

DBH Finance PLC.

Auditor's Report and Audited Financial Statements

For the year ended 31 December 2023

Hoda Vasi Chowdhury & Co

Chartered Accountants

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 flow 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 have focused on the following significant judgments and estimates which could give rise to material misstatement or management bias:	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none">• 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); <p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none">• Reviewed the adequacy of the 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;• 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.

<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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	
<p>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).</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>We involved tax specialists to assess key assumptions, controls, recognition and measurement of DTA's/ DTL's.</p> <p>Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax including deduction of DTA/ DTL on specific provision from regulatory capital.</p>
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.

<p>Legal and regulatory matters</p> <p>We focused on this area because the Company operates in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.</p> <p>These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities.</p> <p>Overall, the legal provision represents the Company's best estimate for existing legal matters that have a probable and estimable impact on the Company's financial position.</p>	<p>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.</p> <p>We enquired to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters.</p> <p>We inquired of the Company's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports.</p> <p>We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information.</p> <p>We also assessed the Company's provisions and contingent liabilities disclosure.</p>
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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 Institutions 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: 2403131512AS 598059



Shaikh Hasibur Rahman FCA
Partner
Enrolment No # 1512
Hoda Vasi Chowdhury & Co
Chartered Accountants



**DBII 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	1,025,040,000	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 1 to 7.
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: 240313151245 598059

Shaikh Hasibur Rahman, FCA
Partner
ICAB Enrollment # 1812
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
Earning Per Share		2022	2021
		5.21	5.35

Notes:

1. Independent Auditor's Report-Page 1 to 7
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


Shaikh Hasibur Rahman, FCA

Partner
ICAB Enrollment # 1512
Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 11 March 2024

DVC: 2403131512 AS 598059





**DBII 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 1 to 7
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

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

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

Particulars	Amount in Taka					
	Up to 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Above 5 Years	Total
Assets						
Cash (in hand and balance with Bangladesh Bank and its agent bank)	622,584,417	-	-	-	-	622,584,417
Balance with other banks and financial institutions	8,382,730,711	8,364,241,952	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 & 2.51.

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 -2.51 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.

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:

Provisions are liabilities that are uncertain in timing or amount. Provisions are recognized 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 Economies	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-current 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-1 and Peninsula AMCI 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.

2.21 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 amount. 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 its 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 minimum 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.

2.29 Revenue recognition

Revenue is only recognised when it meets the following five steps model framework as per IFRS 15: "Revenue from Contracts with Customers"

- identify the contract (s) with a customers;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract;
- 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.
- (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 21 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 regulation of Bangladesh Bank. A glimpse 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 Operating 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"	<p>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.</p> <p>If any such evidence exists, expected credit losses are required to be measured through a loss allowance at an amount equal to:</p> <p>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</p> <p>b) full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).</p>	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"	<p>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.</p>	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"	<p>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.</p>	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"	<p>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.</p> <p>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.</p>	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.	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.
5	Measurement of deferred tax asset	IAS 12 "Income Tax"	<p>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.</p>	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	<p>IAS 1 "Presentation of Financial Statements"</p> <p>IFRS 9 "Financial Instruments" & IFRS 7 "Financial Instruments: Disclosure"</p>	<p>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.</p> <p>IAS 1 requires separate line item for intangible assets on the face of statement of financial position.</p> <p>IFRS 9 and IFRS 7 require specific presentation and disclosure relating to all financial instruments.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	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.
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
4.2 Maturity grouping of balance with other banks and financial institutions		
Payable on demand	3,523,130,711	2,610,675,819
Up to 1 month	4,859,600,000	2,200,000,000
Over 1 month but not more than 3 months	8,864,241,952	6,207,390,162
Over 3 months but not more than 6 months	200,000,000	-
Over 6 months but not more than 1 year	-	-
Over 1 year but not more than 5 years	-	-
Over 5 years	-	-
	17,446,972,663	11,018,065,981
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
Peninsula SBC Unit Fund-I	4,000,000	40,000,000
Peninsula AMCL BDBL Unit Fund-I	250,000	2,500,000
Energyprima Ltd. (Pre-IPO shares)	100,000	9,500,000
Vanguard AML Growth Fund	761,614	10,000,000
	64,499,500	64,499,500

6.2 Investment in marketable securities

Sectors

Bank
Cement
Engineering
Financial Institutions
Food & Allied
Fuel & Power
Insurance
IT Sector
Miscellaneous
Mutual Funds
Pharmaceuticals & Chemicals
Services & Real Estate
Tannery
Telecommunication
Textile

	31 Dec 2023 Taka	31 Dec 2022 Taka
Market price 31 Dec 2023 Taka	Cost price	Cost price
58,936,863	73,950,861	72,155,258
19,921,953	23,117,702	12,588,252
35,764,972	43,236,172	48,095,001
31,344,692	39,620,166	27,749,799
62,552,324	70,032,191	74,841,010
32,915,879	40,688,020	33,614,408
15,830,720	24,215,458	23,634,260
22,201,641	27,233,256	12,197,798
8,791,000	9,035,383	-
195,500,000	269,742,081	219,742,081
196,095,008	217,798,996	201,086,017
9,417,254	11,126,596	-
-	-	370,900
50,667,723	59,472,128	58,265,122
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).

6.3 Maturity grouping of investments:

On demand*
Up to 1 month
Over 1 month but not more than 3 months
Over 3 months but not more than 6 months
Over 6 months but not more than 1 year
Over 1 year but not more than 5 years
Over 5 years

895,047,400	770,884,089
2,430,097,692	-
100,000,000	-
-	-
-	9,500,000
100,000,000	-
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
Term Loan
Loan against Deposits
Staff loan

39,853,156,509	41,367,250,623
3,536,610,430	2,840,321,322
123,973,796	184,945,027
156,047,738	143,455,927
43,669,788,473	44,535,972,899
-	-
43,669,788,473	44,535,972,899

Outside Bangladesh

7.1 Maturity grouping of loans and advances

Repayable on demand
Not more than 3 months
Over 3 months but not more than 1 year
Over 1 year but not more than 5 years
Over 5 years

248,333,530	221,813,406
2,005,300,254	2,294,638,247
5,887,247,594	6,124,456,201
21,038,511,749	21,739,100,868
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
d) Loans and advances to customer group:
i) Housing loan - customer
ii) Staff loan-housing & others
iii) Loan to depositors
iv) Term Loan

-	-
-	-
30,782,656	34,672,829
-	-
39,853,156,509	41,367,250,623
125,265,082	108,783,098
123,973,796	184,945,027
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
ii) Consumer Finance

39,982,801,731	41,513,192,567
3,686,986,742	3,022,780,332
43,669,788,473	44,535,972,899

7.3 Loans and advances - geographical location-wise

Inside Bangladesh:

Urban

Dhaka
Chattogram
Sylhet
Cumilla
Gazipur
Narayanganj
Khulna
Rajshahi
Rangpur

31 Dec 2023 Taka	31 Dec 2022 Taka
37,136,006,087	38,799,587,406
2,110,648,363	2,181,357,827
227,784,580	199,996,539
651,095,173	530,562,635
2,237,222,887	2,076,797,218
588,892,257	500,537,618
323,991,517	164,387,238
196,494,867	70,974,826
197,652,742	11,771,592
43,669,788,473	44,535,972,899
43,669,788,473	44,535,972,899

Outside Bangladesh:

7.4 Details of large loans and advances

There were no clients with outstanding amount and classified loans/advances exceeding 15% of total capital of the institution.

7.5 Particulars of Loans and advances

- i) Loans and advances considered good in respect of which the financial institution is fully secured.
- ii) Loans and advances considered good against which the financial institution holds no security other than the debtors personal security.
- iii) Loan and advances considered good and secured by the personal security of one or more parties in addition to personal guarantee of debtors.
- iv) Loan and advances adversely classified: for which no provision is created.

43,493,341,294	44,392,332,848
9,497,882	6,351,381
166,949,297	137,288,670
-	-
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

-	-
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- 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)

- 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

- c) Amount of interest creditable to interest suspense account

(26,722,768)	(166,418,711)
-	-
-	-
357,854,743	306,518,001
77,151,761	77,181,131

- xi) Cumulative amount of written off loans and advances

- Opening Balance

- 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

- The amount of written off loans, advances for which law suits have been filed.

8,820,658	8,820,658
-	-
-	-
8,820,658	8,820,658
9,425,086	9,425,086

7.6 Classification of loans and advances

Unclassified:

Standard (including Staff Loan, Loan against Deposits and Others)
Special mention account (SMA)

43,177,265,045	44,003,423,839
116,087,642	147,782,361
43,293,352,687	44,151,206,200

Classified:

Sub-standard

Doubtful

Bad/loss

10,425,240	70,152,435
8,155,803	8,096,263
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
Addition during the year

31 Dec 2023 Taka	31 Dec 2022 Taka
568,448,325	531,228,869
77,080,956	41,804,980
645,529,281	573,033,849
(78,775,713)	(4,585,524)
566,753,568	568,448,325

Depreciation

Balance as of 01 January
Addition during the year

31 Dec 2023 Taka	31 Dec 2022 Taka
313,965,945	268,647,811
57,099,636	49,861,986
371,065,581	318,509,797
(80,760,605)	(4,543,852)
290,304,976	313,965,945

Disposal/Adjustments
Balance as of 31 December

Written down value
Details are shown in annexure A.

31 Dec 2023 Taka	31 Dec 2022 Taka
276,448,592	251,482,380

9 Other assets

Accounts receivable (Note-9.1)
Advances, deposits and prepayments (Note-9.2)
Stamps and pay orders in hand
Net defined benefit (GF) (Note-9.3)
Protested bills receivables
Deferred tax assets (Note - 9.4) (Restated)

31 Dec 2023 Taka	31 Dec 2022 Taka
233,107,863	124,272,280
5,609,068	6,674,786
4,090,004	3,450,762
9,740,047	-
1,328,217	1,328,217
2,551,770	1,139,175
256,426,969	136,865,220

9.1 Account receivables

Dividend receivable
Interest receivable
Sundry receivable

31 Dec 2023 Taka	31 Dec 2022 Taka
4,296,245	10,494,882
134,501,340	42,687,539
94,310,278	71,089,859
233,107,863	124,272,280

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
Advance to suppliers
Security deposits
Prepaid expenses

31 Dec 2023 Taka	31 Dec 2022 Taka
171,615	132,668
-	1,299,000
4,511,161	4,170,000
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)
Fair value of plan assets (9.3b)
Surplus

31 Dec 2023 Taka	31 Dec 2022 Taka
(200,669,845)	
210,409,892	
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
Current service cost
Interest expense
Actual net benefits payments
Experience (gain)/loss
Defined benefit obligation as on closing date

31 Dec 2023 Taka	31 Dec 2022 Taka
(200,733,679)	
-	
(14,051,357)	
33,418,846	
(19,303,655)	
(200,669,845)	

9.3b Change in fair value of plan assets

Fair value of plan asset as on opening date
Interest income
Actual employer contribution
Actual net benefits payments
Actuarial gains/(losses) on plan assets
Fair value of plan asset as on closing date

31 Dec 2023 Taka	31 Dec 2022 Taka
222,560,721	
15,579,250	
5,460,897	
(33,418,846)	
227,870	
210,409,892	

Fair Value of plan assets at year end split by major asset

Investment in Government Treasury Bill
Investment in Shares & Securities
Investment in fixed deposit
Receivable from Green Delta Securities Ltd.
Dividend Receivable
Accrued interest
Cash at Bank
Others (Advance Tax)
Total fair value of plan asset

48,790,800
16,274,423
136,880,422
3,010
87,390
2,841,148
4,440,393
1,092,306
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) U/I

9.4 Calculation of deferred tax assets (Restated)

Carrying amount of Fixed Assets (excluding land)
Tax base value of Fixed Assets
(Deductible)/taxable temporary difference (A)
Applicable tax rate
Deferred tax asset

188,086,276	206,508,888
194,890,996	209,546,688
6,804,720	3,037,800
37.50%	37.50%
2,551,770	1,139,175

Total deferred tax asset
Deferred tax asset at the beginning of the year
Deferred tax (Expense)/income

2,551,770	1,139,175
1,139,175	1,281,396
1,412,595	(142,221)

10 Borrowing from other banks, financial institutions and agents

Inside Bangladesh (Note 10.1)
Outside Bangladesh

9,358,458,290	11,080,141,587
9,358,458,290	11,080,141,587

10.1 Inside Bangladesh

a Secured Short-term loan:

Standard Chartered Bank
Citi Bank, NA

1,590,000,000	1,300,000,000
1,180,000,000	-
2,770,000,000	1,300,000,000

b Unsecured Short-term loan:

Alliance Finance PLC
BRAC Bank PLC
City Bank PLC
National Credit and Commerce Bank PLC
The Trust Bank Ltd.

100,000,000	-
2,000,000,000	2,500,000,000
500,000,000	800,000,000
-	1,000,000,000
-	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
Woori Bank
Pubali Bank PLC
Standard Chartered Bank
IFIC Bank PLC

6,860,384	5,836,346
164,235,957	163,545,227
27,780,088	122,490,438
4,450,308	-
9,379,508	-
212,706,245	291,872,011

	31 Dec 2023 Taka	31 Dec 2022 Taka
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	-
	<u>1,130,000,000</u>	<u>1,100,000,000</u>
f Zero Coupon Bond:		
Zero Coupon Bond	<u>1,631,934,758</u>	<u>2,248,278,516</u>
Total inside Bangladesh(a+b+c+d+e+f)	<u>9,358,458,290</u>	<u>11,080,141,587</u>
10.2 Security against borrowings from other banks, financial institutions and agents		
Secured	<u>2,982,706,245</u>	<u>1,591,872,011</u>
Unsecured	<u>6,375,752,045</u>	<u>9,488,269,576</u>
	<u>9,358,458,290</u>	<u>11,080,141,587</u>
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	-
	<u>9,358,458,290</u>	<u>11,080,141,587</u>
11 Deposits and other accounts		
Fixed deposits (Note: 11.1)	46,655,952,696	40,060,590,590
Other deposits	-	-
	<u>46,655,952,696</u>	<u>40,060,590,590</u>
11.1 Fixed deposits		
Opening balance	40,060,590,590	43,978,360,429
Addition during the year	<u>103,150,888,574</u>	<u>78,893,892,765</u>
	143,211,479,164	122,872,253,194
Repayment made during the year	<u>96,555,526,468</u>	<u>82,811,662,604</u>
Closing balance	<u>46,655,952,696</u>	<u>40,060,590,590</u>
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
	<u>46,655,952,696</u>	<u>40,060,590,590</u>
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	13,180,879,226	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
	<u>46,655,952,696</u>	<u>40,060,590,590</u>
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
	<u>2,844,425,652</u>	<u>2,610,392,700</u>

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
Provision written off
Provision recovered for the year
Provision charged/ (released) for the year
Provision no longer required written back
Recoveries of amounts previously written off
Closing balance

31 Dec 2023 Taka	31 Dec 2022 Taka
1,083,726,839	1,142,058,714
-	-
-	-
(30,686,301)	(58,331,875)
-	-
-	-
1,053,040,538	1,083,726,839

12.1.1 General provision

Opening balance
Charged during the year
Closing balance

447,704,930	445,564,377
(9,779,892)	2,140,553
437,925,038	447,704,930

12.1.2 Specific provision

Opening balance
Provision written off
Provision recovered during the year
Provision charged/ (released) for the year
Provision no longer required written back
Recoveries of amounts previously written off
Closing balance

493,817,066	660,235,777
-	-
-	-
(26,722,768)	(166,418,711)
-	-
-	-
467,094,298	493,817,066

12.1.3 Provision for diminutions in the value of investments

Opening balance
Provision charged/(released) during the year
Closing balance

142,204,843	36,258,560
5,816,359	105,946,283
148,021,202	142,204,843

12.1.A Provision on loans and advances

General Provision charged during the year
Specific Provision charged/(released) during the year

(9,779,892)	2,140,553
(26,722,768)	(166,418,711)
(36,502,660)	(164,278,158)

12.2 Provision for income tax

Provision

Opening balance
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

Closing balance

6,528,717,960	5,965,392,054
526,383,013	563,325,906
7,055,100,973	6,528,717,960

Advance tax

Opening balance
Add: Payment made during the year
Under Section 155 of Income Tax Act 2023
Deduction at source
Others

6,281,796,178	5,530,553,919
182,309,356	629,471,514
290,112,921	121,770,745
-	-

Less: Adjustment during the year for completed tax assessment

Closing balance

Net balance

6,754,218,455	6,281,796,178
-	-
6,754,218,455	6,281,796,178
300,882,518	246,921,782

12.3 Interest suspense

Opening balance
Interest suspended during the year
Written off suspended interest during the year
Closing balance

77,181,131	80,549,336
(29,370)	(3,368,205)
-	-
77,151,761	77,181,131

12.4 Other payables

Interest payable on deposits & loans
Lease liability
Sundry creditors
Unclaimed instruments
Payable to clients
Loan under litigation
Privileged creditors
Profit Equalisation fund
Liability for expenses

980,858,819	828,957,657
66,118,475	29,936,203
116,025,945	114,669,333
12,123,092	11,876,431
99,780,205	90,419,091
9,949,541	8,022,686
63,223,837	102,014,115
573,213	-
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	
Right-of-use Asset - Tax base	
Lease liability- ROU -carrying amount	
Lease liability-ROU-Tax base	
Taxable temporary difference (A)	
Interest Receivables on FDR & SND accounts - Carrying amount	
Interest Receivables on FDR & SND accounts - Tax base	
Taxable temporary difference (B)	
Net taxable temporary difference (A+B)	
Applicable tax rate	
Deferred tax liability (i)	
Dividend receivables - Carrying amount	
Dividend receivables - Tax base	
Taxable temporary difference	
Applicable tax rate	
Deferred tax liability (ii)	
Total deferred tax liability (i + ii)	
Deferred tax liability at the beginning of the year	
Deferred tax Expense/(income)	

31 Dec 2023 Taka	31 Dec 2022 Taka
69,704,925	34,315,192
-	-
66,118,475	29,936,203
-	-
3,586,450	4,378,989
136,555,284	-
-	-
136,555,284	-
140,141,734	4,378,989
37.50%	37.50%
52,553,149	1,642,121
4,296,245	-
-	-
4,296,245	-
20.00%	20.00%
859,249	-
53,412,399	1,642,121
1,642,121	1,576,001
51,770,277	66,120

13 Share capital

13.1 Authorized capital

399,950,000 Ordinary shares of Tk. 10 each
5,000 Preference shares of Tk. 100 each

3,999,500,000	3,999,500,000
500,000	500,000
4,000,000,000	4,000,000,000

13.2 Issued, subscribed, called and paid-up capital

Ordinary shares

Opening
17,726,396 Ordinary shares of Taka 10 each issued as bonus share
3,899,807 Ordinary shares of Taka 10 each issued as bonus share

1,949,903,640	1,772,639,680
-	177,263,960
38,998,070	-
1,988,901,710	1,949,903,640

13.3 Capital of the Company is held by the following shareholders

Ordinary shares

Local shareholders:

BRAC
Delta Life Insurance Company Ltd.
Green Delta Insurance Company Ltd.
General shareholders

Foreign shareholders:

General shareholders

31 December 2023	
No of shares	Taka
36,572,729	365,727,290
35,059,185	350,591,850
30,440,772	304,407,720
62,973,224	629,732,240
165,045,910	1,650,459,100
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
11 May 1996 to 28 June 1998
12-Dec-06
9-Apr-08
2-Dec-08
23-Nov-09
8-Dec-10
22-Nov-11
Total
Face Value Change (2011)
14-Nov-12
24-Nov-16
31-Mar-19
17-Jun-20
17-May-21
5-May-22
28-May-23

31 December 2023		
Number of Shares	Face Value	Amount
2000000	100	200,000,000
200000	100	20,000,000
500000	100	50,000,000
810000	100	81,000,000
526500	100	52,650,000
1009125	100	100,912,500
5045625	100	504,562,500
10091250	100	1,009,125,000
100912500	10	1,009,125,000
15136875	10	151,368,750
5802468	10	58,024,680
12185184	10	121,851,840
20105554	10	201,055,540
23121387	10	231,213,870
17726396	10	177,263,960
3899807	10	38,998,070

Total paid-up capital		198890171	10	1,988,901,710
		31 Dec 2023 Taka		31 Dec 2022 Taka
13.5 Capital adequacy ratio - As per BASEL-II				
1. Tier-1 (Core Capital)				
1.1 Fully Paid-up Capital/Capital Deposited with BB		1,988,901,710		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
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		-		-
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.				
16.1 Contingency reserve				
Opening balance		1,275,000,000		1,275,000,000
Add: addition during the year		-		-

Hoda Vasi Chowdhury & Co

Closing balance	1,275,000,000	1,275,000,000
	31 Dec 2023 Taka	31 Dec 2022 Taka
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
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
Insurance
Electricity
Water

2023 Taka	2022 Taka
13,255,840	23,449,275
4,666,548	4,595,765
7,112,769	7,020,003
570,410	548,687
25,605,567	35,613,730

24.1 Disclosure related to Rent, rates and taxes

Actual expenses
Less: Re-classification of rent expenses as per IFRS-16

50,968,979	50,779,579
37,713,139	27,330,304
13,255,840	23,449,275

25 Legal and professional expenses

Law charges
Other professional charges

16,556,619	15,170,110
5,018,951	2,638,014
21,575,570	17,808,124

26 Postage, stamp, telecommunication etc.

Postage & courier service
Stamp expenses
Telephone & internet

949,091	839,796
3,172,179	3,741,712
4,363,650	3,846,608
8,484,920	8,428,116

27 Stationery, printing, advertisements etc.

Printing
Stationery
Publicity and advertisement

2,274,940	1,557,762
3,052,986	2,537,569
13,496,984	15,902,553
18,824,910	19,997,884

27.1 Managing Director's salary and fees

13,000,000	13,000,000
-------------------	-------------------

28 Directors' fees and expenses

Fees for attending meeting
Incidental meeting expenses

808,000	816,000
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
Right-of-use Asset
Intangible assets

21,891,889	24,543,930
34,195,303	24,145,016
1,012,444	1,173,040
57,099,636	49,861,986

Repairs & maintenance:

Vehicle
Office equipment & premises
Computer hardware & software

1,899,022	1,288,620
10,999,900	13,118,860
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
Office security
Transportation, traveling & conveyance
Canteen expense
Business promotion & entertainment
Car fuel
Books and papers
Bank charges
Recovery expenses
Donation, subscription and Fees
Public relation & AGM expense
Expenses for Islamic Wing
Outsource agency charges
Brokerage
Staff welfare expense

1,093,603	508,555
5,419,300	4,990,907
33,946,828	31,082,958
2,546,297	2,091,146
3,626,176	520,279
1,960,005	1,717,366
68,470	39,116
5,904,784	5,553,831
2,764,114	2,808,949
6,744,909	8,215,663
230,140	439,600
248,315	769,618
7,768,288	5,176,209
1,894,679	1,138,125
564,048	736,896
74,779,956	65,789,218

32

Provision for tax

Current tax

Provision for income tax

Less: Excess/(Short) provision adjustment

Deferred tax

Expense/(Income) on deductible temporary differences (Note-9.4) (Re-Styled)

Expense/(Income) on taxable temporary differences (Note-12.5)

Reconciliation of effective tax rate

2023

Taka

%

2022

Taka

%

Tax using the company's tax rate

Tax effect of:

Provision for non-deductible expenses

Adjustment/provision released during the year

Other components of tax as per ITA 2023

Difference between accounting and tax depreciation

Effective tax rate

33

Retained earnings

Opening balance

Prior year adjustment

Add: Profit after tax for the year transferred from Profit & Loss Account

Accumulated profit available for distribution

Less: Appropriations

Transferred to statutory reserve

Transferred to general reserve

Transferred to contingency reserve

Transferred to dividend equalization reserve

Issue of bonus shares for previous year

Cash dividend paid for last year

Closing balance

34

Earnings per share

Profit after Tax

Profit available for ordinary shareholders

Number of shares outstanding for calculating basic EPS

Basic earnings per share

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

Number of Share

Net asset value (NAV) per share (As at 31 December) (Re-Styled)

36

Net operating cash flows per share (NOCFPS)

Net cash from operating activities

Number of Share

Net operating cash flows per share (NOCFPS)

37

Reconciliation of net profit with cash flows from operational activities on indirect method:

Particulars

Amount in Taka

2023

2022

Remarks

Profit after tax

Provision for income tax

Depreciation

Provision for Loans and advances

Provision for Diminution in value of investment

Interest Suspense

Gain/loss on sale of fixed assets

ZCB interest accrued

Accrual for dividend, LAD and interest receivable

Accrual for expenses

Purchase & sale of trading securities

Loans and advances

Other Assets

Loan and deposit from Banks and Customer

Other liabilities

Income tax paid

Net cash flows from operating activities

8,588,724,109 (3,830,337,180)

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

In hand
Balance with Bangladesh Bank and its agent Bank
Balance with other banks and financial institutions
Money at call on short notice
Bank Overdraft

31 Dec 2023 Taka	31 Dec 2022 Taka
108,944	99,203
622,475,473	575,164,882
17,446,972,663	11,018,065,981
100,000,000	2,700,000,000
(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/-.



41.0 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.

42.0 General Disclosure

42.1 Name of Directors and entities in which they have interest as Director as at **31 December 2023:**

Name	Position at DBII	Involvement in other organization	
		Name of the Organization in which they have interest	Position
Mr. Nasir A. Choudhury	Chairman	Green Delta Insurance Company Ltd.	Advisor
		Nascom (Pvt.) Ltd.	Managing Director
		United Hospital (Pvt) Ltd.	Director (Representing GDIC)
		Green Delta Securities Ltd.	Chairman
		Green Delta Capital Ltd.	Chairman
		GD Assist Ltd.	Chairman
		Professional Advancement Bangladesh	Chairman
Dr. A M R Chowdhury	Vice Chairman	BRAC University	Member Board of Trustees
Ms. Mehreen Hassan, Bar-at-Law	Director	Nil	Nil
Mr. Syed Moinuddin Ahmed	Director	Green Delta Insurance Co. Ltd	Additional Managing Director
		GD Assist Ltd.	Managing Director
		Green Delta Dragon AMC	Director (Representing GDIC)
		Professional Advancement Bangladesh	Director (Representing GDIC)
Mr. Khandkar Manwarul Islam	Director	Styllent Knit Limited	Managing Director & CEO
		HaMeem 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





Annexure-A

DBH Finance PLC
Schedule of Fixed assets and Intangible assets
For the year 2023

Particulars	Cost			Depreciation/Amortization			Amount in Taka	
	Balance as on 1 January 2023	Additions during the year	Disposals during the year	Balance as at 31 December 2023	Charged for the year	Adjustment on disposals	Balance as at 31 December 2023	Written down value as at 31 December 2023
Furniture & fixtures	76,122,337	5,204,773	1,333,639	79,993,471	5,999,360	1,396,171	65,416,262	14,577,209
Office Equipment	34,783,951	738,473	404,683	35,117,741	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	4,380,597	1,419,646	51,517,830	5,585,882
Vehicles	56,394,215	170,290	146,000	56,418,505	3,201,378	145,999	46,797,328	9,621,177
Building	198,480,625	-	-	198,480,625	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	34,195,303	77,564,866	44,031,007	69,704,927
Intangible asset:								
Software	557,678,639	75,605,362	78,775,713	554,508,288	56,087,192	80,760,605	281,245,479	273,262,809
Total 2023	10,769,686	1,475,594	-	12,245,280	1,012,444	-	9,059,497	3,185,783
	568,448,325	77,080,956	78,775,713	566,753,568	57,099,636	80,760,605	290,304,976	276,448,592

Schedule of Fixed assets and Intangible assets
For the year 2022

Particulars	Cost			Depreciation/Amortization			Amount in Taka	
	Balance as on 1 January 2022	Additions during the year	Disposals during the year	Balance as at 31 December 2022	Charged for the year	Adjustment on disposals	Balance as at 31 December 2022	Written down value as at 31 December 2022
Furniture & fixtures	70,957,012	7,037,359	1,872,034	76,122,337	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	2,700,650	2,345,198	28,603,430	6,180,521
Computer and computer equipments	53,589,220	3,098,194	63,965	56,623,449	4,378,911	33,315	48,586,879	8,036,570
Vehicles	42,039,785	14,957,707	603,277	56,394,215	4,880,134	598,404	43,741,949	12,652,266
Building	198,480,625	-	-	198,480,625	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	24,145,016	-	87,300,570	34,315,192
Intangible asset:								
Software	520,605,183	41,658,980	4,585,524	557,678,639	48,688,946	4,543,852	305,918,892	251,759,747
Total 2022	10,623,686	146,000	-	10,769,686	1,173,040	-	8,047,053	2,732,633
	531,228,869	41,804,980	4,585,524	568,448,325	49,861,986	4,543,852	313,965,945	254,482,380

DBH Finance PLC Operating Segment Report

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

	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: Inadmissible 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 assets under 3 rd schedule ITA 2023	(297,220)
Interest actually received on FDR & SND A/c	1,344,575,849
	1,344,278,629
Less: Expenses admissible as per Income Tax Act 2023	
Depreciation as per 3 rd Schedule (Other than ROU assets & Land)	17,992,571
Allowable rent expense	50,968,979
	68,961,551
<i>Total income before charging allowable entertainment expenses</i>	1,398,614,627
Less: Entertainment expenses allowable as per limit U/S 55 of ITA 2023	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 (7 th Schedule)	62	13,506,381	20%	2,701,276
Capital Gain on fixed assets (7 th 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.
Highlights
(As per Bangladesh Bank guidelines)**

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,	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

