiency, and regulatory standards;
- Overseeing, through the internal Risk Management Committee, the establishment and operation of an independent risk management system for managing risks on an enterprise-wide basis, the adequacy of the risk management function (including ensuring that it is sufficiently resourced to monitor risk by the various risk categories and that it has appropriate independent reporting lines) and the quality of the risk management processes and systems;
- Reviewing any transaction for the acquisition or disposal of material assets.
- Ensuring that the necessary human resources are in place to meet its objectives, as well as appointing and removing executive officers, as deemed necessary;
- Reviewing management performance and ensuring that management formulates policies and processes to promote fair practices and high standards of business conduct by staff;
- Establishing corporate values and standards, emphasizing integrity, honesty, and proper conduct at all times with respect to internal dealings and external transactions, including situations where there are potential conflicts of interest;
- Providing a balanced and understandable assessment of DBH's performance, position, and prospects, and this extends to interim and other price-sensitive public reports, and reports to regulators;
- Ensuring that obligations to shareholders and others are understood and met; and
- Maintaining records of all meetings of the Board and Board Committees, in particular, records of discussion on key deliberations and decisions taken.

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

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

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

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

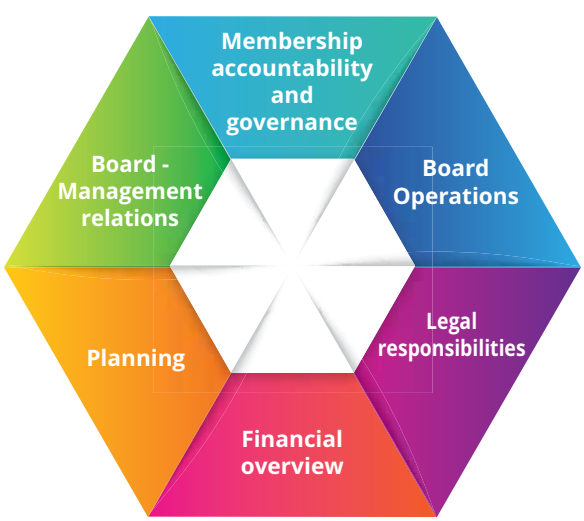
Board's Appraisal

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

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

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

The following criteria are considered for the evaluation:



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

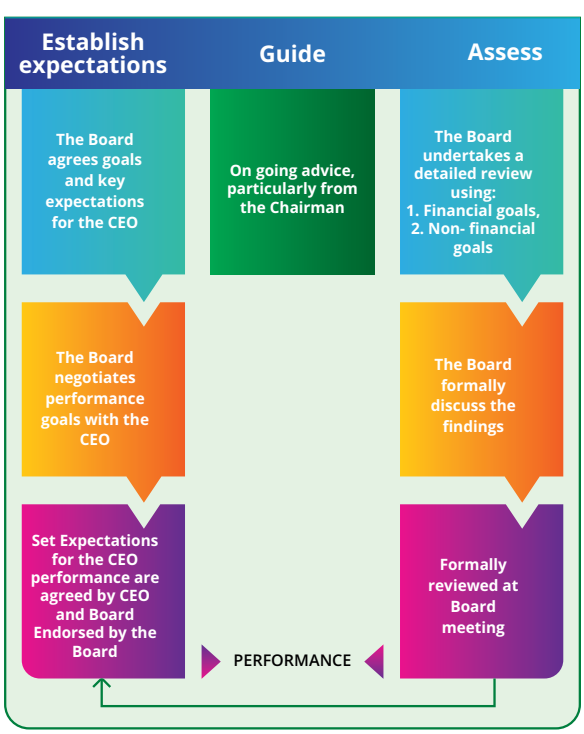
The Companies Act, 1994, requires the Directors to prepare financial statements for each accounting year.

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

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

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

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



(j) Board nomination and election process

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

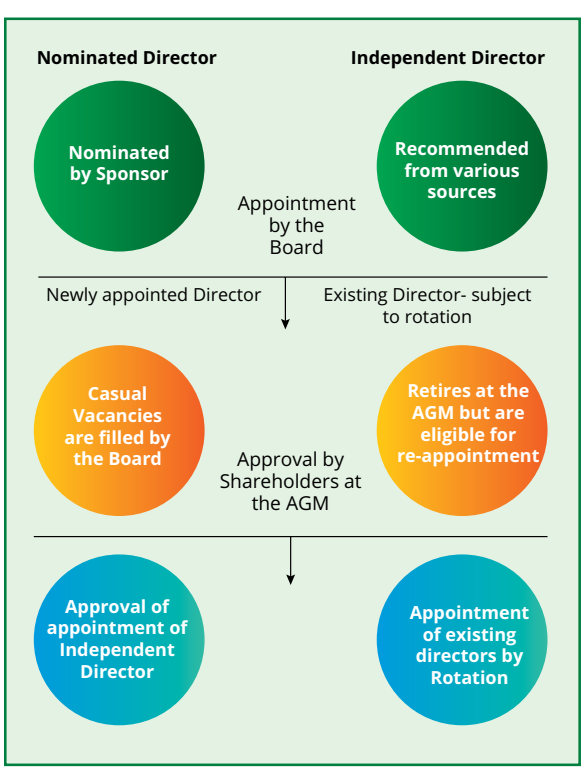
The Board of Directors of the Company is in compliance with Bangladesh Bank's Circular No. 9 dated September 11, 2002, and the condition nos. 1.1 & 1.2 of Bangladesh Securities and Exchange Commission's Corporate Governance Code-2018.

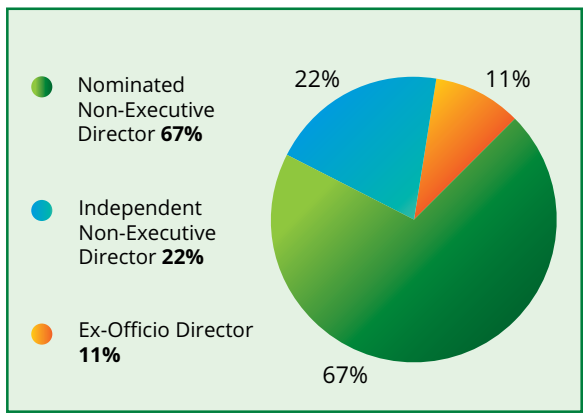
The Board has an optimum combination of Non-Executive and Independent Directors. The Board comprised of total eight (8) Directors, out of which six (6) were Non–Executive Directors and two (2) were Independent Directors. The Managing Director is an Executive and ex-officio Director of the Board.

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

The Directors of DBH are:

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





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

Board composition

2. BOARD SYSTEMS AND PROCEDURES

(a) Board Meetings

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

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

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

to contribute additional insights relevant to board discussions.

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

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

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

and

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

(c) Attendance in AGM, Board and Committee Meetings

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

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

(d) Particulars of Whistle Blower Policy

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

(e) Independence of the Chairman of all Board Committee

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

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

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

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

(g) Nomination and Remuneration Committee (NRC)

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

(h) Information Applied to the Board

DBH has incorporated its Governance Framework pursuant to the guidelines prescribed in the Code of Best Practices on Corporate Governance issued by the Bangladesh Securities and Exchange Commission (BSEC), and the Bangladesh Bank on Corporate Governance for listed companies as well as for the financial institutions from time to time.

Related Acts, Regulations, and Guidelines:

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

Related internal principles and guidelines:

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

(i) Disclosure of Board Committees

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

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

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

Audit Committee

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

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

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

Executive Committee

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

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

(j) Role of Company Secretary & his Background

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

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

3. BOARD SYSTEMS AND AUDIT COMMITTEE

(a) Financial Expert in the Audit Committee

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

(b) Reporting of Internal Auditor to the Audit Committee

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

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

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

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

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

(c) Proportion of Independent Directors in the Audit Committee

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

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

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

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

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

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

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

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

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

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

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

4. TRANSPARENCY & DISCLOSURE COMPLIANCES

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

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

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

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

(c) Disclosure regarding Compliance with IFRS

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

(d) Disclosure regarding Compliance of ICSB Secretarial Standards

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

(e) Adverse Remarks in the Auditors' Report

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

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

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

(g) Presentation of Financial Statements on the Website

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

(h) Information relating to Compliance Certificate

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

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

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

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

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

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

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

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

5. TRANSPARENCY AND INTERNAL AUDIT FUNCTIONS

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

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

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

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

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

(1) Financial reporting including disclosures

(2) Internal control

(3) Internal audit

(4) Compliance with relevant ethical requirements, in particular, independence and objectivity

(5) The statutory audit or external audit (6) Remedial actions

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

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

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

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

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

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

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

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

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

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

6. SHAREHOLDERS INFORMATION & VALUE ENHANCEMENT

Patterns of shareholdings as on 31st December 2023 are given below:

Based on Shareholders types:

Group Name	No. of Share holders	No. of Shares	Percent (%)
Sponsors/ Directors	5	102,072,758	51.32
General Public	9,253	22,488,255	11.31
Financial Institutions & Other Companies	205	40,484,897	20.35
Foreign Investors	14	33,844,261	17.02
Total:	**9,477**	**198,890,171**	**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 on page no. 13 of this annual report.

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

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

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

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

(d) Redressal of Investors' Complaints

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(j) Means of Communication with the Shareholders

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

7. STAKEHOLDERS VALUE ENHANCEMENT

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

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

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

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

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

(b) Payment to Vendors on Time

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

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

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

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

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

(e) Policy of Supply Chain Management

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

8. CORPORATE SOCIAL RESPONSIBILITY

(a) Policy of CSR

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

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

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

(b) Particulars of the Forestation and Plantation of Trees

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

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

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

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

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

(e) Scheme Maintain under CSR Programs

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

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

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

9. CORPORATE OBJECTIVES, GOVERNANCE INITIATIVES/ RECOGNITIONS

(a) Award Won by the Company for Corporate Governance

DBH won 4 Gold awards in a row in the 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 ICMAB Best Corporate Award 2021. It has also been awarded the ICAB National Award for best-presented annual reports in 2021.

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

The Vision and Mission statement of the Company has been given on page no. 11 of this annual report. (c) Overall Strategic Objectives

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

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

(e) Code of Conduct

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

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

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

10. TIMELINESS IN ISSUING FINANCIAL STATEMENTS AND HOLDING AGMs

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

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

27th Annual General Meeting:

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

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

Resolutions passed by the shareholders on the following:

(i) Consideration and adoption of Directors' Report, Audited Financial Statements for the year ended December 31, 2022, and the Auditors' Report thereon;

(ii) Dividend @ 17% (@ 15% cash & 2% stock);

(iii) Appointment/re-appointment of Directors;

(iv) Appointment of M/S Hoda Vasi Chowdhury, Chartered Accountants as statutory auditors, and appointment of M/S. SARashid & Associates, Chartered Accountants as a professional to provide the certificate on compliance with the BSEC's Corporate Governance Code - 2018.

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

Extra-ordinary General Meeting-2022:

In addition to the 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 or 56.74% of paid-up shares of the Company.

Resolutions passed by the shareholders on the following:

(v) Consideration and adoption of Directors' Report, Audited Financial Statements for the year ended December 31, 2021, and the Auditors' Report thereon;

(vi) Dividend @ 25% (@ 15% cash & 10% stock);

(vii) Appointment/re-appointment of Directors;

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

26th 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 or 57.85% of paid-up shares of the Company.

Resolutions passed by the shareholders on the following:

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

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

11. DELEGATION OF AUTHORITY

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

12. AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

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

13. RISK MANAGEMENT

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

14. GOING CONCERN

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

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

15. DIVIDEND DISTRIBUTION POLICY

Pursuant to the Directive on dividend distribution and management of unpaid/unclaimed dividends by

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

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

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

16. SUMMARY OF UNPAID OR UNCLAIMED DIVIDEND

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

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

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

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

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

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

Summary of undistributed stock dividends are given hereunder:

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

	Nos. of Shares
Up to 1 year	14
Over 1 year but within 3 years	816
Total	**830**

Annexure-A

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

Date: March 11, 2024

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

Subject: Declaration on Financial Statements for the year ended on 31st December, 2023.

Dear Sir(s),

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

(1) The Financial Statements of DBH Finance PLC. for the year ended on 31st December, 2023 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;

(2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;

(3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;

(4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;

(5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and

(6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:

(i) We have reviewed the financial statements for the year ended on 31st December, 2023 and that to the best of our knowledge and belief:

   (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.

(ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,

Nasimul Baten
Managing Director & CEO

Md. Abdul Ahad, FCA
Chief Financial Officer

Annexure-B

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

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

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

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

We have examined the compliance status to the Corporate Governance Code by DBH Finance PLC. for the year ended on 31 December 2023. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

(a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission except as stated in the remarks column of the Statement on Status of Compliance of the Code;

(b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;

(c) Proper books and records have been kept by the company as required under the Companies Act 1994, the securities laws and other relevant laws;

and

(d) The Governance of the Company is satisfactory.

For
SARashid & Associates

SARashid & Associates Chartered Secretaries

S. Abdur Rashid FCS
Chartered Secretary in Practice

Place : Dhaka
Dated : 08 April 2024

Annexure-C

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

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

(Report under Condition No. 9)

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	**BOARD OF DIRECTORS:**			
1(1)	**Size of the Board of Directors:** The total number of members of the company's Board of Directors shall not be less than 5 (five) and more than 20 (twenty)	√		
1(2)	**Independent Directors:**			
1(2) (a)	At least 2(two) directors or one-fifth (1/5) of the total number of directors in the company's Board, whichever is higher, shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	√		During 2023, there were 2 Independent Directors, one of them completed tenure on 31 December 2023. Appointment of 2 Directors is under process, awaiting prior approval of BB and BSEC.
1(2)(b)	**Without contravention of any provision of any other laws, for the purpose of this clause, an "independent director" means a director––**			
1(2)(b)(i)	Who either does not hold share in the company or holds less than one (1%) shares of the total paid-up shares of the company;	√		
1(2)(b)(ii)	who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company;	√		
1(2)(b)(iii)	who has not been an executive of the company in immediately preceding 2 (two) financial years;	√		
1(2)(b)(iv)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	√		
1(2)(b)(v)	who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	√		
1(2)(b)(vi)	who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	√		
1(2)(b)(vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	√		

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(2)(b)(viii)	who is not independent director in more than 5 (five) listed companies;	√		
1(2)(b)(ix)	who has not been reported as a defaulter in the latest Credit Information Bureau (CIB) report of Bangladesh Bank for non-payment of any loan or advance or obligation to a bank or a financial institution; and	√		
1(2)(b)(x)	Who has not been convicted for a criminal offence involving moral turpitude;	√		
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM): Provided that the Board shall appoint the independent director, subject to prior consent of the Commission, after due consideration of recommendation of the Nomination and Remuneration Committee (NRC) of the company;	√		During 2023, there were 2 Independent Directors, one of them completed tenure on 31 December 2023. Appointment of 2 Directors is under process, awaiting prior approval of BB and BSEC.
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and	√		
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only.	√		
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 registered business association; or			N/A
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company; or	√		
1(3)(b)(iii)	Former or existing official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or Law: Provided that in case of appointment of existing official as independent director, it requires clearance from the organization where he or she is in service; or	√		
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or			N/A
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;			N/A

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(3)(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	√		
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.			N/A
1(4)	**Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer:**			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	√		
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	√		
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	√		
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;	√		

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(5)(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	√		
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	√		
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	√		
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	√		
1(5)(xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	√		
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	√		
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	√		
1(5)(xx)	An explanation on the reasons, if the issuer company has not declared dividend (cash or stock) for the year;			N/A
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	√		
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	√		
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name- wise details where stated below) held by :-	√		
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);			N/A
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	√		
1(5)(xxiii)(c)	Executives; and	√		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);	√		
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 :-	√		

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements;	√		
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;			N/A
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	√		
1(5)(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	√		
1(5)(xxv)(e)	Briefly explain the financial and economic scenario of the country and the globe;	√		
1(5)(xxv)(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	√		
1(5)(xxv)(g)	Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	√		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A;	√		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C;	√		
1(5)(xxviii)	The Directors' report to the shareholders does not require to include the business strategy or technical specification related to products or services, which have business confidentiality.			Shall always be carefully followed
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;	√		Code of Conduct (COC) has been laid down by the Board
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.	√		The COC, as laid down by the Board, has been posted on the website
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

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;			N/A
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;			N/A
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.			N/A
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: Provided that CFO or CS of any listed company may be appointed for the same position in any other listed or non-listed company under the same group for reduction of cost or for technical expertise, with prior approval of the Commission: Provided further that the remuneration and perquisites of the said CFO or CS shall be shared by appointing companies proportionately;	√		
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	√		
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).			N/A
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.	√		CEO & CS remains throughout the meeting of the Board. CFO & HIAC attends at the time of consideration of related agenda items.
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;	√		

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	√		
4.	**BOARD OF DIRECTORS' COMMITTEE:**			
4(i)	Audit Committee; and	√		
4(ii)	Nomination and Remuneration Committee		√	Persuant to BB letter dated 04-11-2021 NRC is not required for FIs
5.	**AUDIT COMMITTEE:**			
5(1)	**Responsibility to the Board of Directors:**			
5(1)(a)	The company shall have an Audit Committee as a sub-committee of the Board;	√		
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	√		
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 60 (sixty) days from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	√		
5(2)(e)	The company secretary shall act as the secretary of the Committee;	√		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√		
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.			N/A
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM)	√		

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
5(4)	**Meeting of the Audit Committee:**			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year	√		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	√		
5(5)	**Role of Audit Committee:**			
5(5)(a)	Oversee the financial reporting process;	√		
5(5)(b)	Monitor choice of accounting policies and principles;	√		
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	√		
5(5)(d)	Oversee hiring and performance of external auditors;	√		
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	√		
5(5)(f)	Review along with the management, the annual financial statements before submission to the Board for approval;	√		
5(5)(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	√		
5(5)(h)	Review the adequacy of internal audit function;	√		
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	√		
5(5)(j)	Review statement of all related party transactions submitted by the management;	√		
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	√		
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	√		
5(5)(m)	Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission			N/A
5(6)	**Reporting of the Audit Committee:**			
5(6)(a)	**Reporting to the Board of Directors:**			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	√		
5(6)(a)(ii)	**The Audit Committee shall immediately report to the Board on the following findings, if any:-**			
5(6)(a)(ii)(a)	Report on conflicts of interests;			N/A
5(6)(a)(ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;			N/A
5(6)(a)(ii)(c)	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and			N/A
5(6)(a)(ii)(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;			N/A

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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
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 dated 04-11-2021 NRC is not required for FIs
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;			Do
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).			Do
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)	At least 02 (two) members of the Committee shall be non-executive directors;			Do
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;			Do
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;			Do
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;			Do
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;			Do
6(2)(g)	The company secretary shall act as the secretary of the Committee;			Do
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;			Do
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.			Do

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
6(3)	**Chairperson of the NRC:**			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;			Do
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;			Do
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

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies;			Do
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.			Do
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.	√		
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	√		

Annexure-D

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

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

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

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

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

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

Report on Internal Control

Internal Control & Compliance

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

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

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

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

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

Internal control procedure

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

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

Financial and accounting information:

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

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

Reports are produced monthly and prepared in the following month to which they relate whereas full accounting consolidations are produced quarterly and prepared within the following month to which they relate. The preparation of the annual financial statements is the responsibility of the Management under the supervision of the Audit Committee and Company's Auditor. The quarterly & half-yearly Financial Statements are prepared by the Management under the supervision of Audit Committee.

External financial information

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

Cash position and financing

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

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

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

Procedures and inspections

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

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

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

Customer relation

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

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

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

Composition of the Committee

The Audit Committee of DBH has been formed pursuant to the Bangladesh Bank's guideline on Internal Control and Compliance (ICC) framework vides their DFIM Circular No.- 13, dated: October 26, 2011, and Bangladesh Securities and Exchange Commission's Corporate Governance Code- 2018. Currently DBH is working in compliance with Bangladesh Securities and Exchange Commission's Corporate Governance Code- 2023.

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 July 30, 2023, and the members of the Committee were:

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
Ms. Mehreen Hassan, Bar-at-law	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 2023.

The audit committee reviewed the annual accounts for the period of January 1, 2023, to December 31, 2023, 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.

(6) Review the content of Management Discussion and Analysis for disclosing in the annual report.

(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

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 2023, total short-term borrowings of the company were Taka 7,653 million, representing only 13% 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, 2023, our deposit portfolio stood at Taka 46,666 million which covers our entire loan portfolio and it reflects the confidence of depositors/lenders on DBH.

Stable business growth: DBH always focuses on business expansion by offering its products to potential customers. During the year 2023, the company showed stable growth both in disbursement and portfolio as well.

Positive key financial ratios: The comprehensive financial summary laid out on page no. 18 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. 22 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, 2023, the total fixed deposits of the Company were Taka 46,666 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 2023. DBH has maintained almost the same level of performance like 2022. Profit after tax during 2023 is Taka 984 million as against Taka 1,017 million in 2022. 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 2023, the company started Islamic Financing operations from May 2023. At the end of the year, Islamic Investment Portfolio stands at BDT 963 Mn and deposit portfolio stands at 1,200 Mn.

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 18 (Eighteen) 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, 2023, the Company's total paidup capital stands at Taka 1,989.90 million, while the minimum paid-up capital as required by Bangladesh Bank is Taka 1,000.00 million. DBH's capital adequacy ratio is 28.85% against the minimum requirement of 10% as set by the regulator under Basel-II

Strong equity base: As on December 31, 2023, the total equity of the Company stands at Taka 8,678 million representing an increase of 8.66% over December 2022 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 2023 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, M/s. Hoda Vasi Chowdhury, Chartered Accountants, Dhaka.

In accordance with the provisions of section 185 of the Companies Act- 1994 and based on the information provided by the management, your directors state that:

(i) In the preparation of accounts, the applicable accounting standards have been followed;

(ii) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st December, 2023 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

M/s. Hoda Vasi Chowdhury & Co, 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.

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.

Report of the Shari'ah Supervisory Committee

for the year ended on 31st December 2023

Bismillahir Rahmanir Rahim. All praise be to Allah, the Lord of all the worlds and blessings and peace be upon the Prophet Muhammad (SAW) and upon all his descendants and companions.

To the Board of Directors and the Shareholders of the DBH Finance PLC.

Assalamu Alaikum Wa-Rahmatullahi Wa-Barakatuh.

In compliance with the terms of reference (ToR) of the Bye Laws of Shari'ah Supervisory Committee, we submit the following Report on the Islamic Financing Wing of the DBH Finance PLC for the year 2023.

During the year 2023, the Shari'ah Supervisory Committee of the DBH Finance PLC attended 03 SSC meetings and had several other operational and training sessions and gave opinion on various Shari'ah related issues placed before it by the Management. DBH Finance PLC is responsible for ensuring that they conduct its Islamic Financing day-to-day business in accordance with the Shari'ah rules and principles. It is our responsibility to form an independent opinion based on our review of the Islamic Financing operations and to report to you.

We have reviewed the principles and the contracts relating to the transactions and applications introduced by DBH Finance PLC in its Islamic Financing operations for the year 2023 commencing from 7th May 2023.

We have conducted our review based on Shari'ah audit and inspection reports of the Muraqib (Shari'ah Auditor) regarding the compliance of Islamic Financing operations in accordance with Shari'ah rules and principles and also with the specific fatwas, rulings and guidelines. In addition to our fatwas, the Muraqib also followed the Internal Control & Compliance guidelines on Islamic Banking issued by the Bangladesh Bank. Shari'ah non-compliance risk rating of concerned Windows was '**Low Risk**' category during the year under report. The Shari'ah Supervisory Committee reviewed the Shari'ah Audit Reports and provided guidelines it deemed necessary for proper Shari'ah compliance.

We also conducted our review, which included on a test basis of each type of transaction, the relevant documentation and procedures adopted by the Islamic Financing Division of the DBH Finance PLC. We planned and performed the review to obtain the information and explanation which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that DBH Islamic Financing Wing (IFW) has not violated Shari'ah rules and principles.

In our opinions:

a) The contracts, transactions and dealings entered into by the DBH Islamic Financing Wing during the year 2023 that we have reviewed are in compliance with the Shari'ah rules and principles;

b) Distribution of profit to the Mudaraba Depositors conforms to the basis that had been approved by us in accordance with the Shari'ah rules and principles;

c) Earnings which are prohibited by Shari'ah rules and principles have not been included in the income;

d) Transactions with the conventional part of the DBH have been made complying Shari'ah principles.

and

e) Zakah is not applicable for Window based Islamic Financing Wing of the DBH.

During the year under report, the Shari'ah Supervisory Committee has advised the DBH Islamic Financing Wing on the following Issues:

a) To strengthen the initiatives aiming at creating awareness among the employees and the customers about Shari'ah compliance.

b) To continue for arranging regular training & workshop on Islamic Financing for the officials of DBH to increase professional skills for better Shari'ah compliance as well as increase brand visibility of DBH Islamic Finance in all platforms.

c) To take effective steps for implementation of the recommendations given by the Shari'ah Supervisory Committee.

and

d) To assign dedicated human resources at all Branches dealing in Islamic Finance of DBH Finance PLC across the country gradually to ensure accurate professional and Shari'ah- compliant services.

The Shari'ah Supervisory Committee expresses appreciation to the Board of Directors of DBH and the Management for their commitment of Shari'ah compliance and wholehearted cooperation to the SSC during the year 2023.

May Allah Subhanahu Wata'la give us strength to achieve His satisfaction through implementation of Shari'ah principles in all transactions of DBH Islamic Financing Wing as well as in every sphere of our lives! Ameen.

Dr. Muhammad Saifullah
Chairman
Shari'ah Supervisory Committee

Auditor's Report and Financial Statements

Independent Auditor's Report

To the Shareholders of DBH FINANCE PLC.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of DBH FINANCE PLC. (the "Company"), which comprise the balance sheet as at 31 December 2023, the profit and loss account, statement of changes in equity and cash flows statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements represents fairly, in all material respects, the financial position of the Company as at 31 December 2023, and of 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.

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 Auditors' 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.

Description of key audit matters	Our response to key audit matters
Measurement of provision for loans and advances	
The process for estimating the provision for loans and advances portfolio associated with credit risk is significant and complex. For the individual analysis for large exposure, provisions calculation considers the estimates of future business performance and the market value of collateral provided for credit transactions. For the collective analysis of exposure on portfolio basis, provision calculation and reporting are manually processed that deals with voluminous databases, assumptions and estimates. As at 31 December 2023, the Company reported total gross loans and advances of BDT 43,669,788,473 (31 December 2022: BDT 44,535,972,899) and provision for loans and investments of BDT 1,053,040,538 (31 December 2022: BDT 1,083,726,839).	We tested the design and operating effectiveness of key controls focusing on the following: ■ Credit appraisal, loan disbursement procedures, monitoring and provisioning process; ■ Identification of loss events, including early warning and default warning indicators; ■ Reviewed quarterly Classification of Loans (CL); Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following: ■ Reviewed the adequacy of the general and specific provisions in line with related Bangladesh Bank guidelines; ■ Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information;

We have focused on the following significant judgments and estimates which could give rise to material misstatement or management bias: ■ Completeness and timing of recognition of loss events in accordance with criteria set out in DFIM Circular no 04 dated 26 July 2021; ■ For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flows; ■ Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates.	■ Assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines; and ■ Finally compare the amount of loan provision and loan classification disclosed in the financial statements with the quick summary report prepared by Bangladesh Bank. ■ We have selected samples to check compliance of the above Bangladesh Bank instructions. However, due to the current uncertainty of the overall economic situation both in Bangladesh and globally, there is inherent risk that the judgment applied by Management in assessing the recoverability of interest income may be different than the actual situation in the future.
See note no 7 and 12 to the financial statements	

Measurement of deferred tax assets/ liabilities	
At year end of 2023, the Company reported total deferred tax asset of BDT 2,551,770 (2022: BDT 1,139,175), total deferred tax liability of BDT 53,412,399 (2022: BDT 1,642,121) and deferred tax expense of BDT 50,357,683 (2022: deferred tax expense BDT 208,341). Significant judgment is required in relation to deferred tax assets/ liabilities as their recoverability is dependent on forecasts of future profitability over a number of years.	We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the recognition and measurement of DTAs and DTLs and the assumptions used in estimating the Company's future taxable income. We also assessed the completeness and accuracy of the data used for the estimations of future taxable income. The Company has sufficient taxable profit to recover the deferred tax assets/ liabilities in the foreseeable future. We involved tax specialists to assess key assumptions, controls, recognition and measurement of DTA's/ DTL's. Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax including deduction of DTA/ DTL on specific provision from regulatory capital.
See notes no 9.4 &12.5 to the financial statements	
Valuation of Defined Benefits and Pension Obligation	
The Company operates a number of defined benefit schemes which in total are significant in the context of the overall balance sheet. At the year end, the Company reported a net defined benefit asset (gratuity) of BDT 9,740,047. The valuations of the retirement benefit liabilities are calculated with reference to a number of actuarial assumptions and inputs including discounting rate, rate of inflation and mortality rates. The net defined benefit asset is sensitive to changes in the assumptions.	We tested the design and operating effectiveness of key controls over the completeness and accuracy of data extracted and supplied to the Companies' actuaries, which is used to calculate the pension assets and pension schemes' surplus or deficit. We also tested the control associated with the actuarial assumptions setting process and the measurement of the fair value of the schemes' assets. We conducted that the key controls were designed, implemented and operated efficiently. We tested the employee data used in calculating obligation. We assessed the appropriateness and presentation of disclosures against IAS 19 Employee Benefits.
See note no 9.3 to the financial statements.	

Valuation of Treasury Bill and Treasury Bond	
The classification and measurement of T-Bill and T-Bonds require judgment and complex estimates. In the absence of a quoted price in an active market, the fair value of T-Bills and T-Bonds is determined using complex valuation techniques that may take into consideration direct or indirect unobservable market data and complex pricing models that require an elevated level of judgment.	We assessed the processes and controls put in place by the Company to identify and confirm the existence of financial instruments. We obtained an understanding, evaluated the design and tested the operating effectiveness of the key controls over the financial instruments valuation processes, including controls over market data inputs into valuation models, model governance, and valuation adjustments. We tested a sample of the valuation models and the inputs used in those models, using a variety of techniques, including comparing inputs to available market data. Finally, assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.
See note no 6 to the financial statements.	
IT systems and controls	
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.	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, changes 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 and reviewed 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.

Legal and regulatory matters	
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. These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities. Overall, the legal provision represents the Company's best estimate for existing legal matters that have a probable and estimable impact on the Company's financial position.	We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the legal provision and contingencies process. We enquired to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters. We inquired of the Company's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports. We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information. We also assessed the Company's provisions and contingent liabilities disclosure.

Other matters

The financial statements of the Company for the year ended 31 December 2022, were audited by ACNABIN Chartered Accountants who expressed an unmodified opinion on those statements on 29 March 2023.

Reporting on 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 Annual Report is expected to be made available to us after the date of this auditor's 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.

If, based on the work we have performed, on the other information obtained prior to the date of this audit report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with IFRSs as explained in note 2, and for such internal control as the 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 these 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 the 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

- 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 Securities and Exchange Rules 1987, the Financial Institute Act, 1993 and the rules and regulations issued by Bangladesh Bank, we also report that:

(i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

(ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;

(iii) 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 account and returns;

(iv) the expenditures incurred were for the purpose of the Company's business for the year;

(v) the financial statements of the Company have been drawn up in conformity with the Financial Institutions Act, 1993 and in accordance with the accounting rules and regulations which were issued by Bangladesh Bank to the extent applicable to the Company;

(vi) adequate provisions have been made for loans, advances, investment and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;

(vii) 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;

(viii) the records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements;

(ix) statements sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;

(x) taxes and other duties were collected to be and deposited in the Government treasury by the Company as per Government instructions found satisfactory based on test checking;

(xi) 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;

(xii) 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;

(xiii) 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;

(xiv) 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 found satisfactory;

(xv) we have reviewed over 80% of the risk weighted assets of the Company and we have spent around 1,500 person hours for the audit of the books and accounts of the Company;

(xvi) the Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;

(xvii) the Company has complied with the 'First Schedule' of the Financial Institute Act, 1993 in preparing these financial statements; and

(xviii) all other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report.

Dhaka, 11 March 2024
DVC: 2403131512AS598059

Shaikh Hasibur Rahman, FCA
Partner
ICAB Enrollment # 1512
Hoda Vasi Chowdhury & Co
Chartered Accountants

DBH FINANCE PLC.

Balance Sheet

As at 31 December 2023

Particulars	Notes	Amount in Taka		
		31 December 2023	31 December 2022 (Restated)	01 January 2022 (Restated)
PROPERTY AND ASSETS				
Cash		**622,584,417**	**575,264,085**	**558,066,972**
In hand	3.1	108,944	99,203	101,102
Balance with Bangladesh Bank and its agent Bank	3.2	622,475,473	575,164,882	557,965,870
Balance with other banks and financial institutions		**17,446,972,663**	**11,018,065,981**	**14,725,958,032**
In Bangladesh	4.1	17,446,972,663	11,018,065,981	14,725,958,032
Outside Bangladesh		-	-	-
Money at call on short notice	5	**100,000,000**	**2,700,000,000**	**-**
Investments	6	**5,165,060,579**	**2,516,950,591**	**678,218,185**
Government		4,185,513,679	1,658,567,002	8,241,093
Others		979,546,900	858,383,589	669,977,092
Loans and advances		**43,669,788,473**	**44,535,972,899**	**43,830,505,644**
Loans and advances	7	43,669,788,473	44,535,972,899	43,830,505,644
Fixed assets including land, building, furniture and equipments	8	**276,448,592**	**254,482,380**	**262,581,058**
Other assets	9	**256,426,969**	**136,865,220**	**223,282,992**
Total Assets		**67,537,281,693**	**61,737,601,156**	**60,278,612,883**
LIABILITIES AND CAPITAL				
Liabilities				
Borrowing from other banks, financial institutions and agents	10	**9,358,458,290**	**11,080,141,587**	**6,175,673,065**
Deposits and other accounts		**46,655,952,696**	**40,060,590,590**	**43,978,360,429**
Fixed deposits	11.1	46,655,952,696	40,060,590,590	43,978,360,429
Other deposits		-	-	-
Other liabilities	12	**2,844,425,652**	**2,610,392,700**	**2,888,932,917**
Total Liabilities		**58,858,836,637**	**53,751,124,877**	**53,042,966,411**
Shareholders' equity				
Paid-up capital	13.2	1,988,901,710	1,949,903,640	1,772,639,680
Share premium	14	55,000,000	55,000,000	55,000,000
Statutory reserve	15	1,933,901,711	1,894,903,641	1,693,914,189
Other reserves	16	4,025,040,000	3,575,040,000	3,125,040,000
Retained earnings (Re-stated)	33	675,601,635	511,628,998	589,052,603
Total equity		**8,678,445,056**	**7,986,476,279**	**7,235,646,472**
Total liabilities and Shareholders' equity		**67,537,281,693**	**61,737,601,156**	**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 191 to 196.
2. The annexed notes 1 to 42 and annexure A - D, form an integral part of these financial statements.
3. These financial statements were approved by the Board of Directors on 11 March 2024 and were signed on its behalf by:

Chairman | Director | Director | Managing Director & CEO

Dhaka, 11 March 2024
DVC: 2403131512AS598059

Shaikh Hasibur Rahman, FCA
Partner, ICAB Enrollment # 1512
Hoda Vasi Chowdhury & Co
Chartered Accountants

DBH FINANCE PLC.

Profit and Loss Account

For the year ended 31 December 2023

Particulars	Notes	Amount in Taka	
		2023	2022
Interest Income	18	5,924,247,334	4,831,162,037
Interest paid on deposits and borrowings etc.	19	(4,130,316,645)	(3,045,375,756)
Net Interest Income		**1,793,930,689**	**1,785,786,281**
Income from investment	20	189,859,760	145,220,701
Commission, exchange and brokerage	21	163,854,738	182,889,368
Other operating income	22	20,861,720	20,733,705
Total operating income		**2,168,506,907**	**2,134,630,055**
Salary and allowances	23	399,823,287	377,439,782
Rent, taxes, insurance, electricity etc.	24	25,605,567	35,613,730
Legal & professional expenses	25	21,575,570	17,808,124
Postage, stamp, telecommunication etc.	26	8,484,920	8,428,116
Stationery, printing, advertisements etc.	27	18,824,910	19,997,884
Managing Director's salary and fees	27.1	13,000,000	13,000,000
Directors' fees and expenses	28	1,033,097	956,075
Auditor's fees	29	575,000	575,000
Depreciation, repairs & maintenance	30	74,625,883	70,854,191
Other expenses	31	74,779,956	65,789,218
Total operating expenses		**638,328,190**	**610,462,120**
Profit before provisions		**1,530,178,717**	**1,524,167,935**
Provisions:			
Loans and advances	12.1.A	(36,502,660)	(164,278,158)
Diminution in value of investments	12.1.3	5,816,359	105,946,283
Other Assets		(330,000)	2,239,804
Total provisions		**(31,016,301)**	**(56,092,071)**
Profit before tax		**1,561,195,018**	**1,580,260,006**
Provision for tax:	32		
Current tax		526,383,013	563,325,906
Deferred tax expense/(income) (Re-stated)		50,357,683	208,341
		576,740,695	563,534,247
Profit after tax		**984,454,323**	**1,016,725,759**
Appropriations			
Statutory reserve		38,998,070	200,989,452
General reserve		450,000,000	450,000,000
		488,998,070	650,989,452
Retained surplus		**495,456,253**	**365,736,307**
Earnings Per Share (Re-stated)	34	**4.95**	**5.11**

	2022	2021
Earning Per Share	**5.21**	**5.35**

Notes:

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Chairman | Director | Director | Managing Director & CEO

Dhaka, 11 March 2024
DVC: 2403131512AS598059

Shaikh Hasibur Rahman, FCA
Partner, ICAB Enrollment # 1512
Hoda Vasi Chowdhury & Co
Chartered Accountants

DBH FINANCE PLC.

Cash Flow Statement

For the year ended 31 December 2023

Particulars	Notes	Amount in Taka	
		2023	2022
Cash flows from operating activities			
Interest receipts		5,831,247,463	4,862,890,986
Interest payments		(3,844,759,242)	(2,932,185,465)
Dividend receipts		23,995,013	33,308,674
Fees and commission receipts in cash		163,854,738	182,889,368
Cash payments to employees, suppliers and various operating expense		(585,574,802)	(563,849,822)
Income tax paid		(472,422,277)	(751,242,259)
Receipts from other operating activities		187,206,957	115,445,861
Cash generated from operating activities before changes in operating assets and liabilities		1,303,547,850	947,257,343
Increase/(decrease) in operating assets and liabilities			
Loans and advances to customers		864,541,833	(702,202,181)
Investment in trading securities		(118,552,622)	(179,526,069)
Other assets		(29,705,328)	31,417,955
Loans and deposits from banks and other customers		6,595,362,106	(3,917,769,839)
Interest suspense		(29,370)	(3,368,205)
Other liabilities		(26,440,359)	(6,146,184)
Cash generated/ (utilized) in operating assets and liabilities		7,285,176,258	(4,777,594,523)
Net cash flows from/(used in) operating activities	37	**8,588,724,109**	**(3,830,337,180)**
Cash flows from investing activities			
Net proceeds(Payments) for sale/purchase of Treasury Bond		(2,526,946,678)	(1,650,325,909)
Other investments		3,000,000	3,000,000
Purchase of property, plant & equipment		(40,898,681)	(27,979,469)
Proceeds from sell of property, plant & equipment		173,349	1,887,651
Net cash flows from/(used in) investing activities		**(2,564,672,010)**	**(1,673,417,727)**
Cash flows from financing activities			
Net Receipt of Loan & Zero Coupon Bond		(1,776,173,773)	4,649,422,568
Cash dividend paid		(292,485,546)	(265,895,952)
Net cash flows from/(used in) financing activities		**(2,068,659,319)**	**4,383,526,616**
Net increase/(decrease) in cash and cash equivalents		**3,955,392,780**	**(1,120,228,291)**
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents (net off overdraft) at the beginning of the period		**14,001,458,055**	**15,121,686,346**
Cash and cash equivalents (net off overdraft) at the end of the period	37A	**17,956,850,835**	**14,001,458,055**

Notes:

1. Independent Auditor's Report-Page 191 to 196
2. The annexed notes 1 to 42 and annexure A - D, form an integral part of these financial statements.
3. These financial statements were approved by the Board of Directors on 11 March 2024 and were signed on its behalf by:

Chairman | Director | Director | Managing Director & CEO

DBH FINANCE PLC.

Statement of Changes in Equity

For the year ended 31 December 2023

Amount in Taka

Particulars	Paid-up Capital	Share Premium	Statutory Reserve	General & Other Reserves	Retained earnings	Total
Balance as on 1 January 2023	1,949,903,640	55,000,000	1,894,903,641	3,575,040,000	511,628,998	7,986,476,278
Net profit (after tax) for the period	-	-	-	-	984,454,323	984,454,323
Transferred to reserve funds	-	-	38,998,070	450,000,000	(488,998,070)	-
Stock dividend issued	38,998,070	-	-	-	(38,998,070)	-
Cash dividend paid	-	-	-	-	(292,485,546)	(292,485,546)
Balance at 31 December 2023	**1,988,901,710**	**55,000,000**	**1,933,901,711**	**4,025,040,000**	**675,601,635**	**8,678,445,056**

Statement of Changes in Equity

For the year ended 31 December 2022

Amount in Taka

Particulars	Paid-up Capital	Share Premium	Statutory Reserve	General & Other Reserves	Retained earnings	Total
Balance as on 1 January 2022	1,772,639,680	55,000,000	1,693,914,189	3,125,040,000	597,537,221	7,244,131,090
Prior Year adjustment	-	-	-	-	(8,484,618)	(8,484,618)
Restated Balance as on 1 January 2022	1,772,639,680	55,000,000	1,693,914,189	3,125,040,000	589,052,603	7,235,646,472
Net profit (after tax) for the period	-	-	-	-	1,016,725,759	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)	(265,895,952)
Balance at 31 December 2022 (Re-stated)	**1,949,903,640**	**55,000,000**	**1,894,903,641**	**3,575,040,000**	**511,628,998**	**7,986,476,279**

DBH FINANCE PLC.

Liquidity Statement

As at 31 December 2023

Amount in Taka

Particulars	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)	622,584,417	-	-	-	-	622,584,417
Balance with other banks and financial institutions	8,382,730,711	8,864,241,952	200,000,000	-	-	17,446,972,663
Money at call on short notice	100,000,000	-	-	-	-	100,000,000
Investments	3,325,145,092	100,000,000	-	100,000,000	1,639,915,487	5,165,060,579
Loans and advances	248,333,530	2,005,300,254	5,887,247,594	21,038,511,749	14,490,395,345	43,669,788,473
Fixed assets including land, building, furniture, equipments & ROU asset	973,899	2,116,655	8,765,087	116,283,197	148,309,754	276,448,592
Other assets	87,077,648	156,865,209	6,722,952	4,511,161	1,250,000	256,426,969
Total Assets	**12,766,845,297**	**11,128,524,070**	**6,102,735,633**	**21,259,306,107**	**16,279,870,586**	**67,537,281,693**
Liabilities						
Borrowing from other banks and financial institutions	5,366,263,521	44,217,660	2,242,271,257	1,664,754,260	40,951,592	9,358,458,290
Deposits and other accounts	1,834,387,619	9,138,950,781	9,364,950,824	16,065,109,496	10,252,553,976	46,655,952,696
Other liabilities	474,370,961	431,972,295	791,130,506	516,407,211	630,544,679	2,844,425,652
Total liabilities	**7,675,022,100**	**9,615,140,736**	**12,398,352,588**	**18,246,270,967**	**10,924,050,247**	**58,858,836,637**
Net liquidity gap	5,091,823,196	1,513,383,334	(6,295,616,955)	3,013,035,140	5,355,820,340	8,678,445,056

DBH FINANCE PLC.

Notes to the Financial Statements

As at and for the year ended 31 December 2023

1.0 Company and its activities

1.01 Domicile, legal form, country of incorporation and registered office

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.

1.02 Principal activities and nature of operations

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.

2.0 Basis of preparation and significant accounting policies

2.01 Statement of compliance

The financial statements of the Company have been prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh, except the circumstances where local regulations differ, and the Companies Act, 1994, the Financial Institutions Act, 1993, Securities and Exchange Rules, 2020 & the (Listing) Regulation, 2015 of Dhaka & Chittagong Stock Exchanges and other applicable laws and regulations in Bangladesh and practices generally followed by Housing Finance Institutions.

The presentation of the financial statements has been made as per the requirements of DFIM Circular No. 11, dated December 23, 2009 issued by the Department of Financial Institutions and Markets (DFIM) of the Bangladesh Bank. The activities and accounting heads mentioned in the prescribed form, which are not applicable for financial institutions, have been kept blank in the financial statements. The financial statements are prepared on the historical cost basis and therefore, did not take into consideration the effect of inflation.

The requirements of accounting standards as per IFRS that have been departed to comply with Bangladesh Bank requirements have been disclosed in detail in note-2.3 & 2.49.

However, this departure with IFRS has been made by following all of the relevant provisions of IAS-1 and the details disclosures are given in note-2.3 & 3 by following the provision of Para 20 of IAS-1 (Presentation of Financial Statements).

2.02 Disclosure of deviations from few requirements of IAS/IFRS due to mandatory compliance with Bangladesh Bank's requirements

Bangladesh Bank (the local Central Bank) is the prime regulatory body for Financial Institutions in Bangladesh. Some requirements of Bangladesh Bank's rules and regulations contradict with those of financial instruments and general provision standards of IAS and IFRS. As such the company has departed from those contradictory requirements of IAS/IFRS in order to comply with the rules and regulations of Bangladesh Bank, which are disclosed in Note -2.49 along with financial impact where applicable.

2.03 Components of the financial statements

The financial statements comprise of (As per DFIM Circular No. 11, Dated 23 December 2009):

(i) Balance Sheet as at 31 December 2023;

(ii) Profit and Loss Account for the year ended 31 December 2023;

(iii) Cash Flows for the year ended 31 December 2023;

(iv) Changes in Equity for the year ended 31 December 2023;

(v) Liquidity Statement for the year ended 31 December 2023;

(vi) Notes to the Financial Statements for the year ended 31 December 2023.

2.04 Directors' responsibility statement

The Board of Directors' takes the responsibility for the preparation and presentation of these financial statements.

2.05 Date of authorisation

The Board of directors has authorised this financial statements for public issue on 11 March 2024.w

2.06 Reporting period

The financial statements of the company covers one year period ranging from 1 January 2023 to 31 December 2023.

2.07 Presentation and functional currency and level of precision

The financial statements are presented in Bangladesh Taka (BDT) currency, which is the Company's functional currency. All financial information presented in BDT has been rounded off to the nearest BDT.

2.08 Going Concern

The Company has adequate resources to continue in operation for the foreseeable future. For this reason, the management continue to adopt going concern basis in preparing the financial statements, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

2.09 Use of estimates and judgments

The preparation of financial statements in conformity with International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. It also requires disclosures of contingent assets and liabilities at the date of the financial statements. Such estimates and assumptions are made on historical experience and other factors that are considered reasonable under the required circumstances.

The most critical estimates and judgments are applied to the following:

(i) Provision of impairment loans and advances, and investments

(ii) Gratuity

(iii) Useful life of depreciable assets

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

However, the estimates and underlying assumptions are reviewed on an ongoing basis and the revision is recognised in the period in which the estimates are revised. In accordance with the guidelines as prescribed by IAS 37: "Provisions, Contingent Liabilities and Contingent Assets", provisions are recognized in the following situations:

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

However, the estimates and underlying assumptions are reviewed on an ongoing basis and the revision is recognised in the period in which the estimates are revised. In accordance with the guidelines as prescribed by IAS 37: "Provisions, Contingent Liabilities and Contingent Assets", provisions are recognized in the following situations:

Provisions are liabilities that are uncertain in timing or amount. Provisions are recongnized when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

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.

Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of financial institution; or the Group has a present obligation as a result of past events but is not recognized because it is not likely that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated. Contingent liabilities normally comprise legal claims under arbitration or court process in respect of which a liability is not likely to occur.

Contingent Assets:

A contingent asset is possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of financial institution. Contingent assets are never recognized, rather they are disclosed in the financial statements when they arise.

2.10 Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by International Accounting Standard (IAS) 1, 'Presentation of Financial Statements'. No amount has been set off unless the DBH has a legal right to set off the amounts and intends to settle on net basis. Income and expenses are presented on a net basis only when permitted by the relevant accounting standards.

2.11 Foreign currency transactions

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

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

Name of the IAS	IAS No.	Status
Presentation of Financial Statements	1	**
Inventories	2	N/A
Statement of Cash Flows	7	**
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events after the Reporting Period	10	Applied
Income Taxes	12	Applied
Property, Plant and Equipment	16	Applied
Employee Benefits	19	Applied
Accounting for Government Grants and Disclosure of Governments Assistance	20	N/A
The Effect of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	N/A
Related Party Disclosures	24	Applied
Accounting and Reporting by Retirement Benefits Plans	26	N/A
Separate Financial Statements	27	N/A
Investment in Associates and Joint Ventures	28	N/A
Financial Reporting in Hyperinflationary Economics	29	N/A
Financial Instruments: Presentation	32	**
Earnings per Share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied
Investment Property	40	N/A
Agriculture	41	N/A
Name of the IFRS	IFRS No.	Status
First-time adoption of International financial Reporting Standards	1	N/A
Share-based Payment	2	N/A
Business Combinations	3	N/A
Insurance Contracts	4	N/A
Name of the IFRS	IFRS No.	Status
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	Applied
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

2.13 Offsetting

Assets and Liabilities and income and expenses are not set-off unless permitted by the International Accounting Standards (IASs).

2.14 Branch accounting

The Company has fourteen offices (head office & thirteen branches), with no overseas branch as on December 31, 2023. Accounts of the branches are maintained at the head office which are included in the accompanying financial statements.

2.15 Accounting for term finance & other finances

Books of accounts for term finance operation are maintained based on the accrual method of accounting. Outstanding loans, along with the accrued interest thereon, for short-term finance, and unrealised principal for long-term finance, real estate finance, car loans and other finances are accounted for as term finance assets of the Company. Interest earnings are recognised as operational revenue periodically.

2.16 Accounting policy for Leases (IFRS 16)

As a lessee

DBH recognises a right of use asset and a lease liability from the beginning of 2020. The right of use asset is initially measured at cost, which comprises the initial amount of the 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 (from the beginning of 2020) to the earlier of the end of the useful life of the right of use asset or the end of the lease term. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements 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 (from the beginning of 2020), discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, DBH's incremental borrowing rate. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in DBH's estimate of the amount expected to be payable under a residual value guarantee, or if DBH changes its assessment of whether it will exercise purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right to use asset, or is recorded in profit or loss if the carrying amount of the right to use asset has been reduced to zero.

DBH presents right of use assets in Annexure A and lease liabilities in note: 12.4 separately.

2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, balance with Bangladesh Bank and its agent bank and balance with other banks and financial institutions. For the purpose of statement of cash flow, cash and cash equivalents are prepared net off bank overdrafts.

Cash Flow Statement

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

2.18 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-1and Peninsula AMCL Unit Fund have been valued at 85 % of latest published NAV as on December 31, 2023 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.

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.

2.19 Provision for loans and advances

Provision for investments and advances is an estimate of the losses that may be sustained in the investment portfolio. The provision is based on Bangladesh Bank guidelines.

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.

DBH's methodology for measuring the appropriate level of the provision relies on several key elements, which include both quantitative and qualitative factors as set forth in the Bangladesh Bank guidelines. Provision for loans and advances is made on the basis of periodical review by the management and of instructions of Bangladesh Bank. The Classification rates are given below:

Particulars	Rate
General provision on:	
Unclassified loans and advances	1.00%
Financing to the Subsidiaries and/or Sister Concerns, Brokerage House, Merchant Banks and Stock Dealers (CL-6C)	2.00%
Special mention account (SMA)	5.00%
Specific provision on:	
Substandard loans and advances (SS)	20.00%
Doubtful loans and advances (DF)	50.00%
Bad/loss loans and advances (BL)	100.00%

2.20 Fixed assets including land, building, furniture and equipments

i) Recognition and measurement

Own assets

The cost of an item of property, plant and equipment is recognized as an asset if, and only if, it is probable that the future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Property, plant and equipment are stated at cost less accumulated depreciation in compliance with the International Accounting Standard (IAS) 16: Property, Plant and Equipment. The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes, if any.

ii) Subsequent expenditure on fixed assets

Expenditure incurred after the assets have been put into operation, such as repair and maintenance is normally charged off as revenue expenditure in the period in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the use of the fixed assets, the expenditure is capitalized as an additional cost of the assets. All other costs are recognized to the profit and loss account as expenses.

iii) Disposal

On disposal of fixed assets, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is reflected in the income statement, which is determined with reference to the net book value of the assets and net sales proceeds.

iv) Depreciation

Depreciation of an asset begins when the asset is available for use. Depreciation is provided for the period in use of the assets. Full month's depreciation has been charged on additions irrespective of date when the related assets are put into use and no depreciation is charged for the month of disposal. Depreciation is provided at the following rates on straight-line basis over the periods appropriate to the estimated useful lives of the different types of 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.

v) 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.

2.20 Intangible assets and amortisation of intangible assets

Components

The main item included in intangible asset is software.

Basis of recognition

An intangible asset shall only be recognized if it is probable that future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably in accordance with IAS 38: Intangible Assets. Accordingly, these assets are stated in the Balance Sheet at cost less accumulated amortization.

Subsequent costs

Subsequent expenditure on intangible asset is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

Amortization

Intangible asset is valued at amortized cost and written down within 5 years.

2.22 Impairment of assets

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment in line with International Accounting Standard 36: Impairment of Assets. If any such indication exists, the recoverable amount of assets is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable impairment losses are recognized in the profit and loss account.

An impairment loss is recognized immediately in profit or loss, unless the asset is carried at revalued amount in accordance with another standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with the other standard. After the recognition of an impairment loss, the depreciation/amortization charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

2.23 Receivables

Accounts receivables

Accounts receivables include mainly dividend receivable, interest receivable, and sundry receivable. No such receivables are accounted for if the loans are classified as bad and loss. Receivables carry interest for the periods for which the delay in payments of the amounts due from the clients continues. Such interest is not recognized as income until it is received in cash.

2.24 Bank loans, deposits etc.

Interest bearing bank loans are recorded at the proceeds received. Interest on bank loans is accounted for on an accrued basis to profit and loss account under the head of financial expense at the implicit rate of interest. The accrued expenses are not added to carrying amounts of the loans.

2.25 Financial instruments:

Financial instrument includes non-derivative financial instruments such as cash and equivalents, money at call and on short notice, investments in shares, loans, advances, borrowing from other banks and financial institutions, deposits etc.

2.26 Employees benefit plans

DBH offers a number of benefit plans which include contributory provident fund, gratuity plan, death and disability plan, and hospitalization benefit including annual health check-up and maternity benefits. The recognition and disclosure for employee benefits are made in accordance with International Accounting Standard 19: Employee Benefits.

2.27 Statutory reserve

As per clause no. 06 of Financial Institutions Regulations, 1994, financial institution is required to transfer at least 20% of it's profit after tax and before appropriation of dividend in a particular year, if the financial institution's sum of share premium account (if any) and statutory reserves is less than the required paid up capital of that financial institution. As per DFIM Circular No. 05, dated July 24, 2011, required capital for financial institution should not be less than BDT 100 crore or mimimum capital required based on risk-weighted asset.

2.28 Litigation

The Company is not a party to any lawsuits except those arising in the normal course of business, which were filed against the default clients for non-performance in loans repayment and against various level of tax authority regarding some disputed tax issues. The Company, however, provides adequate provisions as per guidelines of International Accounting Standard (IAS) 37: Provisions, contingent liabilities and contingent assets.

Revenue recognition

Revenue is only recognised when it meets the following five steps model framework as per IFRS 15: Revenue from Contracts with Customers

a) identify the contract (s) with a customers;
b) identify the performance obligations in the contract;
c) determine the transaction price;
d) allocate the transaction price to the performance obligations in the contract;
e) recognise revenue when (or as) the entity satisfies a performance obligation.

Interest income from loans and other sources is recognised on an accrual basis of accounting and where applicable, on the basis of instruction from Bangladesh Bank considering on the future risk of recovery.

Interest income

Interest income on loans and advances / profit on investment 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.

Profit on investment (Islamic Banking)

Mark-up on investment is taken into income account proportionately from profit receivable account. Overdue charge/compensation on classified investments are transferred to profit suspense account instead of income account.

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

Dividend income is recognized on accrual basis when the right to receive income is established. Dividend income from ordinary shares is recognized when the shareholders' legal rights to receive payments have been established i.e. during the period in which dividend is declared in the Annual General Meeting. Dividend declared but not received is recognized as deemed dividend. Dividend from preference shares is recognized on cash basis.

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.

Gain on sale of securities

Capital gain on disposal of securities listed in the stock exchanges is recorded on realized basis. i.e. only when the securities are sold in the market. Unrealized capital gains are not accounted for in the profit and loss account.

2.30 Provision for doubtful losses

The provision for doubtful losses is maintained at a level that management considers adequate to absorb identified credit related losses in the portfolio as well as losses that have been incurred but are not yet identifiable. The provision is increased by the provision for doubtful losses, which is charged to profit and loss account, and decreased by the amount of write-offs, net of reverses.

The provision is determined based on management's identification and evaluation of problem accounts, estimated probable losses that exist on the remaining portfolio and on other factors including the composition and quality of the portfolio and changes in economic condition.

The provision is estimated based on two principles: (1) International Accounting Standard (IAS) 37: Provisions, contingent liabilities and contingent assets, and (2) Bangladesh Bank guidelines. Methodology for measuring the appropriate level of the provision relies on several key elements, which include both quantitative and qualitative factors as set forth in the Bangladesh Bank guidelines. FID circular 08 dated August 03, 2002 and subsequent updated by Bangladesh Bank in this regard is the basis for calculating the provision for doubtful losses.

2.31 Income tax

Income tax expense represents the sum of current tax and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years or are never taxable or deductible. Company's liability for current tax is calculated using, the tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax

The Company accounts for deferred tax as per International Accounting Standard (IAS) 12: "Income Taxes". Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. It is measured at the tax rates that are expected to be applied to the temporary differences when they reverse based on the laws that have been enacted or substantively enacted by the date of reporting of the financial statements. The Company provides disclosures based on the classes of assets and liabilities related to the temporary differences.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax liabilities are recognized for all taxable temporary differences and it is probable that temporary differences will not reverse in the foreseeable future. Both the Deferred tax assets and liabilities are reviewed at each reporting date considering the probability of benefit or detriment realizable. Deferred tax assets and liabilities are not offset and are presented separately as per Bangladesh Bank directive.

2.32 Dividend to company's shareholders

Final dividend is recognized when it is approved by the shareholders.

The proposed cash dividend is not recognized as a liability in the balance sheet in accordance with the International Accounting Standard (IAS) 10: 'Events After the Reporting Period'. Dividend payable to the Company's shareholders are recognized as a liability and deducted from shareholders equity in the period in which the shareholders right to receive payment is established.

International Accounting Standard (IAS) 1: 'Presentation of Financial Statements', also requires the dividend proposed after the balance sheet date but before the financial statements are authorized for issue, be disclosed in the notes to the financial statements. Accordingly, the Company has disclosed the same in the notes to the financial statements.

2.33 Earnings per share

The Company calculates Earnings Per Share (EPS) in accordance with International Accounting Standard (IAS) 33: 'Earnings Per Share', which has been shown on the face of Profit and Loss account, and the computation of EPS is stated in the notes to the financial statements.

Basic earnings per share

This represents earnings for the year attributable to ordinary shareholders. As there was no preference dividend or extra ordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

Diluted earnings per share

Diluted earnings per share reflects the potential dilution that could occur if additional ordinary shares are assumed to be issued under securities or contracts that entitle their holders to obtain ordinary shares in future, to the extent such entitlement is not subject to unresolved contingencies.

Effect of dilution to weighted average number of ordinary shares is given for potential ordinary shares. At 31 December 2023, there was no scope for dilution and hence no diluted EPS is required to be calculated.

Weighted average number of ordinary shares outstanding during the year

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of ordinary shares issued during the year multiplied by a time-weighting factor. The time-weighting factor is the numbers of days the specific shares were outstanding as a proportion of the total number of days in the year.

2.34 Cash flow statements:

Cash flow statement of the company is prepared and presented as per the requirement of International Accounting Standard (IAS) 7: 'Statement of cash flows', and DFIM Circular No. 11 dated 23 December 2009.

2.35 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:

(i) Balances with other banks and financial institutions are on the basis of their maturity term.
(ii) Investments are on the basis of their expected liquidation & residual maturity term.
(iii) Loans and advances are on the basis of their repayment schedule and past trend of early settlement.
(iv) Fixed assets are on the basis of their useful lives.
(v) Other assets are on the basis of their adjustment terms.
(vi) Borrowings from other banks and financial institutions as per their maturity/repayment terms.
(vii) Deposits and other accounts are on the basis of their maturity term and behavioral past trends.
(viii) Other long term liabilities are on the basis of their maturity terms.
(ix) Other liabilities are on the basis of their settlement terms.

2.36 Accrued expenses and other payables

Liabilities are recognized for the goods and services received, whether paid or not for those goods and services. Payables are not interest bearing and are stated at their nominal value.

2.37 Employee benefits

2.37.1 Defined contribution plan

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.

2.37.2 Defined benefit plan

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 2023 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

2.37.3 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.

2.38 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.

2.39 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.

2.40 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.

2.41 Interest suspense account

Accrued interest on term finance, real estate finance, car loans and personal loans classified as Special Mentioned Account, Sub-Standard, Doubtful and Bad loan are not recognized as income rather transferred to interest suspense account as complied with Bangladesh Bank guidelines. Recovery of overdue credited to interest suspense account is recognized as income on cash basis.

2.42 Related party transactions

Related parties are identified and disclosed as per International Accounting Standard (IAS) 24: 'Related Party Disclosure'. Related party disclosures have been given in note 40.

2.43 Interim financial reporting

In accordance with International Accounting Standard (IAS) 34: 'Interim Financial Reporting', publicly traded entities encourages to provide interim financial reports that conform to the recognition, measurement and disclosure principles set out in this standard. Timely and reliable interim financial reporting improves the ability of investors, creditors, and others to understand an entity's capacity to generate earnings and cash flows and its financial condition and liquidity.

DBH apply the same accounting policies in its interim financial statements as are applied in its annual financial statements.

2.44 BASEL II & its implementation

To cope with the international best practices and to make the capital more risks sensitive as well as more shock resilient, guidelines on 'Basel Accord for Financial Institutions (BAFI)' were introduced on January 01, 2011 on test basis by the Bangladesh Bank. At the end of test run period, Basel Accord regime started and the guidelines namely "Prudential Guidelines on Capital Adequacy and Market Discipline for Financial Institutions (CAMD)" came fully into force from January 01, 2012 with its subsequent supplements/revisions. Instructions regarding Minimum Capital Requirement (MCR), Adequate Capital, and Disclosure requirement as stated in these guidelines have to be followed by all FIs for the purpose of statutory compliance. As per CAMD guidelines, Financial Institutions should maintain a Capital Adequacy Ratio (CAR) of minimum 10%. In line with CAMD guideline's requirement, DBH has already formed BASEL Implementation Unit (BIU) to ensure timely implementation of BASEL II accord. Latest status of Capital Adequacy Ratio (CAR) has been shown in note - 13.5.

2.45 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.

2.46 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.

The company obtained permission from Bangladesh Bank (the country's central bank) to operate the islamic wing vide Bangladesh Bank's letter no. DFIM(L) 1053/46/2023-1298, dated April 10, 2023. The company commenced operation of this wing from May 07, 2023. The Islamic Wing is governed under the rules and regualtion of Bangladesh Bank. A glimps of financial performance of Islamic Finance Wing has been presented at Annexure - B.

2.47 Correction of error

"The company has recognised a deferred tax liability due to a mismatch in the written-down value (WDV) of fixed assets, using the tax depreciation rate, between the company's annual income tax return and the assessment order provided by the National Board of Revenue (NBR) of Bangladesh. The company received its assessment order for the assessment year 2020-2021 on June 14, 2023, and subsequently identified the difference. The management has reason to believe that such rectification will increase the credibility of the true and fair presentation of financial statements. This error has been rectified by the following journal:

Retained earnings	Debit
Deferred tax liability	Credit

After rectifying the above-mentioned issue, the company is required to restate the Net Asset Value (NAV), which has been mentioned in note 35. This correction will not lead to any restatement in Earnings Per Share (EPS) and Net Operatinf Cash Flow Per Share (NOCFPS).

2.48 Events after the reporting date

Events after the reporting date that provide additional information about the Company's position at the balance sheet date are reflected in the financial statements. Events after the reporting date that are non adjusting events are disclosed in the notes when material. There is no material adjusting and non-adjusting events after the Balance Sheet date.

2.49 Disclosure of deviations from few requirements of IAS/IFRS due to mandatory compliance with Bangladesh Bank's

SL No.	Nature of Departure	Title of IAS/ IFRS	Treatment of IAS/IFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
1	Measurement of provision for leases, loans and advances (financial assets measured at amortized cost)	IFRS 9 "Financial Instruments"	An entity shall assess at the end of each reporting period 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 losses are required to be measured through a loss allowance at an amount equal to: a) the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or b) full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).	As per 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, a general provision at 0.25% to 5% under different categories of unclassified loans (good/ standard loans and Special Mentioned Accounts (SMA)) has to be maintained irrespective of objective evidence of impairment on lease, 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 financial statements, an amount of Taka 9.78 million has been decreased against general provision for loans and advances for the year ended 31.12.2023. Accumulated provisions for leases, loans and advances as at 31.12.2023 stand at Taka 1053.04 million.
2	Valuation of Investments in quoted and unquoted shares	IFRS 9 "Financial Instruments"	Investment in shares falls either under at "fair value through profit/loss (FVTPL)' or "fair value through other comprehensive income (FVTOCI)" where any change in the fair value in case of FVTPL at the year-end is taken to profit of loss, and any change in fair value in case of FVTOCI is taken to other comprehensive income.	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 for any loss arising from diminution in value of investment; however in case of any unrealized gain, no such gain can be recognized and investments are recognized at cost only.	During this year, total market value of investment in Quoted shares of DBH Finance PLC is less than its cost price. As on December 31, 2023 there was BDT 17 million unrealized loss on investment in quoted shares.
3	Recognition of interest income for SMA and classified lease, 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.	As per FID circular No. 03, dated 03 May 2006, once an investment on leases, 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.	DBH Finance PLC. maintained interest suspense accordingly.
4	Presentation of cash and cash equivalent	IAS 7 "Statement of Cash Flows"	Cash equivalent 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 equivalent as it is illiquid asset and not available for use in day to day operations.	Bangladesh Bank has issued templates for financial statements vide DFIM Circular No. 11, dated 23 December 2009 which will strictly be followed by all banks and NBFIs. The templates of financial statements provided detail presentation for statement of cash flows.	Financial Statements for 2023 and corresponding year 2022 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank.

SL No.	Nature of Departure	Title of IAS/ IFRS	Treatment of IAS/IFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
5	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.	As per DFIM circular No. 7, dated 31 July 2011, no deferred tax asset can be recognized for any deductible temporary difference against the provision for lease, loans and advances.	During this year there is no impact in the financial statements due to this departure as the Company did not consider any deductible temporary difference against the provision for loans and advances.
6	Presentation and disclosure of Financial Statements and Financial Instruments	IAS 1 "Presentation of Financial Statements" IFRS 9 "Financial Instruments" & IFRS 7 "Financial Instruments: Disclosure"	Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single Other Comprehensive Income statement. IAS 1 requires separate line item for intangible assets on the face of statement of financial position. IFRS 9 and IFRS 7 require specific presentation and disclosure relating to all financial instruments.	Bangladesh Bank has issued templates for financial statements vide DFIM Circular No. 11, dated 23 December 2009 which will strictly be followed by all banks and NBFIs. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income (OCI) nor are the elements of Other Comprehensive Income allowed to include in a Single Comprehensive Income Statement. Intangibles assets are not separately presented on the face of statement of financial position; rather it is presented along with the line item of fixed assets. As per Bangladesh Bank guidelines, financial instruments are categorized, recognized and measured differently from those prescribed in IAS 39. As such some disclosure and presentation requirements of IFRS 7 and IAS 32 have not been made in the accounts.	Financial Statements for 2023 and corresponding year 2022 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank.
7	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.	As per DFIM Circular No. 11, dated 23 December 2009, Cash flow statement has been guided by the Bangladesh Bank which is the mixture of direct and indirect method.	Financial Statements for 2023 and corresponding year 2022 have been prepared as per guideline (DFIM Circular No. 11 dated 23 December 2009) of Bangladesh Bank.
8	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.	As per DFIM Circular No. 11, dated 23 December 2009, Bangladesh Bank has issued templates for financial statements which is applicable for all the Financial Institutions. In this templates there is no current and non-current segmentation of assets and liabilities.	Financial Statements for 2023 and corresponding year 2022 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank. Moreover, the liquidity statement shows the aging profile of all financial assets and liabilities from where current/non-current portion of assets and liabilities can be obtained.
9	Off-balance sheet items	"IAS 1 "Presentation of Financial Statements"	There is no concept of off-balance sheet items in any IFRS; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.	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.	Financial Statements for 2023 and corresponding year 2022 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank. There is no financial impact for this departure but there is a disclosure in the financial statements.

SL No.	Nature of Departure	Title of IAS/ IFRS	Treatment of IAS/IFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
10	Impairment of Margin Loan (Loans and receivables	IFRS 9 "Financial Instruments"	Measurement after initial recognition at amortized cost and recording of changes through profit and loss.	As per Bangladesh Securities and Exchange Commission (BSEC) Circular No. SEC/ CMRRCD/2009-193/196 dated 28 December 2016, provisions for the year 2016 on impairment of principal portion of margin loan shall be kept at 20% on each quarter for the five quarters starting from December 2016.	There is no such impact for this.
11	Complete set of financial statements	"IAS 1 "Presentation of Financial Statements"	As per IAS 1: "Presentation of Financial Statements" complete set of financial statements are i) statement of financial position, ii)statement of profit or loss and other comprehensive income, iii) statement of changes in equity, iv) statement of cash flows, v)notes, comprising significant accounting policies and other explanatory information and vi) statement of financial position at the beginning of preceding period for retrospective restatement.	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 flow statement, iv) statement of changes in equity, v) liquidity statement, vi) notes, comprising significant accounting policies and other explanatory information.	Financial Statements for 2023 and corresponding year 2022 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank. There is no financial impact for this departure in the financial statements.
12	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.	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 annexure-A as separate line item.	Financial Statements for 2023 and corresponding year 2022 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank. There is no financial impact for this departure in the financial statements.
13	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.	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 do not 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.	Financial Statements for 2023 and corresponding year 2022 have been prepared as per the guideline and templates issued by Bangladesh Bank. There is no financial impact for this departure in the financial statements.
14	Disclosure of presentation of profit	N/A	There is no requirement to show appropriation of profit in the face of statement of comprehensive income.	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.	Financial Statements for 2023 and corresponding year 2022 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank. There is no financial impact for this departure in the financial statements.

		31 Dec 2023 Taka	31 Dec 2022 Taka
3	**Cash**		
3.1	**Cash in hand**		
	Local Currency	108,944	99,203
	Foreign Currency	-	-
		108,944	**99,203**
3.2	**Balance with Bangladesh Bank and its agent bank**		
	Bangladesh Bank:		
	Local Currency	622,171,247	574,900,376
	Foreign Currency	243,957	224,177
		622,415,204	575,124,553
	Balance with Sonali Bank being an agent of Bangladesh Bank	60,269	40,329
		622,475,473	**575,164,882**

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	586,197,714	541,617,554
Actual average reserve maintained	607,922,981	568,857,056
Surplus/(deficit)	**21,725,267**	**27,239,502**

3.3.2 Statutory Liquidity Reserve (SLR)

Required reserve (including CRR)	2,116,260,206	2,003,207,047
Actual reserve maintained (including CRR note -3.3.1)	16,114,183,112	7,816,862,183
Surplus/(deficit)	**13,997,922,906**	**5,813,655,136**

4	**Balance with other banks and financial institutions**		
	In Bangladesh (Note 4.1)	17,446,972,663	11,018,065,981
	Outside Bangladesh	-	-
		17,446,972,663	**11,018,065,981**
4.1	**In Bangladesh**		
	Current deposits	272,403,818	14,523,190
	Short-term deposits	3,350,726,892	4,336,630,059
	Fixed deposits	13,823,841,953	6,666,912,732
		17,446,972,663	**11,018,065,981**

		31 Dec 2023 Taka	31 Dec 2022 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**	**-**	**-**
	Agrani Bank PLC	-	1,000,000,000
	Alliance Finance PLC	100,000,000	-
	Community Bank Bangladesh PLC	-	600,000,000
	National Credit & Commerce Bank PLC	-	1,000,000,000
	NRB Bank Ltd.	-	100,000,000
		100,000,000	**2,700,000,000**
6	**Investments**		
	Government securities:	4,185,513,679	1,658,567,002
	Other investments:		
	Non marketable securities (Note-6.1)	64,499,500	64,499,500
	Preference Share (Union Capital Ltd.)	-	3,000,000
	Marketable securities (Note-6.2)	915,047,400	790,884,089
		979,546,900	858,383,589
		5,165,060,579	**2,516,950,591**

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 Growth Fund	761,614	10,000,000	10,000,000
		64,499,500	**64,499,500**

6.2 Investment in marketable securities

Sectors	Market price 31 Dec 2023 Taka	Cost price	Cost price
Bank	58,936,863	73,950,861	72,155,258
Cement	19,921,953	23,117,702	12,588,252
Engineering	35,764,972	43,236,172	48,095,001
Financial Institutions	31,344,602	39,620,166	27,749,799
Food & Allied	62,552,324	70,032,191	74,841,010
Fuel & Power	32,915,879	40,688,020	33,614,408
Insurance	15,830,720	24,215,458	23,634,260
IT Sector	22,201,641	27,233,256	12,197,798
Miscellaneous	8,701,000	9,035,383	-
Mutual Funds	195,500,000	269,742,081	219,742,081
Pharmaceuticals & Chemicals	196,095,008	217,798,996	201,086,017
Services & Real Estate	9,417,254	11,126,596	-
Tannery	-	-	370,900
Telecommunication	50,667,723	59,472,128	58,265,122
Textile	5,163,700	5,778,390	6,544,183
	745,013,639	**915,047,400**	**790,884,089**

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, 2023. As on December 31, 2023 there was Tk. 127,831,762 provision on investment in marketable listed securities and Tk. 20,189,440 for non marketable securities (Bangladesh Rating Agencies Ltd., Primaenergy 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 2023 (last trading date was December 28, 2023).

		31 Dec 2023 Taka	31 Dec 2022 Taka
6.3	**Maturity grouping of investments:**		
	On demand*	895,047,400	770,884,089
	Up to 1 month	2,430,097,692	-
	Over 1 month but not more than 3 months	100,000,000	-
	Over 3 months but not more than 6 months	-	-
	Over 6 months but not more than 1 year	-	9,500,000
	Over 1 year but not more than 5 years	100,000,000	-
	Over 5 years	1,639,915,487	1,736,566,502
		5,165,060,579	**2,516,950,591**
	*Excluding BDT 20,000,000 investment in DBH 1st Mutual Fund.		
7	**Loans and advances**		
	Inside Bangladesh		
	Housing Loan	39,853,156,509	41,367,250,623
	Term Loan	3,536,610,430	2,840,321,322
	Loan against Deposits	123,973,796	184,945,027
	Staff loan	156,047,738	143,455,927
		43,669,788,473	**44,535,972,899**
	Outside Bangladesh	-	-
		43,669,788,473	**44,535,972,899**
7.1	**Maturity grouping of loans and advances**		
	Repayable on demand	248,333,530	221,813,406
	Not more than 3 months	2,005,300,254	2,294,638,247
	Over 3 months but not more than 1 year	5,887,247,594	6,124,456,201
	Over 1 year but not more than 5 years	21,038,511,749	21,739,100,868
	Over 5 years	14,490,395,345	14,155,964,177
		43,669,788,472	**44,535,972,899**
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	30,782,656	34,672,829
	d) Loans and advances to customer group:		
	i) Housing loan - customer	39,853,156,509	41,367,250,623
	ii) Staff loan-housing & others	125,265,082	108,783,098
	iii) Loan to depositors	123,973,796	184,945,027
	iv) Term Loan	3,536,610,430	2,840,321,322
		43,669,788,473	**44,535,972,899**
	e) Details of loan and advances industry-wise		
	i) Housing Finance/ Real Estate	39,982,801,731	41,513,192,567
	ii) Consumer Finance	3,686,986,742	3,022,780,332
		43,669,788,473	**44,535,972,899**

7.3 Loans and advances - geographical location-wise	31 Dec 2023 Taka	31 Dec 2022 Taka
Inside Bangladesh:		
Urban		
Dhaka	37,136,006,087	38,799,587,406
Chattogram	2,110,648,363	2,181,357,827
Sylhet	227,784,580	199,996,539
Cumilla	651,095,173	530,562,635
Gazipur	2,237,222,887	2,076,797,218
Narayangonj	588,892,257	500,537,618
Khulna	323,991,517	164,387,238
Rajshahi	196,494,867	70,974,826
Rangpur	197,652,742	11,771,592
	43,669,788,473	**44,535,972,899**
Outside Bangladesh:	-	-
	43,669,788,473	**44,535,972,899**

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.	43,493,341,294	44,392,332,848
ii) Loans and advances considered good against which the financial institution holds no security other than the debtors personal security.	9,497,882	6,351,381
iii) Loan and advances considered good and secured by the personal security of one or more parties in addition to personal guarantee of debtors.	166,949,297	137,288,670
iv) Loan and advances adversely classified: for which no provision is created.	-	-
	43,669,788,473	**44,535,972,899**
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.	156,047,738	143,455,927
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.	156,047,738	143,455,927
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)	(26,722,768)	(166,418,711)
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	357,854,743	306,518,001
c) Amount of interest creditable to interest suspense account	77,151,761	77,181,131
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 for which law suits have been filed.	9,425,086	9,425,086

	31 Dec 2023 Taka	31 Dec 2022 Taka
7.6 Classification of loans and advances		
Unclassified:		
Standard (including Staff Loan, Loan against Deposits and Others)	43,177,265,045	44,003,423,839
Special mention account (SMA)	116,087,642	147,782,361
	43,293,352,687	**44,151,206,200**
Classified:		
Sub-standard	10,425,240	70,152,435
Doubtful	8,155,803	8,096,263
Bad/loss	357,854,743	306,518,001
	376,435,786	**384,766,699**
	43,669,788,473	**44,535,972,899**

7.7 Calculation of provision for loans and advances as per Loan Classification Report as on December 31, 2023.

Nature	Base for provision	Rate (%)	Provision required
Standard	42,807,716,016	1	428,077,160
Standard (Loans to Assets Management Company)	89,527,495	2	1,790,550
Special mentioned account	105,142,256	5	5,257,113
Sub-standard	1,563,786	20	312,757
Doubtful	1,223,370	50	611,685
Bad/loss	70,038,090	100	70,038,090
Staff loan - standard	156,047,738	1	1,560,477
Loan against deposit - standard	123,973,796	1	1,239,738
			508,887,571

8 Fixed assets including land, building, furniture, equipment and right-of-use asset:

Cost		
Balance as of 01 January	568,448,325	531,228,869
Addition during the year	77,080,956	41,804,980
	645,529,281	**573,033,849**
Disposal/Adjustments	(78,775,713)	(4,585,524)
Balance as of 31 December	**566,753,568**	**568,448,325**
Depreciation		
Balance as of 01 January	313,965,945	268,647,811
Addition during the year	57,099,636	49,861,986
	371,065,581	**318,509,797**
Disposal/Adjustments	(80,760,605)	(4,543,852)
Balance as of 31 December	**290,304,976**	**313,965,945**
Written down value	**276,448,592**	**254,482,380**

Details are shown in annexure A.

9 Other assets

Accounts receivable (Note-9.1)	233,107,863	124,272,280
Advances, deposits and prepayments (Note-9.2)	5,609,068	6,674,786
Stamps and pay orders in hand	4,090,004	3,450,762
Net defined benefit (GF) (Note-9.3)	9,740,047	-
Protested bills receivables	1,328,217	1,328,217
Deferred tax assets (Note - 9.4) (Restated)	2,551,770	1,139,175
	256,426,969	**136,865,220**

9.1 Account receivables

Dividend receivable	4,296,245	10,494,882
Interest receivable	134,501,340	42,687,539
Sundry receivable	94,310,278	71,089,859
	233,107,863	**124,272,280**

	31 Dec 2023 Taka	31 Dec 2022 Taka

Sundry receivable includes receivable from Green Delta Securities Limited, BRAC EPL Stock Brokerage Limited, DLIC Securities Ltd, LankaBangla Securities Ltd., City Bank Capital Resources Ltd., IDLC Securities Limited, Shanta Securities Limited, and Forfeited DBH Staff Provident Fund,etc.

9.2 Advances, deposits and prepayments

Advance to employees	171,615	132,668
Advance to suppliers	-	1,299,000
Security deposits	4,511,161	4,170,000
Prepaid expenses	926,292	1,073,118
	5,609,068	**6,674,786**

9.3 *Net defined benefit (GF)

Net defined benefit assets & liabilities	
Defined benefit obligation (9.3a)	(200,669,845)
Fair value of plan assets (9.3b)	210,409,892
Surplus	9,740,047

*An actuarial investigation of the DBH Employees' Gratuity Fund (the 'Fund') as of 31 December 2023 was audited by Z. Halim & Association. The investigation reveals a past service liability of BDT. 200.7 million. The value of total assets in the Fund as on the investigation date is BDT 210.4 million. Comparing liability with the value of the fund reveals a surplus of around BDT 9.7 million.

9.3a Change in benefit obligation

Defined benefit obligation as on opening date	(200,733,679)
Current service cost	-
Interest expense	(14,051,357)
Actual net benefits payments	33,418,846
Experience (gain)/loss	(19,303,655)
Defined benefit obligation as on closing date	(200,669,845)

9.3b Change in fair value of plan assets

Fair value of plan asset as on opening date	222,560,721
Interest income	15,579,250
Actual employer contribution	5,460,897
Actual net benefits payments	(33,418,846)
Actuarial gains/(losses) on plan assets	227,870
Fair value of plan asset as on closing date	210,409,892

Fair Value of plan assets at year end split by major asset

Investment in Government Treasury Bill	48,790,800
Investment in Shares & Securities	16,274,423
Investment in fixed deposit	136,880,422
Receivable from Green Delta Securities Ltd.	3,010
Dividend Receivable	87,390
Accrued interest	2,841,148
Cash at Bank	4,440,393
Others (Advance Tax)	1,092,306
Total fair value of plan asset	**210,409,892**

Principal actuarial assumptions	Rate
Discount rate	7%
Expected rate of return on plan assets	7%
Rate of increases in pensionable salaries	6%
Life table used	Indian Assured Lives Mortality (2006-2008) Ult

		31 Dec 2023 Taka	31 Dec 2022 Taka
9.4	**Calculation of deferred tax assets (Restated)**		
	Carrying amount of Fixed Assets (excluding land)	188,086,276	206,508,888
	Tax base value of Fixed Assets	194,890,996	209,546,688
	(Deductible)/taxable temporary difference (A)	**6,804,720**	**3,037,800**
	Applicable tax rate	37.50%	37.50%
	Deferred tax asset	2,551,770	1,139,175
	Total deferred tax asset	2,551,770	1,139,175
	Deferred tax asset at the beginning of the year	1,139,175	1,281,396
	Deferred tax (Expense)/income	**1,412,595**	**(142,221)**
10	**Borrowing from other banks, financial institutions and agents**		
	Inside Bangladesh (Note 10.1)	9,358,458,290	11,080,141,587
	Outside Bangladesh	-	-
		9,358,458,290	**11,080,141,587**
10.1	**Inside Bangladesh**		
	a *Secured Short-term loan:*		
	Standard Chartered Bank	1,590,000,000	1,300,000,000
	Citi Bank, NA	1,180,000,000	-
		2,770,000,000	**1,300,000,000**
	b *Unsecured Short-term loan:*		
	Alliance Finance PLC	100,000,000	-
	BRAC Bank PLC	2,000,000,000	2,500,000,000
	City Bank PLC	500,000,000	800,000,000
	National Credit and Commerce Bank PLC	-	1,000,000,000
	The Trust Bank Ltd.	-	600,000,000
		2,600,000,000	**4,900,000,000**
	c *Unsecured long-term loan:*		
	Bangladesh Bank (Housing refinance)	1,013,817,287	1,239,991,060
		1,013,817,287	**1,239,991,060**
	d Bank overdraft:		
	COMMERCIAL BANK OF CEYLON PLC	6,860,384	5,836,346
	Woori Bank	164,235,957	163,545,227
	Pubali Bank PLC	27,780,088	122,490,438
	Standard Chartered Bank	4,450,308	-
	IFIC Bank PLC	9,379,508	-
		212,706,245	**291,872,011**
	e Call loans:		
	Community Bank Bangladesh PLC	-	600,000,000
	BRAC Bank PLC	-	500,000,000
	NRB Bank Ltd.	700,000,000	-
	Dhaka Bank PLC	400,000,000	
	Shimanto Bank PLC	30,000,000	-
		1,130,000,000	**1,100,000,000**
	f *Zero Coupon Bond:*		
	Zero Coupon Bond	1,631,934,758	2,248,278,516
	Total inside Bangladesh(a+b+c+d+e+f)	**9,358,458,290**	**11,080,141,587**

	31 Dec 2023 Taka	31 Dec 2022 Taka
10.2 Security against borrowings from other banks, financial institutions and agents		
Secured	2,982,706,245	1,591,872,011
Unsecured	6,375,752,045	9,488,269,576
	9,358,458,290	**11,080,141,587**

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	1,130,000,000	1,100,000,000
Up to 1 month	4,236,263,521	4,947,185,076
Over 1 month but within 3 months	44,217,660	1,348,705,841
Over 3 months but within 1 year	2,242,271,257	1,143,891,921
Over 1 year but within 5 years	1,664,754,260	2,540,358,749
Over 5 years	40,951,592	-
	9,358,458,290	**11,080,141,587**
11 Deposits and other accounts		
Fixed deposits (Note: 11.1)	46,655,952,696	40,060,590,590
Other deposits	-	-
	46,655,952,696	**40,060,590,590**
11.1 Fixed deposits		
Opening balance	40,060,590,590	43,978,360,429
Addition during the year	103,150,888,574	78,893,892,765
	143,211,479,164	122,872,253,194
Repayment made during the year	96,555,526,468	82,811,662,604
Closing balance	**46,655,952,696**	**40,060,590,590**
11.2 Group-wise break-up of deposits and others accounts		
Government	373,601,782	257,737,144
Bank	6,200,000,000	3,000,000,000
Other institutions	18,065,647,345	17,387,994,916
Individuals	22,016,703,569	19,414,858,530
	46,655,952,696	**40,060,590,590**
11.3 Maturity analysis of deposits		
Payable on demand	-	-
Up to 1 month	1,834,387,618	1,042,588,560
Over 1 month but within 6 months	13,180,829,226	7,982,194,485
Over 6 months but within 1 year	5,323,072,380	1,797,200,438
Over 1 year but within 5 years	16,065,109,496	109,766,059
Over 5 years but within 10 years	7,982,089,990	23,815,940,111
Over 10 years	2,270,463,986	5,312,900,937
	46,655,952,696	**40,060,590,590**
12 Other liabilities		
Provision for loans & investment (Note: 12.1)	1,053,040,538	1,083,726,839
Provision for income tax (Note: 12.2)	300,882,518	246,921,782
Interest suspense (Note: 12.3)	77,151,761	77,181,131
Other payables (Note:12.4)	1,354,283,976	1,190,489,725
Deferred tax liability (Note:12.5) (Restated)	53,412,399	1,642,121
Other Assets Provision	1,328,217	6,346,934
Unclaimed dividend account	4,326,243	4,084,168
	2,844,425,652	**2,610,392,700**

	31 Dec 2023 Taka	31 Dec 2022 Taka

As per the BSEC directive No. BSEC/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	1,083,726,839	1,142,058,714
Provision written off	-	-
Provision recovered for the year	-	-
Provision charged/ (released) for the year	(30,686,301)	(58,331,875)
Provision no longer required written back.	-	-
Recoveries of amounts previously written off	-	-
Closing balance	**1,053,040,538**	**1,083,726,839**

12.1.1 General provision

Opening balance	447,704,930	445,564,377
Charged during the year	(9,779,892)	2,140,553
Closing balance	**437,925,038**	**447,704,930**

12.1.2 Specific provision

Opening balance	493,817,066	660,235,777
Provision written off	-	-
Provision recovered during the year	-	-
Provision charged/ (released) for the year	(26,722,768)	(166,418,711)
Provision no longer required written back	-	-
Recoveries of amounts previously written off	-	-
Closing balance	**467,094,298**	**493,817,066**

12.1.3 Provision for diminutions in the value of investments

Opening balance	142,204,843	36,258,560
Provision charged/(released) during the year	5,816,359	105,946,283
Closing balance	**148,021,202**	**142,204,843**

12.1.A Provision on loans and advances

General Provision charged during the year	(9,779,892)	2,140,553
Specific Provision charged/(released) during the year	(26,722,768)	(166,418,711)
	(36,502,660)	**(164,278,158)**

12.2 Provision for income tax

Provision		
Opening balance	6,528,717,960	5,965,392,054
Less: Adjustment during the year for completed tax assessment	-	-
Less: Excess/(Short) provision adjustment	-	-
	6,528,717,960	**5,965,392,054**
Add: Provision made during the year	526,383,013	563,325,906
Closing balance	**7,055,100,973**	**6,528,717,960**
Advance tax		
Opening balance	6,281,796,178	5,530,553,919
Add: Payment made during the year		
Under Section 155 of Income Tax Act 2023	182,309,356	629,471,514
Deduction at source	290,112,921	121,770,745
Others	-	-
	6,754,218,455	**6,281,796,178**
Less: Adjustment during the year for completed tax assessment	-	-
Closing balance	**6,754,218,455**	**6,281,796,178**
Net balance	**300,882,518**	**246,921,782**

	31 Dec 2023 Taka	31 Dec 2022 Taka
12.3 Interest suspense		
Opening balance	77,181,131	80,549,336
Interest suspended during the year	(29,370)	(3,368,205)
Written off suspended interest during the year	-	-
Closing balance	**77,151,761**	**77,181,131**
12.4 Other payables		
Interest payable on deposits & loans	980,858,819	828,957,657
Lease liability	66,118,475	29,936,203
Sundry creditors	116,025,945	114,669,333
Unclaimed instruments	12,123,092	11,876,431
Payable to clients	99,780,205	90,419,091
Loan under litigation	9,949,541	8,022,686
Privileged creditors	63,223,837	102,014,115
Profit Equalisation fund	573,213	-
Liability for expenses	5,630,849	4,594,209
	1,354,283,976	**1,190,489,725**
12.5 Calculation of deferred tax liability (Restated)		
Right-of-use Asset - Carrying amount	69,704,925	34,315,192
Right-of-use Asset - Tax base	-	-
Lease liability- ROU -carrying amount	66,118,475	29,936,203
Lease liability-ROU-Tax base	-	-
Taxable temporary difference (A)	**3,586,450**	**4,378,989**
Interest Receivables on FDR & SND accounts - Carrying amount	136,555,284	-
Interest Receivables on FDR & SND accounts - Tax base	-	-
Taxable temporary difference (B)	**136,555,284**	**-**
Net taxable temporary difference (A+B)	140,141,734	4,378,989
Applicable tax rate	37.50%	37.50%
Deferred tax liability (i)	**52,553,149**	**1,642,121**
Dividend receivables - Carrying amount	4,296,245	-
Dividend receivables - Tax base	-	-
Taxable temporary difference	**4,296,245**	**-**
Applicable tax rate	20.00%	20.00%
Deferred tax liability (ii)	859,249	-
Total deferred tax liability (i + ii)	53,412,399	1,642,121
Deferred tax liability at the beginning of the year	1,642,121	1,576,001
Deferred tax Expense/(income)	**51,770,277**	**66,120**
13 Share capital		
13.1 Authorized capital		
399,950,000 Ordinary shares of Tk. 10 each	3,999,500,000	3,999,500,000
5,000 Preference shares of Tk. 100 each	500,000	500,000
	4,000,000,000	**4,000,000,000**
13.2 Issued, subscribed, called and paid-up capital		
Ordinary shares		
Opening	1,949,903,640	1,772,639,680
17,726,396 Ordinary shares of Taka 10 each issued as bonus share	-	177,263,960
3,899,807 Ordinary shares of Taka 10 each issued as bonus share	38,998,070	-
	1,988,901,710	**1,949,903,640**

	31 Dec 2023 Taka	31 Dec 2022 Taka

13.3 Capital of the Company is held by the following shareholders

Ordinary shares	31 December 2023	
	No of shares	Taka
Local shareholders:		
BRAC	36,572,729	365,727,290
Delta Life Insurance Company Ltd.	35,059,185	350,591,850
Green Delta Insurance Company Ltd.	30,440,772	304,407,720
General shareholders	62,973,224	629,732,240
	165,045,910	**1,650,459,100**
Foreign shareholders:		
General shareholders	33,844,261	338,442,610
	33,844,261	**338,442,610**
	198,890,171	**1,988,901,710**

13.4 Break-up of Paid-up capital:

Date of Issue	Number of Shares	31 December 2023	
		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
28-May-23	3899807	10	38,998,070
Total paid-up capital	**198890171**	**10**	**1,988,901,710**

13.5 Capital adequacy ratio - As per BASEL-II

	1. Tier-1 (Core Capital)		
1.1	Fully Paid-up Capital/Capital Deposited with BB	1,988,901,710	1,949,903,640
1.2	Statutory Reserve	1,933,901,711	1,894,903,641
1.3	Non-repayable Share premium account	55,000,000	55,000,000
1.4	General Reserve	3,775,040,000	3,325,040,000
1.5	Retained Earnings	675,601,635	511,628,998
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)**	**8,678,445,056**	**7,986,476,279**

		31 Dec 2023 Taka	31 Dec 2022 Taka
	Deductions from Tier-1 (Core Capital)		
1.11	Book value of Goodwill and value of any contingent assets which are shown as assets	-	-
1.12	Shortfall in provisions required against classified assets	-	-
1.13	Shortfall in provisions required against investment in shares	-	-
1.14	Remaining deficit on account of revaluation of investments in securities after netting off from any other surplus on the securities.	-	-
1.15	Any investment exceeding the approved limit.	-	-
1.16	Investments in subsidiaries which are not consolidated	-	-
1.17	Increase in equity capital resulting from a securitization exposure	-	-
1.18	Other (if any)	-	-
1.19	**Sub Total (1.11-1.18)**	-	-
1.20	**Total Eligible Tier-1 Capital (1.10-1.19)**	**8,678,445,056**	**7,986,476,279**
	2 .Tier-2 (Supplementary Capital)		
2.1	General Provision (Unclassified loans up to specified limit + SMA + off Balance Sheet exposure)	329,260,383	307,749,606
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)	**329,260,383**	**307,749,606**
2.8	Applicable Deductions (if any)	-	-
2.9	**Total Eligible Tier-2 Capital (2.7-2.8)**	**329,260,383**	**307,749,606**
	Total capital	**9,007,705,439**	**8,294,225,885**
	Total risk weighted assets	31,225,409,194	29,267,753,050
	Required capital based on risk weighted assets(10%)	3,122,540,919	2,926,775,305
	Surplus	5,885,164,520	5,367,450,580
	Capital Adequacy Ratio:		
	On core capital	27.79%	27.29%
	On actual capital (against standard of minimum 10%)	28.85%	28.34%
	Supplementary Capital to risk weighted assets	1.05%	1.05%

14 Share premium account

Ordinary shares	55,000,000	55,000,000
	55,000,000	**55,000,000**

15 Statutory reserve

Opening balance	1,894,903,641	1,693,914,189
Add: addition during the year	38,998,070	200,989,452
Closing balance	**1,933,901,711**	**1,894,903,641**

16 Other reserves

Contingency Reserve (Note 16.1)	1,275,000,000	1,275,000,000
General Reserve (Note 16.2)	2,500,000,000	2,050,000,000
Dividend equalization reserve (Note 16.3)	250,000,000	250,000,000
Capital redemption reserve	40,000	40,000
	4,025,040,000	**3,575,040,000**

An amount of Tk. 40,000/- was transferred in FY 2013-14 out of profit to "Capital redemption reserve" in redeeming 400 no's of preference share @ Tk. 100 each as per section 154(1)(C) of Companies Act 1994.

	31 Dec 2023 Taka	31 Dec 2022 Taka
16.1 Contingency reserve		
Opening balance	1,275,000,000	1,275,000,000
Add: addition during the year	-	-
Closing balance	**1,275,000,000**	**1,275,000,000**
16.2 General reserve		
Opening balance	2,050,000,000	1,600,000,000
Add: addition during the year	450,000,000	450,000,000
Closing balance	**2,500,000,000**	**2,050,000,000**
16.3 Dividend equalization reserve		
Opening balance	250,000,000	250,000,000
Add: addition during the year	-	-
Closing balance	**250,000,000**	**250,000,000**
17 Business commitments and contingencies		
17.1 Contingent liabilities	-	-
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	Nil	Nil
b) Approved by the Board but not contracted for	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.

	2023 Taka	2022 Taka
18 Interest income		
Interest on loans	4,346,356,352	3,977,254,710
Interest on placement with other banks & BB FX deposits	1,481,150,913	743,516,869
Interest on short term investment	96,740,069	110,390,458
	5,924,247,334	**4,831,162,037**
19 Interest paid on deposits and borrowings etc.		
Interest on term loans	56,291,706	68,163,545
Interest on deposits	3,172,300,340	2,465,496,402
Interest on short-term borrowing	663,305,025	366,138,588
Interest on overdraft	10,691,699	8,694,201
Interest on Zero Coupon Bond	133,656,242	125,549,452
Finance cost	455,000	8,591,392
Profit on Term Deposit (Treasury)	88,833,798	-
Interest expense-lease	4,782,835	2,742,176
	4,130,316,645	**3,045,375,756**

		2023 Taka	2022 Taka
20	**Income from investments**		
	Gain/(loss) on sale of marketable securities	5,610,689	11,880,429
	Dividend income	17,796,376	36,782,137
	Interest on Treasury Bond	166,452,695	96,558,135
		189,859,760	**145,220,701**
21	**Commission, exchange and brokerage**		
	Loan fees	101,409,270	105,017,993
	Other charges and fees	62,445,468	77,871,375
		163,854,738	**182,889,368**
22	**Other operating income**		
	Property service income	17,216,429	17,946,221
	Trustee Fee Income	3,037,796	-
	Gain on sale of fixed assets	107,458	1,845,979
	Other receipts	500,037	941,505
		20,861,720	**20,733,705**
23	**Salary and allowances**	**399,823,287**	**377,439,782**

Salary and allowances include annual contribution of Tk. 13,976,554 to DBH Staff Provident Fund and Tk. 5,460,897 to DBH Employees Gratuity Fund which are recognised by NBR.

24	**Rent, taxes, insurance, electricity etc.**		
	Rent, rates & taxes	13,255,840	23,449,275
	Insurance	4,666,548	4,595,765
	Electricity	7,112,769	7,020,003
	Water	570,410	548,687
		25,605,567	**35,613,730**
24.1	**Disclosure related to Rent, rates and taxes**		
	Actual expenses	50,968,979	50,779,579
	Less: Re-classification of rent expenses as per IFRS-16	37,713,139	27,330,304
		13,255,840	**23,449,275**
25	**Legal and professional expenses**		
	Law charges	16,556,619	15,170,110
	Other professional charges	5,018,951	2,638,014
		21,575,570	**17,808,124**
26	**Postage, stamp, telecommunication etc.**		
	Postage & courier service	949,091	839,796
	Stamp expenses	3,172,179	3,741,712
	Telephone & internet	4,363,650	3,846,608
		8,484,920	**8,428,116**
27	**Stationery, printing, advertisements etc.**		
	Printing	2,274,940	1,557,762
	Stationery	3,052,986	2,537,569
	Publicity and advertisement	13,496,984	15,902,553
		18,824,910	**19,997,884**

		2023 Taka	2022 Taka
27.1	Managing Director's salary and fees	13,000,000	13,000,000
28	**Directors' fees and expenses**		
	Fees for attending meeting	808,000	816,000
	Incidental meeting expenses	225,097	140,075
		1,033,097	**956,075**
29	**Statutory annual audit fees (including VAT)**	575,000	575,000
		575,000	**575,000**
30	**Depreciation/Amortization, repairs & maintenance**		
	Depreciation/Amortization:		
	Freehold assets	21,891,889	24,543,930
	Right-of-use Asset	34,195,303	24,145,016
	Intangible assets	1,012,444	1,173,040
		57,099,636	**49,861,986**
	Repairs & maintenance:		
	Vehicle	1,899,022	1,288,620
	Office equipment & premises	10,999,900	13,118,860
	Computer hardware & software	4,627,325	6,584,725
		17,526,247	**20,992,205**
		74,625,883	**70,854,191**
31	**Other expenses**		
	Staff training & recruitment expense	1,093,603	508,555
	Office security	5,419,300	4,990,907
	Transportation, traveling & conveyance	33,946,828	31,082,958
	Canteen expense	2,546,297	2,091,146
	Business promotion & entertainment	3,626,176	520,279
	Car fuel	1,960,005	1,717,366
	Books and papers	68,470	39,116
	Bank charges	5,904,784	5,553,831
	Recovery expenses	2,764,114	2,808,949
	Donation, subscription and Fees	6,744,909	8,215,663
	Public relation & AGM expense	230,140	439,600
	Expenses for Islamic Wing	248,315	769,618
	Outsource agency charges	7,768,288	5,176,209
	Brokerage	1,894,679	1,138,125
	Staff welfare expense	564,048	736,896
		74,779,956	**65,789,218**
32	**Provision for tax**		
	Current tax		
	Provision for income tax	526,383,013	563,325,906
	Less: Excess/(Short) provision adjustment	-	-
		526,383,013	**563,325,906**
	Deferred tax		
	Expense/(Income) on deductible temporary differences (Note-9.4) (Re-Stated)	(1,412,595)	142,221
	Expense/(Income) on taxable temporary differences (Note-12.5)	51,770,277	66,120
		50,357,683	**208,341**

	2023 Taka	2022 Taka

Reconciliation of effective tax rate	2023		2022	
	Taka	%	Taka	%
Tax using the company's tax rate	585,448,132	37.50%	592,597,502	37.50%
Tax effect of :				
Provision for non-deductible expenses	26,712,741	1.71%	975,000	0.06%
Adjustment/provision released during the year	(11,631,113)	-0.75%	(21,034,527)	-1.33%
Other components of tax as per ITA 2023	(75,988,657)	-4.87%	(10,333,895)	-0.65%
Difference between accounting and tax depreciation	1,841,910	0.12%	1,121,826	0.07%
Effective tax rate	**526,383,013**	**33.72%**	**563,325,906**	**35.65%**

33 Retained earnings

Opening balance	511,628,998	597,537,221
Prior year adjustment	-	(8,484,618)
Add: Profit after tax for the year transferred from Profit & Loss Account	984,454,323	1,016,725,759
Accumulated profit available for distribution	1,496,083,321	1,605,778,362
Less: Appropriations		
Transferred to statutory reserve	38,998,070	200,989,452
Transferred to general reserve	450,000,000	450,000,000
Transferred to contingency reserve	-	-
Transferred to dividend equalization reserve	-	-
Issue of bonus shares for previous year	38,998,070	177,263,960
Cash dividend paid for last year	292,485,546	265,895,952
	820,481,686	**1,094,149,364**
Closing balance	**675,601,635**	**511,628,998**

34 Earnings per share

Profit after Tax	984,454,323	1,016,725,759
Profit available for ordinary shareholders	**984,454,323**	**1,016,725,759**
Number of shares outstanding for calculating basic EPS	**198,890,171**	**198,890,171**
Basic earnings per share	**4.95**	**5.11**

No diluted earning per share is required to be calculated for the year as there was no convertible securities for dilution during the year.

35 Net asset value (NAV) per share

Shareholders' Equity	8,678,445,056	7,986,476,279
Number of Share	198,890,171	198,890,171
Net asset value (NAV) per share (As at 31 December) (Re-Stated)	**43.63**	**40.16**

36 Net operating cash flows per share (NOCFPS)

Net cash from operating activities	8,588,724,109	(3,830,337,180)
Number of Share	198,890,171	198,890,171
Net operating cash flows per share (NOCFPS)	**43.18**	**(19.26)**

37 Reconciliation of net profit with cash flows from operational activities on indirect method:

Particulars	Amount in Taka 2023	Amount in Taka 2022	Remarks
Profit after tax	984,454,322	1,019,173,904	
Provision for income tax	576,740,696	572,018,865	Non cash item
Depreciation	57,099,636	49,861,986	Non cash item
Provision for Loans and advances	(36,502,660)	(164,278,158)	Non cash item
Provision for Diminution in value of investment	5,816,359	105,946,283	Non cash item
Interest Suspense	(29,370)	(3,368,205)	Non cash item
Gain/loss on sale of fixed assets	(107,458)	(1,845,979)	Non-operating item
ZCB interest accrued	133,656,241	125,549,453	Non cash item
Accrual for dividend, LAD and interest receivable	(86,801,234)	28,255,486	Changes in accrual
Accrual for expenses	147,224,913	(25,291,865)	Changes in accrual
Purchase & sale of trading securities	(124,163,311)	(191,406,498)	(Inc)/Dec of assets
Loans and advances	864,541,833	(702,202,181)	(Inc)/Dec of assets
Other Assets	(29,705,328)	32,408,011	(Inc)/Dec of assets
Loan and deposit from Banks and Customer	6,595,362,106	(3,917,769,839)	Inc/(Dec) of liabilities
Other liabilities	(26,440,359)	(6,146,184)	Inc/(Dec) of liabilities
Income tax paid	(472,422,277)	(751,242,259)	
Net cash flows from operating activities	**8,588,724,109**	**(3,830,337,180)**	

	31 Dec 2023 Taka	31 Dec 2022 Taka
37A Cash and cash equivalents (net off overdraft) at the end of the period		
In hand	108,944	99,203
Balance with Bangladesh Bank and its agent Bank	622,475,473	575,164,882
Balance with other banks and financial institutions	17,446,972,663	11,018,065,981
Money at call on short notice	100,000,000	2,700,000,000
Bank Overdraft	(212,706,245)	(291,872,011)
	17,956,850,835	**14,001,458,055**

38 Dividend on ordinary shares

Proposed dividend:

The Board of Directors in its 147th meeting held on 11 March 2024 has recommended cash dividend @ 15% i.e. Taka 1.50 per ordinary share for the year ended 31 December 2023 for placement before the shareholders for approval at 28th 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	3,364,732
Green Delta Insurance Company Limited(GDICL)	Shareholder	Insurance premium	1,211,548

Name of the related parties	Relationship	Share Buy (Taka)	Share Sale (Taka)	Balance (Taka)
Green Delta Securities Ltd.	Subsidiary of GDICL	75,124,129	27,465,997	2,585,198
DLIC Securities Ltd.	Subsidiary of DLICL	-	-	16,895

Name of the related parties	Relationship	Deposits Received (Taka)	Interest & Principal Paid during the period (Taka)	Balance (Taka)
Delta Life Insurance Company Limited (DLICL)	Shareholder	470,000,000	63,270,037	314,214,052
Green Delta Insurance Company Limited (GDICL)	Shareholder	-	1,705,558	25,544,000
BRAC	Shareholder	-	7,749,726	113,146,873

Name of the related parties	Relationship	Invested amount	Dividend received	Balance
Vanguard AML Growth Fund	Close family member of the Chairman	10,000,000	533,130	10,000,000

In the year 2023 (Jan '23 – Dec '23) Taka 47,283,711/- was paid as salary and allowances to the top 5 employees of the company. The amount includes short-term employee benefits of Taka 44,996,451/- and post-employment benefits of Taka 2,287,260/-

41 During the year under audit, there were 286 (2022: 266) employees employed for the full period and 53 (2022: 142) 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 2023:

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. 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 is the Representative Director 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 2023:

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
Ms. Mehreen Hassan	Director	Member	Barrister-at-law
Mr. Khandkar Manwarul Islam	Director	Member	MBA

During the period from January to December 2023, the audit committee of the Board conducted 4 (four) meetings.

Sl. No.	Meeting No	Meeting Date
1	63	28-Mar-23
2	64	10-May-23
3	65	30-Jul-23
4	66	30-Oct-23

The Committee discussed among others, the following issues:

Review of Internal Compliance Report.

Review of the un-audited quarterly financial statements and the audited financial statements.

Appointment / Re-appointment of Statutory Auditors.

42.3 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 2023, it had 16 nos corporate clients and their portfolio was Taka 26.38 crore (0.61% of the total portfolio) only. The company disbursed Taka 4.07 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.

42.4 Comparative information

Comparative figures have been re-arranged wherever considered necessary to ensure better comparability with the current period without causing any impact on the profit and value of assets and liabilities as reported in the financial statements.

Chairman | Director | Director | Managing Director & CEO

Schedule of Fixed assets and Intangible assets:

For the year 2023

Annexure-A

Amount in Taka

Particulars	Cost				Depreciation/Amortization				Written down value as at 31 December 2023
	"Balance as on 1 January 2023"	Additions during the year	Disposals during the year	Balance as at 31 December 2023	Balance as on 1 January 2023	Charged for the year	Adjustment on disposals	Balance as at 31 December 2023	
Furniture & fixtures	76,122,337	5,204,773	1,333,639	79,993,471	60,713,073	5,999,360	1,296,171	65,416,262	14,577,209
Office Equipment	34,783,951	738,473	404,683	35,117,741	28,603,430	2,382,005	403,923	30,581,512	4,536,229
Computer and computer equipments	56,623,449	1,957,571	1,477,308	57,103,712	48,586,879	4,380,597	1,449,646	51,517,830	5,585,882
Vehicles	56,394,215	170,290	146,000	56,418,505	43,741,949	3,201,378	145,999	46,797,328	9,621,177
Building	198,480,625	-	-	198,480,625	36,972,991	5,928,549	-	42,901,540	155,579,085
Land	13,658,300	-	-	13,658,300	-	-	-	-	13,658,300
Right of use asset	121,615,762	67,534,255	75,414,083	113,735,934	87,300,570	34,195,303	77,464,866	44,031,007	69,704,927
	557,678,639	**75,605,362**	**78,775,713**	**554,508,288**	**305,918,892**	**56,087,192**	**80,760,605**	**281,245,479**	**273,262,809**
Intangible asset:									
Software	10,769,686	1,475,594	-	12,245,280	8,047,053	1,012,444	-	9,059,497	3,185,783
Total 2023	**568,448,325**	**77,080,956**	**78,775,713**	**566,753,568**	**313,965,945**	**57,099,636**	**80,760,605**	**290,304,976**	**276,448,592**

Schedule of Fixed assets and Intangible assets:

For the year 2022

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**

DBH Finance PLC

Operating Segment Report

Annexure-B

Revenue & profit	For the Year 2023		
	Amount in Taka		
	Core Financing Business	Islamic Financing Business	Total
External Revenue			
Net interest income / Profit on investment	1,769,421,312	24,509,376	1,793,930,688
Investment income	189,859,760	-	189,859,760
Commission & brokerage	154,292,509	9,562,229	163,854,738
Other operating income	20,389,051	472,669	20,861,720
Inter-segment revenue/interest expense	-	-	-
Total segment revenue (A)	**2,133,962,632**	**34,544,274**	**2,168,506,906**
Other operating expenses	559,100,056	4,602,248	563,702,304
Major non-cash expenses			
Depreciation	74,363,383	262,500	74,625,883
Provision for future losses	(40,643,336)	9,627,035	(31,016,301)
Inter-segment expenses	-	-	-
Total segment expenses (B)	**592,820,103**	**14,491,783**	**607,311,886**
Reportable segment profit before tax (A-B)	**1,541,142,529**	**20,052,491**	**1,561,195,020**

Segment assets & liabilities	As at 31 December 2023		
	Amount in Taka		
	Core Financing Business	Islamic Financing Business	Total
External Asset			
Total asset	66,377,001,563	1,157,728,360	67,534,729,923
Inter-segment asset	-	-	-
Total segment asset	**66,377,001,563**	**1,157,728,360**	**67,534,729,923**
External liabilities			
Total liabilities	57,707,476,840	1,148,808,036	58,856,284,876
Inter-segment liabilities	-	-	-
Total segment liabilities	**57,707,476,840**	**1,148,808,036**	**58,856,284,876**

DBH Finance PLC

Computation of Total Taxable Income and Income Tax Liability

Annexure-C

		Amount
NET PROFIT BEFORE TAX - As per Profit and Loss Account		**1,561,195,018**
ADJUSTMENTS FOR SUBSEQUENT/SEPARATE CONSIDERATION		
Less: **Income for separate consideration**		
Gain/(Loss) on sale of marketable securities	5,610,689	
Dividend income including dividend receivables	17,796,376	
Interest Income on FDR & SND A/c including accrued interest	1,481,131,132	
Gain on sale of Fixed Assets	107,458	
		1,504,645,655
Add: **Expenses for separate consideration**		
Depreciation (Other than ROU assets & Land)	22,904,333	
Rent Expense	13,255,840	
Entertainment	3,626,176	
		39,786,349
ADJUSTMENTS FOR STATUTORY DISALLOWANCES AND ALLOWANCES		
Add: **Inadmisible expenses incurred**		
Excess perquisites in excess of Tk. 10 Lac U/S 55 of ITA 2023	19,000,000	
Provision for Loans, Investment & other assets	(31,016,301)	
Depreciation on ROU Assets	34,195,303	
Interest on ROU Assets	4,782,835	
		26,961,837
Add: Tax gain/(loss) on disposal of fixed assetes under 3rd schedule ITA 2023	(297,220)	
Interest actually received on FDR & SND A/c	1,344,575,849	
		1,344,278,629
Less: **Expenses admisible as per Income Tax Act 2023**		
Depreciation as per 3rd Schedule (Other than ROU assets & Land)	17,992,571	
Allowable rent expense	50,968,979	
		68,961,551
Total income before charging allowable entertainment expenses		1,398,614,627
Less: Entertainment expenses allowable as per limit U/S 55 of ITA 2023	3,626,176	3,626,176
Total Business Income		**1,394,988,451**
Add: Dividend income (Actually Received)		13,506,381
Add: Capital Gain on Sale of Fixed Assets		-
Add: Gain/(Loss) on sale of marketable securities		5,610,689
Total Income		**1,414,105,521**

COMPUTATION OF INCOME TAX LIABILITY AS PER INCOME TAX ACT 2023

	U/S	Total Income	Tax Rate	Calculated Tax
Income from business	45	1,394,988,451	37.50%	523,120,669
Dividend Income (7th Schedule)	62	13,506,381	20%	2,701,276
Capital Gain on fixed assets (7th Schedule)	57	-	15%	-
Capital Gain on Securities (SRO 196 / 2015)	57	5,610,689	10%	561,069
		1,414,105,521		**526,383,014**

DBH Finance PLC

Financial Highlights
(As per Bangladesh Bank guidelines)

Annexure-D

SL No.	Key indicators	2023	2022
1	Paid-up capital	1,988.90	1,949.90
2	Total capital	8,678.45	7,986.48
3	Capital surplus	5,885.16	5,367.45
3	Total assets	67,537.28	61,737.60
4	Total deposits	46,655.95	40,060.59
5	Total loans, advances and leases	43,669.79	44,535.97
6	Total contingent liabilities and commitments	-	-
7	Credit deposit ratio	0.94	1.11
8	Percentage of classified loans against total loans, advances and leases	0.86%	0.86%
9	Profit after tax and provision	984.45	1,016.73
10	Amount of classified loans during current period	376.44	384.77
11	Provisions kept against classified loans	467.09	493.82
12	Provision surplus against classified loan	90.66	109.05
13	Cost of fund	7.42%	6.24%
14	Interest earnings assets	66,381.82	60,770.99
14	Non-interest earnings assets	1,155.46	966.61
14	Return on investment (ROI)	1.55%	1.69%
15	Return on assets (ROA)	1.52%	1.67%
16	Income from investment	189.86	145.22
17	Earnings Per Share (EPS)	4.95	5.11
18	Net income per share	4.95	5.11
19	Market price per share	56.70	57.80
20	Price earnings (PE) ratio	11.45	11.31

Corporate Directory

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

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

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

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

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

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

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

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

Sylhet Branch
Azadi 111 (1st Floor), Mirboxtula, Sylhet, Bangladesh
PABX: 09612 334630, 09612 334455

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

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

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

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 PLC.
IFIC Bank PLC
NRB Bank Limited
Al Arafah Islami Bank PLC.
Trust Bank Limited
Prime Bank PLC.
Pubali Bank PLC.
Standard Chartered Bank
Standard Bank PLC.
Woori Bank Limited
City Bank PLC.
Export Import Bank of Bangladesh Ltd.

Auditors

Hoda Vasi Chowdhury & Co.
Chartered Accountants
BTMC Bhaban, (6th & 7th Floor), 7-9 Kawran Bazar Road, Dhaka-1215, Bangladesh.

Event Gallery

DBH Finance PLC honoured with Highest Taxpayer Award

DBH Inaugurates its Islamic Financing Wing "DBH Islamic"

A MoU has been signed between DBH and HBRI for the projects applied for refinancing under the Affordable Housing refinance scheme by the SFD of Bangladesh Bank

DBH gets Tax Award from NBR's Large Tax Payer Unit (LTU)

Discussion Session on Affordable & Green Housing in Bangladesh and Financing Scopes

DBH Offsite Program 2024

DBH Family Day 2023

Glossary

A

Accounting Standards

Accounting standards are guidelines and principles set by regulatory bodies or standard-setting organizations to ensure consistency, transparency, and comparability in financial reporting. They dictate how financial transactions and events should be recorded, presented, and disclosed in financial statements to provide relevant and reliable information to users. We follow International Financial Reporting Standards promulgated by IFRS Foundation and adopted by Financial Reporting Council of Bangladesh.

AGM

AGM stands for Annual General Meeting. It is a mandatory yearly gathering of a company's shareholders, as stipulated by corporate law and regulations. During the AGM, shareholders convene to discuss and vote on important matters concerning the company's operations and governance.

Amortization

Amortization is the gradual reduction of the value of an intangible asset or the repayment of a loan through scheduled periodic payments.

B

Basel II

Basel II is an international regulatory framework that establishes risk management and capital adequacy standards for banks.

BSEC

BSEC stands for Bangladesh Securities and Exchange Commission, which regulates and oversees the securities market in Bangladesh.

C

Capital Surplus

Capital surplus refers to the excess of funds received from the issuance of stock over its par value.

CAR

The CAR ratio, or Capital Adequacy Ratio, is a measure of a bank's capital relative to its risk-weighted assets, indicating its ability to absorb losses and meet regulatory requirements.

CSR

CSR, or Corporate Social Responsibility, is a business practice where companies integrate social and environmental concerns into their operations and interactions with stakeholders. It involves initiatives that benefit society beyond profit-making, encompassing ethical behavior, philanthropy, and sustainable practices.

Credit Rating

Credit rating is an assessment of the creditworthiness of an individual, company, or government entity, typically expressed as a letter grade. It helps lenders determine the risk associated with extending credit and influences interest rates and terms for borrowing.

Credit risk

It refers to the potential loss a lender faces if a borrower fails to repay a loan or meet their financial obligations. It's the risk of default on a debt obligation, leading to financial loss for the lender.

Corporate Governance

Corporate governance involves the system of rules, practices, and processes by which a company is directed and controlled. It ensures accountability, transparency, and fairness in decision-making to safeguard the interests of shareholders and stakeholders.

D

DAP

A Detailed Area Plan (DAP) is a comprehensive urban planning document that outlines specific development guidelines and regulations for a designated area. It provides detailed instructions for land use, zoning, infrastructure, and architectural standards to guide development in a cohesive and sustainable manner.

Deposit

A deposit is a sum of money placed into a bank account or financial institution for safekeeping or to earn interest. It can also refer to an initial payment made to secure a purchase or rental agreement.

Deferred Tax

Deferred tax refers to income taxes that are recognized on the financial statements but are not paid or received until a future period due to differences in accounting methods and tax regulations. It represents temporary timing differences between taxable income and

accounting income, impacting a company's financial reporting and tax liabilities.

Depreciation

Depreciation is the gradual decrease in the value of an asset over time due to wear and tear, obsolescence, or usage. It's a non-cash expense that reflects the reduction in the asset's value on the company's balance sheet.

Dividend

A dividend is a distribution of a portion of a company's earnings to its shareholders, typically in cash. It's a reward for investing in the company and reflects its profitability and financial health.

Discount Rate

The discount rate is the interest rate used to determine the present value of future cash flows in financial calculations. It's commonly applied in discounted cash flow analysis to assess the worth of an investment or project.

E

EPS

EPS stands for Earnings Per Share, a financial metric calculated by dividing a company's net income by its total number of outstanding shares. It indicates the portion of a company's profit allocated to each outstanding share of its common stock, serving as a key measure of profitability and shareholder value.

Equity Risk

It is the risk of loss due to adverse change in the market price of equities held by the company.

EVA

Economic Value Added (EVA) is a financial metric that measures a company's true economic profit by deducting the cost of capital from its net operating profit. It helps assess how well a company generates value for its shareholders after considering the capital invested.

F

Financial Risk

Financial risk refers to the possibility of loss arising from a company's financial activities, including investments, borrowing, and currency fluctuations. It encompasses the uncertainty of achieving expected returns or meeting financial obligations due to market volatility or adverse economic conditions.

Fair Value

Fair value is the estimated price at which an asset or liability should exchange in an orderly transaction between knowledgeable, willing parties. It represents the market value based on current conditions and is crucial in financial reporting and investment valuation

FDR

Fixed deposit rate refers to the interest rate offered by banks or financial institutions for funds deposited for a fixed period, typically higher than regular savings accounts. It provides a guaranteed return on investment, attracting individuals seeking stable returns with low risk.

Financial Instrument

Financial instruments are contracts that represent a monetary value, such as stocks, bonds, derivatives, or cash equivalents, enabling entities to trade, hedge, or invest in various assets. They serve as tools for raising capital, managing risk, and facilitating investment activities in financial markets.

G

GDP

Gross Domestic Product (GDP) is a measure of the total value of all goods and services produced within a country's borders within a specific time period. It's a key indicator of a country's economic performance and overall size of its economy.

GNI

GNI stands for Gross National Income, which measures the total income earned by a country's residents, including income earned domestically and abroad, minus income earned by foreign residents domestically. It's a key indicator of a country's economic performance and standard of living.

GNP

GNP stands for Gross National Product, representing the total value of all goods and services produced by a country's residents, both domestically and abroad, within a specific time frame. It's a measure of a nation's economic output and is often used to gauge economic performance and compare with other countries.

Going Concern

Going concern refers to the assumption that a business will continue operating indefinitely, without the intention or necessity of liquidation. It's crucial for financial reporting and assessment of a company's financial health and viability.

I

Interest Rate Risk

Interest rate risk refers to the potential for changes

in interest rates to negatively impact the value of investments, particularly fixed-income securities like bonds. It arises due to fluctuations in interest rates affecting the prices of existing bonds and the returns on future investments.

IPO

An IPO, or Initial Public Offering, is the first sale of stock by a private company to the public, enabling it to raise capital from external investors. It marks the transition of a company from private to public ownership, allowing shares to be traded on a stock exchange.

Intangible Asset

Intangible assets are non-physical assets that lack a physical substance but hold value for a company, such as patents, trademarks, copyrights, and goodwill. They contribute to a company's long-term value and competitive advantage but are not easily quantified or exchanged.

Investment Portfolio

An investment portfolio is a collection of financial assets owned by an individual or entity, such as stocks, bonds, real estate, and commodities, assembled to achieve specific financial objectives. It's diversified to manage risk and optimize returns based on the investor's risk tolerance and financial goals.

IT

IT, or Information Technology, encompasses the use of computers, networks, software, and other technological tools to store, retrieve, transmit, and manipulate data for various purposes. It plays a crucial role in modern businesses, communication, entertainment, and virtually all aspects of daily life.

L

LC

LC commonly stands for "Letter of Credit," a financial document issued by a bank guaranteeing payment to a seller upon presentation of specified documents, reducing risk in international trade transactions. It ensures that the seller receives payment as long as the terms and conditions of the letter are met.

Liquidity Risk

Liquidity risk is the possibility that an asset cannot be traded quickly enough in the market without a significant loss in value. It arises when there's a shortage of buyers or sellers for an asset, leading to difficulty in buying or selling at desired prices.

Loan Portfolio

A loan portfolio is a collection of loans held by a financial institution such as a bank or credit union, representing its assets. It encompasses various types of loans, including mortgages, personal loans, and business loans, which generate interest income for the institution.

M

Market Risk

Market risk, also known as systematic risk, is the potential for losses due to changes in market factors such as interest rates, exchange rates, and stock prices. It affects the overall performance of investment portfolios and is inherent in all types of financial instruments.

MVA

Market Value Added (MVA) is a financial measure that compares a company's market value to the capital contributed by investors, net of capital costs. It assesses whether a company's investments generate returns that exceed the expectations of investors.

N

NPL

NPL stands for "Non-Performing Loan," indicating a loan in which the borrower has failed to make interest or principal payments for an extended period. It represents a risk for lenders and can impact their financial health and ability to lend.

NAV

NAV stands for Net Asset Value, representing the per-share value of a mutual fund or exchange-traded fund (ETF) calculated by subtracting liabilities from the total value of assets. It provides investors with an indication of the fund's underlying value and is typically calculated at the end of each trading day.

Net Interest Income

Net interest income is the difference between interest earned on assets like loans and investments and the interest paid on liabilities such as deposits and borrowings. It's a key measure of a financial institution's profitability derived from its core lending and deposit-taking activities.

O

Operational Risk

Operational risk is the residual risk a company faces after implementing risk management strategies to mitigate operational threats. It represents the remaining exposure to potential losses from operational failures or disruptions.

P

Provision

Provision refers to the allocation of funds set aside by a company to cover anticipated future expenses or losses, often based on estimates or regulations. It acts as a financial cushion, ensuring readiness for potential liabilities or contingencies.

P/E Ratio

The price-to-earnings (P/E) ratio is a financial metric used to evaluate a company's stock price relative to its earnings per share (EPS). It indicates how much investors are willing to pay for each dollar of earnings and is commonly used to assess the valuation of a stock.

R

ROA

ROA, or Return on Assets, is a financial ratio that measures a company's profitability by evaluating its ability to generate earnings from its assets. It indicates how efficiently a company utilizes its assets to generate profits.

ROE

ROE stands for Return on Equity, a financial ratio that measures a company's profitability relative to its shareholders' equity. It indicates how effectively a company generates profits from the equity invested by its shareholders.

RWA

RWA stands for "Risk-Weighted Assets," representing the value of a bank's assets weighted by their risk levels to determine capital requirements. It helps regulators ensure banks maintain sufficient capital to cover potential losses based on the riskiness of their assets.

S

Salvage Value

Salvage value is the estimated residual worth of an asset at the end of its useful life, representing its value when it's no longer in productive use. It's important in depreciation calculations and determining the overall cost-effectiveness of an asset over its lifespan.

Statutory Reserve

Statutory reserve refers to the portion of a company's profits that it is legally required to set aside as a reserve, often to meet regulatory requirements or to strengthen financial stability. It serves as a safeguard against potential future losses and ensures compliance with legal obligations.

T

Term Deposit

A term deposit is a type of investment where funds are deposited with a financial institution for a fixed period at a specified interest rate. It offers a guaranteed return upon maturity and is generally considered a low-risk investment option.

Tier-1 Capital

Tier 1 capital represents the core capital of a bank, including common equity and disclosed reserves, serving as a cushion against financial losses. It's crucial for maintaining financial stability and meeting regulatory requirements.

Tier-2 Capital

Tier 2 capital represents supplementary capital for banks, including items like subordinated debt and certain hybrid instruments. It provides additional loss-absorbing capacity beyond Tier 1 capital to enhance financial stability and regulatory compliance.

V

VAS

Value Added Statement is a financial statement that quantifies and presents the value added by an organization during a specific period, typically by analyzing the wealth created for stakeholders. It showcases how a company generates value beyond its input costs, reflecting its economic contribution to society.

Y

Yield

Yield refers to the income generated by an investment, typically expressed as a percentage of its value. It indicates the return an investor receives on their investment, considering dividends, interest, or rental income.

Z

ZCB

ZCB stands for "Zero Coupon Bond," a type of bond that pays no periodic interest payments but is sold at a discount to its face value, with the full-face value repaid at maturity. They are known for their simplicity and potential for capital appreciation as they reach maturity.

Notice of the 28th Annual General Meeting (Virtual)

Notice is hereby given that the **28th Annual General Meeting (AGM)** of DBH Finance PLC. will be held on Thursday, **May 16, 2024, at 11:00 a.m.** (Dhaka Time). The AGM will be held virtually by using a digital platform (pursuant to BSEC order no. SEC/SRMIC/94-231/91, dated March 31, 2021 and BSEC/ICAD/SRIC/2024/318/87, dated March 27, 2024) through the following link: https://dbh28.agm.watch to transact the following businesses:

1. Consideration and adoption of Directors' Report, Audited Financial Statements for the year ended December 31, 2023, and the Auditors' Report thereon.
2. Declaration of dividend for the year ended December 31, 2023.
3. Appointment/re-appointment of Directors.
4. (i) Re-appointment of statutory auditors and fixation of their remuneration;
   (ii) Appointment of a professional firm to provide the certificate on compliance of the Corporate Governance Code of BSEC for the year 2024, as well as fixation of their remuneration.

By order of the Board

April 24, 2024

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 09, 2024,** are eligible to participate in the 28th Annual General Meeting (AGM) and receive the dividend.
- Pursuant to the Bangladesh Securities and Exchange Commission's circular No. BSEC/ICAD/SRIC/2024/318/87 dated 27 March 2024, 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 number of shares along with other credentials (if any as required) as proof of their identity by visiting the link: **https://dbh28.agm.watch**
- We encourage the Shareholders to login to the system prior to the meeting start time at 11:00 a.m. (Dhaka time) on May 16, 2024. Shareholders may contact +8801614072145 for any technical difficulties in accessing the virtual meeting.
- Pursuant to the Bangladesh Securities and Exchange Commission (BSEC) Notification No. BSEC/CMRRCD/2006-158/208/ Admin/81 dated 20 June 2018, link of the soft copy of the Annual Report-2023 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-2023 will also be available on the Company's website at: **www.dbhfinance.com.**

COMMUNICATION TO SHAREHOLDERS

DBH Finance PLC. is listed in both the nation's exchanges. Investors can monitor the ticker in the name of DBH in both DSE and CSE. Any price sensitive information is disseminated timely. Annual Report of the company summarizes the company's financial performance and provides an overview of the company's major activities. The annual report is duly submitted to Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange PLC & Chittagong Stock Exchange PLC in timely manner. Each stockholder is sent copy of the report before AGM. Annual Report, Quarterly Reports and Supplements to the reports are available on the company's website, www.dbhfinance.com or copies are available with the Board Secretariat at DBH Finance PLC. On top of the above information, the company makes available each material information or achievement to the shareholders through the company's web portal. For additional information about company and the financials, the investors can visit our web portals, www.dbhfinance.com.

Redressal of Investors' complaint

Corporate Affairs Department of DBH Finance PLC always places high importance on resolving any complaints from investors about inconveniences. in mitigating investors' complaints (if any) regarding any inconvenience. Investors can approach to Corporate Affairs Department for filing a complaint or send an email to zobair@dbhfinance.com, the company's Corporate Affairs Department's email address. Additionally, an investor may file a written complaint to DBH Finance PLC also. DBH's assigned person responds immediately to the complaint after receiving the complaint.

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 **28th Annual General Meeting (Virtual)** of the Company to be held on **May 16, 2024 (Thursday) at 11.00 a.m.** and any adjournment thereof.

Signed this ..... day of ..... 2024.

Signature .....

Name .....

Folio/BO ID No. .....

Member

Revenue Stamp

Signature .....

Name .....

Folio/BO ID No. .....

Proxy

NOTES:

1) This form of proxy, duly completed, must be deposited at least 48 hours before the meeting at the registered office. Proxy is invalid if not duly signed and stamped.

2) Signature of the Shareholders should agree with the Specimen Signature registered with the Company and Depository Register.

Virtual Meeting Logistics

Date
Thursday, 16 May 2024

Time
11:00 AM, Dhaka Time

Live Webcast
https://dbh28.agm.watch

ডিবিএইচ ফিক্সড ডিপোজিট

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DBH FINANCE PLC.