AUDITOR'S REPORT & AUDITED FINANCIAL STATEMENTS

OF

Delta Brac Housing Finance Corporation Limited As on and for the year ended 31 December 2019



EXCLUSIVE CORRESPONDENT FIRM OF PKF INTERNATIONAL

GLOBAL EXPERTISE, LOCAL KNOWLEDGE

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Delta Brac Housing Finance Corporation Limited

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AZIZ HALIM KHAIR CHOUDHURY

CHARTERED ACCOUNTANTS

EXCLUSIVE CORRESPONDENT FIRM OF PKF INTERNATIONAL

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DELTA BRAC HOUSING FINANCE CORPORATION LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Delta Brac Housing Finance Corporation Limited which comprise the balance sheet as at 31 December 2019 and 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.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the balance sheet as at 31 December 2019 and its profit and loss account & 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 Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

The key audit matters are discussed below together with an explanation of how the risk and our audit response were tailored to address these specific areas.



Head	Description of key audit matters	Our response to key audit matters
	Measurement of provision for loa	ans & Advances
	The process for estimating the provision for loans and advances associated with credit risk is significant and complex.	We tested the design and operating effectiveness of key controls focusing on the following:
9	For the individual analysis for large exposure, provisions calculation consider the estimates of future business performance and the market value of collateral provided for credit transactions.	 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);
Loans & Advances	For the collective analysis of exposure on portfolio basis, provision calculation and reporting are manually processed that deals with voluminous databases, assumptions and estimates.	Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following: • Reviewed the adequacy of the general and specific provisions in line with related Bangladesh Bank guidelines and circulars;
	At year end the Company reported total gross loans & advances of BDT 4,452.19 crore represents 75.14 % of total assets, (2018: BDT 4384.77 crore, represents 76.26% of total assets) and provisions regarding loans & advances of BDT 72.79 crore (2018: BDT 90.85 crore)	 Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information; Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.





	Measurement of deferred to	ax assets & liabilities:
Deferred tax Liability	The company reports deferred tax liabilities amounting to BDT 10.29 Lac and deferred tax assets amounting to BDT 1.86 Lac were shown in the financial statements as at 31 December 2019. For significant accounting policies and critical accounting estimates for the recognition and measurement of deferred tax liabilities. The significant risk arises from estimation of future usability of the benefits. Such estimation required in relation to deferred tax liabilities as their recoverability is dependent	 we have conducted a risk assessment to obtain an understanding of the relevant tax laws and regulations considering the following: Evaluation of the policies used for recognition and measurement of deferred tax liabilities and assets in accordance with IAS 12, Test of design, implementation and operating effectiveness of internal controls with respect to recognition of deferred tax liabilities and assets, The computation of deferred tax liabilities by applying appropriate provisions of tax law to scheduled reversals particularly the potential tax rates applicable at the time of expected reversals, The strategy's compliance with the tax laws. Optimum results: We considered recognition and measurement of deferred tax liabilities and assets in particular regarding the assumptions and parameters to develop the taxable profit and usability of tax losses and credits to be reasonable.
	on forecasts of profitability available in near future.	





Head	Description of key audit matters	Our response to key audit matters
	Investment and Provision for	diminutions in the value of investments.
	The company reports investments of BDT 46.21 crore which is comprised of Government securities 0.11 crore, marketable securities of BDT 36.15 crore, nonmarketable securities of BDT 5.45 crore, and preference share BDT 4.50 crore; represents 0.78 % of total assets. This was an area of focus for	Our audit procedures included updating our understanding of the business processes employed by the Company for accounting for, and valuing, their investment portfolio. Our audit procedures included updating our understanding of the business processes employed by the Company for accounting for, and valuing, their investment portfolio. We obtained sufficient audit evidence to conclude that the inputs and methodologies used for the valuation of the investments are within a
	our audit and significant audit effort was directed. However, the company made	reasonable range and that valuation policies were consistently applied by the management of the company
Investment	provision for diminution in value of investment as per FID circular no. 8 dated 3 August 2002 and DFIM circular no. 02 dated 31 January 2012.	We assessed the design and operating effectiveness of the controls supporting the identification, measurement and oversight of valuation risk of financial assets.
	We focused on this area because of the significance of the investments in the financial statements, and departure from the recognition and	We verified the existence and legal ownership of equity investments, mutual fund by confirming investment holdings with CDBL statement, Trust deed and record from the Registrar of Joint Stock Companies & Firm appropriate.
		We tested the calculations of provision for diminution in value of investment and checked the presentation and disclosure of investment in compliance with FID circular no. 8 dated 3 August 2002 and DFIM circular no. 2 dated 31 January 2012 issued by Bangladesh Bank.
	We refer to note number 2.16, 6	and 12.1.4 of the financial statements.





Head	Description of key audit matters	Our response to key audit matters
	Accuracy and completeness	of revenue recognized.
Revenue	The company reports revenue of BDT 658.49 crore from Interest on loans, short term investment, term deposit receipts, Commission, exchange and brokerage income, investment income and related activities. The application of revenue recognition accounting standards is complex and involves a number of key judgments and estimates, including those applied on revenue arrangements with multiple elements and those contracts where there is existence of principal and agent relationship. Due to the estimates and judgment involved in the application of the revenue recognition accounting standards and the degree of complexity of IT systems and processes used, we have considered this matter as a key audit matter.	reviews of significant revenue streams; we reviewed key reconciliations performed by the Revenue Assurance team; • we performed specific procedures to test the accuracy and completeness of adjustments relating to multiple element arrangements and grossing up certain revenue and costs; and • we performed procedures to ensure that the revenue recognition criteria adopted by the entity for all major revenue streams is appropriate and in line with the accounting policies.
	We refer to note number 2.16,	18, 20, 21 and 22 of the financial statements.

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.





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 management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exist. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ➤ Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- > Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- ➤ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit 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 entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company 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 accounts 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 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 and deposited in the Government treasury by the Company as per Government instructions found satisfactory based on our 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 the 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 837 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 DFIM Circular No. 11 dated 23 December 2009 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.

Dr. Jamshed S A Choudhury FCA

Dr. Jamshed J. A. Choudhury

Senior Partner

Dhaka, 19 February 2020





Delta Brac Housing Finance Corporation Limited Balance Sheet As at 31 December 2019

		Amount	in Taka
	Notes	31 December 2019	31 December 2018
PROPERTY AND ASSETS			
Cash		873,001,710	798,514,488
In hand	3.1	105,037	106,217
Balance with Bangladesh Bank and its agent Bank	3.2	872,896,673	798,408,271
Balance with other banks and financial institutions		13,028,725,061	11,779,169,860
In Bangladesh	4.1	13,028,725,061	11,779,169,860
Outside Bangladesh		-	-
Money at call on short notice	5	-	
Investments	6	462,108,462	607,821,066
Government		1,078,570	1,114,848
Others		461,029,892	606,706,218
Loans and advances		44,521,893,390	43,847,701,062
Loans and advances	7	44,521,893,390	43,847,701,062
Fixed assets including land, building, furniture and equipments	8	242,500,977	169,515,890
Other assets	9	122,651,994	296,259,328
Total Assets		59,250,881,594	57,498,981,694
LIABILITIES AND CAPITAL			
Liabilities Borrowing from other banks and financial institutions	10	7,051,344,655	6,085,478,083
Deposits and other accounts		43,411,284,633	43,318,721,105
Fixed deposits	11.1	43,411,284,633	43,318,721,105
Other deposits		-	
Other liabilities	12	2,975,912,948	3,054,803,259
Total Liabilities		53,438,542,236	52,459,002,447
Shareholders' equity			
Paid-up capital	13.2	1,340,370,270	1,218,518,430
Share premium	14	55,000,000	55,000,000
Statutory reserve	15	1,340,370,271	1,307,430,064
Other reserves	16	2,575,040,000	2,025,040,000
Retained earnings	33	501,558,817	433,990,753
Total equity		5,812,339,358	5,039,979,247
Total liabilities and Shareholders' equity		59,250,881,594	57,498,981,694
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	17.1		
Acceptances and endorsement		-	
Letter of guarantee		- 1	
Irrevocable letter of credits		(5)	
Bills for collection Other contineent liabilities		61,612,242	35,969,622
Other contingent liabilities Total contingent liabilities		61,612,242	35,969,622
Other commitments	17.2	01/012/242	33,303,022
Documentary credit & short-term trade related transaction	17.2		
Forward assets purchased and forward deposit placed			
Undrawn note issuance and revolving underwriting facilities			
Undrawn formal standby facilities, credit lines and other commitments		410,580,000	506,775,000
Total other commitments		410,580,000	506,775,000
Total Off-Balance Sheet items including contingent liabilities		472,192,242	542,744,622

Notes:

1. Auditor's Report-Page 1 to 8
2. The annexed notes 1 to 42 form an integral part of these financial statements.
3. These financial statements were approved by the Board of Directors on February 19, 2020 and were signed on its behalf by:

Nasir A. Choudhury Chairman

Dr. A M R Chowdhury Vice Chairman

Q.M. Shariful Ala, FCA Managing Director & CEO

Dr. Jamshed S.A. Chouchury Aziz Halim Khair Choudhury Chartered Accountants

19 February 2020 Dhaka



Delta Brac Housing Finance Corporation Limited Profit and Loss Account For the year ended 31 December 2019

	Notes	Amount in	Amount in Taka		
	Notes	2019	2018		
	το Γ	5 252 750 070	F 055 400 030		
Interest Income	18	6,352,769,970	5,855,189,028		
Interest paid on deposits and borrowings etc.	19	(4,642,043,093)	(4,062,413,858)		
Net Interest Income		1,710,726,877	1,792,775,170		
Income from investment	20	26,835,187	45,906,426		
Commission, exchange and brokerage	21	199,772,398	146,116,642		
Other operating income	22	5,544,134	11,239,822		
Total operating income	-	1,942,878,596	1,996,038,060		
Salary and allowances	23	337,505,438	324,963,562		
Rent, taxes, insurance, electricity etc.	24	56,541,535	53,797,572		
Legal & professional expenses	25	8,347,617	4,709,869		
Postage, stamp, telecommunication etc.	26	7,632,955	8,117,410		
Stationery, printing, advertisements etc.	27	15,129,389	14,458,419		
Managing Director's salary and fees		15,100,000	15,100,000		
Directors' fees and expenses	28	658,837	690,716		
Auditors' fees	29	483,000	460,000		
Depreciation, repairs & maintenance	30	42,145,448	37,608,567		
Other expenses	31	40,591,065	35,467,131		
Total operating expenses	-	524,135,284	495,373,246		
Profit before provisions		1,418,743,312	1,500,664,814		
Provisions	4242	(404 450 702)	(146 220 076)		
Loans and advances	12.1.3	(181,159,783)	(146,239,976)		
Diminution in value of investments	12.1.4	43,950,370	40,369,345		
Total provisions	<u> </u>	(137,209,413) 1,555,952,725	(105,870,631) 1,606,535,445		
Profit before tax	33	1,555,952,725	1,000,535,445		
Provision for tax	32	477,069,747	557,865,603		
Current					
Deferred		1,893,259 478,963,006	771,279 558,636,882		
Profit after tax	-	1,076,989,719	1,047,898,562		
Appropriations					
Statutory reserve		32,940,207	82,346,655		
General reserve		350,000,000	580,000,000		
7.5 (1.5 (1.5 (1.5 (1.5 (1.5 (1.5 (1.5 (1		382,940,207	662,346,655		
Retained surplus	2	694,049,512	385,551,907		
Earnings Per Share (Restated)	34	8.04	7.82		

Notes:

- 1. Auditor's Report-Page 1 to 8
- 2. The annexed notes 1 to 42 form an integral part of these financial statements.
- 3. These financial statements were approved by the Board of Directors on February 19, 2020 and were signed on its behalf by:

Nasir A. Choudhuny

Chairman

Dr. A M R Chowdhury

Vice Chairman

Q.M. Shariful Ala, FCA Managing Director & CEO

Dr. Jamshed J.A. Chruchuy Aziz Halim Khair Choudhury

Chartered Accountants



Delta Brac Housing Finance Corporation Limited Cash Flow Statement For the year ended 31 December 2019

	Amount in Taka		
	2019	2018	
Cash flows from operating activities			
Interest received	6,474,351,683	5,782,015,643	
Interest payments	(4,459,024,955)	(3,550,601,113)	
Dividend received	31,004,890	38,497,143	
Fees and commission received	199,772,398	146,116,642	
Paid to employees	(379,367,404)	(345,071,987)	
Paid to suppliers and for various operating expenses	(141,240,540)	(81,940,253)	
Income tax paid	(566,173,357)	(499,483,207)	
Received from other operating activities	3,806,404	18,871,556	
Cash generated from operating activities before changes in operating assets and liabilities	1,163,129,119	1,508,404,424	
Increase/(decrease) in operating assets and liabilities			
Loans and advances to customers	(680,739,652)	(1,600,393,913)	
Investment in marketable securities and lock in share	676,326	(4,823,309)	
Other assets	60,110,985	(34,644,454)	
Loans and deposits from banks and other customers	1,402,661,487	1,439,864,012	
Other liabilities	(15,780,740)	19,737,641	
	766,928,406	(180,260,023)	
Net cash flows from/(used in) operating activities	1,930,057,525	1,328,144,401	
Cash flows from investing activities		العالمين ويستمين	
Net proceeds(Payments) for sale/purchase of Treasury Bills	36,278	30,328	
Other investments	145,000,000	40,000,000	
Purchase of property, plant & equipment	(102,690,620)	(17,304,148)	
Proceeds from sell of property, plant & equipment	500,235	121,585	
Net cash flows from/(used in) investing activities	42,845,893	22,847,765	
Cash flows from financing activities Cash dividend paid	(304,629,607)	(365,555,529)	
Cash dividend paid	(304,029,007)	(303,333,329)	
Net cash flows from/(used in) financing activities	(304,629,607)	(365,555,529)	
Net increase/(decrease) in cash and cash equivalents	1,668,273,811	985,436,637	
Cash and cash equivalents (net off overdraft) at the beginning of the period	11,801,358,493	10,815,921,856	
Cash and cash equivalents (net off overdraft) at the end of the period	13,469,632,304	11,801,358,493	

Notes:

1. Auditor's Report-Page 1 to 8

2. The annexed notes 1 to 42 form an integral part of these financial statements.

3. These financial statements were approved by the Board of Directors on February 19, 2020 and were signed on its behalf by:

Nasir A. Choudh Chairman Dr. A M R Chowdhury
Vice Chairman

Q.M. Shariful Ala, FCA Managing Director & CEO

Dr. Jamshed N.A. Choudhury

Chartered Accountants

19 February 2020 Dhaka



Delta Brac Housing Finance Corporation Limited Statement of Changes in Equity For the year ended 31 December 2019

Amount in Taka

Particulars	Paid-up Capital	Share Premium	Statutory Reserve	General & Other Reserves	Retained earnings	Total
Balance as on 1 January 2019	1,218,518,430	55,000,000	1,307,430,064	2,025,040,000	433,990,753	5,039,979,247
Net profit (after tax) for the period	74	-	-		1,076,989,719	1,076,989,719
Transferred to reserve funds	(+)		32,940,207	550,000,000	(582,940,207)	-
Stock dividend issued	121,851,840			-	(121,851,840)	-
Cash dividend paid	-	-	-	•	(304,629,607)	(304,629,607)
Balance at December 31, 2019	1,340,370,270	55,000,000	1,340,370,271	2,575,040,000	501,558,817	5,812,339,358
Balance at December 31, 2018	1,218,518,430	55,000,000	1,307,430,064	2,025,040,000	433,990,753	5,039,979,247





Delta Brac Housing Finance Corporation Limited Liquidity Statement As at 31 December 2019

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Particulars	Up to 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Above 5 Years	Total
Assets	A:					
Cash (In hand and balance with Bangladesh Bank and its' agent bank)	873,001,710		- 1			873,001,710
Balance with other banks and financial institutions	8,588,725,061	3,940,000,000	500,000,000	-	•	13,028,725,061
Money at call on short notice	•			•	-	
Investments	384,030,392	10,000,000	24,500,000	41,078,570	2,499,500	462,108,462
Loans and advances	919,744,388	1,567,236,628	6,084,253,715	21,550,176,739	14,400,481,920	44,521,893,390
Fixed assets including land, building, furniture and equipments	2,483,091	4,884,402	19,453,812	58,435,237	157,244,435	242,500,977
Other assets	35,601,599	69,990,212	7,992,830	9,067,353		122,651,994
Total Assets	10,803,586,241	5,592,111,242	6,636,200,357	21,658,757,899	14,560,225,855	59,250,881,594
Liabilities					200	
Borrowing from other banks and financial institutions	1,183,173,052	1,464,107,701	2,695,181,268	900,183,634	808,699,000	7,051,344,655
Deposits and other accounts	1,487,990,582	4,276,527,978	6,852,553,321	75,669,758	30,718,542,994	43,411,284,633
Other liabilities	380,674,619	659,312,300	1,162,621,904	297,980,953	475,323,173	2,975,912,948
Total liabilities	3,051,838,253	6,399,947,979	10,710,356,493	1,273,834,345	32,002,565,167	53,438,542,236
Net liquidity gap	7,751,747,988	(807,836,737)	(4,074,156,136)	20,384,923,554	(17,442,339,312)	5,812,339,358





Notes to the Financial Statements as at and for the year ended 31 December 2019

Company and its activities (a) Legal status

Delta Brac Housing Finance Corporation Limited (here-in-after referred to as "DBH" or "the Company") was incorporated as a public limited company and obtained the Certificate of Commencement of Business under Companies Act 1994 on May 11, 1996. The Company has also been granted license under the Financial Institutions Act 1993 on July 15, 1996. The Company went for public issue in 2007-08 and the shares of the Company are listed in Dhaka and Chittagong Stock Exchange in Bangladesh.

(b) Nature of business

- i) The principal activities of the Company during the year were providing loans for construction of houses, purchases of flats or houses, extension and improvement 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.

Significant accounting policies and basis of preparationStatement of compliance

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

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

2.02 Going concern

The financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

2.03 Reporting period

These financial statements have been prepared for the period from 1 January 2019 to 31 December 2019.

2.04 Functional and presentation currency

These financial statements are presented in Taka, which is the company's functional currency except as indicated. Figures have been rounded off to the nearest taka.





2.05 Disclosure of deviations from few requirements of IAS/IFRS due to mandatory compliance of Bangladesh Bank's requirements

Bangladesh Bank is the prime regulatory body for Non-Banking Financial Institutions (NBFI) in Bangladesh. Some requirements of Bangladesh Bank's rules and regulations contradict with the standards of IAS and IFRS. As such the company has departed from those contradictory requirements of IFRS in order to comply with the rules and regulations of Bangladesh Bank, which are disclosed below;

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

IFRS 9 "Financial Instruments"

If credit risk has not increased significantly since initial recognition, a 12 month Expected Credit Losses -ECL (Stage 1) is recognised (unless the financial asset is purchased or originated credit-impaired). If credit risk has increased significantly since initial recognition, a lifetime ECL (Stage 2) is recognised which may be significantly higher than a 12 month ECL. The assessment of what is considered to be a significant increase in credit risk therefore may have a significant impact on the loss allowance recognised.

Treatment adopted as per Bangladesh Bank

As per FID circular No. 08, dated 03 August 2002, FID circular No. 03, dated 03 May 2006 and FID circular No. 03, dated 29 April 2013, a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained irrespective of objective evidence of impairment on loans and advances. Also provision for sub-standard investments, doubtful investments and bad losses has to be provided at 20%, 50% and 100% respectively for investments depending on the duration of overdue.

ii) Valuation of Investments in quoted and unquoted shares

IFRS 9 "Financial Instruments"

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

Treatment adopted as per Bangladesh Bank

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





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

IFRS 9 "Financial Instruments"

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

Treatment adopted as per Bangladesh Bank

As per FID circular No. 03, dated 03 May 2006, once an investment on loans and advances is termed as "Special Mention Account (SMA)", interest income from such investments are not allowed to be recognized as income, rather the respective amount needs to be credited as a liability account like: interest suspense account.

iv) Presentation of cash and cash equivalents

IAS 7 "Statement of Cash Flows"

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

Treatment adopted as per Bangladesh Bank

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

v) Measurement of deferred tax asset

IAS 12 "Income Tax"

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

Treatment adopted as per Bangladesh Bank

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

vi) Presentation and disclosure of Financial Statements and Financial Instruments

IAS 32 "Financial Instruments: Presentation" IFRS 7 "Financial Instruments: Disclosure"

IAS 32 and IFRS 7 require specific presentation and disclosure relating to all financial instruments.





Treatment adopted as per Bangladesh Bank

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

As per Bangladesh Bank guidelines, financial instruments are categorized, recognized and measured differently from those prescribed in IFRS 9. As such some disclosure and presentation requirements of IFRS 7 and IAS 32 have not been made in the accounts.

vii) Preparation of "Statement of Cash Flows"

IAS 7 "Statement of Cash Flows"

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

Treatment adopted as per Bangladesh Bank

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.

viii) 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 noncurrent assets and current and non-current liabilities as separate classification in its statement of financial position.

Treatment adopted as per Bangladesh Bank

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

ix) 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.

Treatment adopted as per Bangladesh Bank

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





x) 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

Treatment adopted as per Bangladesh Bank

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

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

xi) Intangible asset

IAS 1 "Presentation of Financial Statements"

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

Treatment adopted as per Bangladesh Bank

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

xii) Other comprehensive income

IAS 1 "Presentation of Financial Statements"

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

Treatment adopted as per Bangladesh Bank

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





xiii) Disclosure of presentation of profit

IAS/IFRS

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

Treatment adopted as per Bangladesh Bank

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

2.06 Use of estimates and judgments

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

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

Impairment losses on loans and advances

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

2.07 Materiality and aggregation

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

2.08 Foreign currency transactions

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





2.09 Liquidity Statement

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

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

2.10 Property, plant and equipments

a. Recognition

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

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

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

b. Depreciation

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

Category of assets	Rates of depreciation per annum	Estimated useful life
Furniture & Fixtures	15% - 20%	5- 6.67 years
Equipment	20% - 25%	4 - 5 years
Computer and computer equipn	20% - 25%	4 - 5 years
Vehicles	20%	5 years
Building	3%	33.33 years
Intangible asset	20%	5 years
Land	Not depreciated	(1000 m 1000 m 1

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





c. De-recognition

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

2.11 Intangible assets

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

2.12 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.

2.13 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 and Vanguard AML Rupali Bank Balanced Fund have been valued at cost or market price whichever is lower on an aggregate portfolio basis. Above mutual funds and Peninsula SBC Unit Fund-1and Peninsula AMCL Unit Fund have been valued at 85 % of latest published NAV as on December 31, 2019 or cost price whichever is lower. Investment in non marketable securities have been valued at cost. Full provision for diminution in value of securities at the year end on aggregate portfolio basis excepts investment in mutual funds and unit funds are made in the financial statements as required by Bangladesh Bank DFIM circular No. 02 dated January 31, 2012. Provision for above mutual funds and unit funds at the year end is made as required by Bangladesh Bank DFIM circular No. 05 dated May 11, 2015.

2.14 Cash and cash equivalents

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

2.15 Cash Flow Statement

The cash flow statement is prepared using the direct method as stipulated in International Accounting Standard - 7 "Statement of Cash Flows" and in compliance with the instruction of Bangladesh Bank.

2.16 Revenue recognition

Interest income

Interest income from loans and advances is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset (loans and advances) to that asset's net carrying amount.





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

Fees and other charges on loans

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

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

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

2.17 Interest suspense account

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

2.18 Retirement benefit costs

i) Gratuity scheme

The Company has a funded gratuity scheme for all eligible employees who complete minimum 5 years of confirmed service with the Company. Required amount of gratuity is calculated on the basis of last basic pay depending on the length of service for every completed year as well as proportionate to the fraction period of service as of the respective financial year. This scheme is approved by the National Board of Revenue (NBR) and administered by an independent Board of Trustees. Actuarial valuation of the gratuity scheme was made in 2015 to assess the adequacy of the liability for the scheme as per International Accounting Standard - 19 "Employee Benefits".

Following benefits are payable on retirement, death or leaving service: Less than 5 year of confirmed service - Nil

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

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

Maximum benefits - 50 times basic pay

ii) Contributory provident fund

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





2.19 Taxation

Current tax

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

Deferred tax

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

2.20 Provision for loans

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

2.21 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.

2.22 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.

2.23 Earnings per share

Earnings Per Share (EPS) has been calculated in accordance with International Accounting Standard - 33 "Earnings Per Share" and shown on the face of profit and loss account and computation shown in note 34.

2.24 Related party disclosures

As per International Accounting Standards (IAS) 24 "Related Party Disclosures", parties are considered to be related if one of the party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with its related parties. Related party disclosures have been given in note 40.





2.25 Events after the balance sheet date

As per IAS 10 "Events after the balance sheet date", all material events occurring after the balance sheet date have been considered and where necessary, adjusted for or disclosed in note 42.3.

2.26 Contingent liabilities and contingent assets

The company does not recognize contingent liability and contingent assets but discloses the existence of contingent liability in the financial statements. A contingent liability is possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of uncertain future events not within the control of the company or present obligation that is not recognized because outflow of resources is not likely or obligation cannot be measured reliably.

2.27 Branch accounting

The Company has ten offices (head office & nine branches), with no overseas branch as on December 31, 2019. Accounts of the branches are maintained at the head office which are included in the accompanying financial statements.

2.3 General

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

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

Name of the IAS	IAS No.	<u>Status</u>
Presentation of Financial Statements	1	**
Inventories	2	N/A
Statement of Cash Flows	7	**
Accounting Policies, Changes in Accounting Estimates and	8	Applied
Errors	4.0	A
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	20	Applied
Governments Assistance		
The Effect of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	N/A
Related Party Disclosures	24	Applied
Accounting and Reporting by Retirement Benefits Plans	26	N/A
Separate Financial Statements	27	N/A
Investment in Associates and Joint Ventures	28	N/A
Financial Reporting in Hyperinflationary Economics	29	N/A
Financial Instruments: Presentation	32	**
Earnings per Share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied
Investment Property	40	N/A
Agriculture	41	N/A





Name of the IFRS	IFRS No.	<u>Status</u>
First-time adoption of International financial Reporting Stand	1	N/A
Share-based Payment	2	N/A
Business Combinations	3	N/A
Insurance Contracts	4	N/A
Non-currents Assets held for sale and discontinued operatio	5	N/A
Exploration for and Evaluation of Mineral Resources	6	N/A
Financial Instruments : Disclosures	7	**
Operating Segments	8	N/A
Financial Instruments	9	**
Consolidated Financial Statements	10	N/A
Joint Arrangements	11	N/A
Disclosure of Interests in other Entities	12	N/A
Fair Value Measurement	13	Applied
Regulatory Deferral Accounts	14	N/A
Revenue from Contracts with Customers	15	Applied
Leases	16	N/A

^{**} 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

2.30 Financial risk management

The Company always concentrates on delivering high value to its stakeholders through appropriate trade-off between risk and return. A well structured and proactive risk management system comprising risk management forum supported by risk management unit is in place within the Company to address risks relating to credit, market, liquidity and operations. In addition to the industry best practices for assessing, identifying and measuring risks, the Company also considers guidelines for managing core risks of financial institutions issued by the Country's Central Bank, Bangladesh Bank, vide FID Circular No. 10 dated September 18, 2005 for management of risks and DFIM Circular No. 03 dated 24 January 2016.

Credit risk

To encounter and mitigate credit risk, the company employed multilayer approval process, policy for customers maximum asset exposure limit, mandatory search for credit report from Credit Information Bureau, looking into payment performance of customer before financing, annual review of clients, adequate insurance coverage for funded assets, vigorous monitoring and follow up by special assets management team, strong follow up of compliance of credit policies by internal audit department, taking collateral, seeking external legal opinion, maintaining neutrality in politics and following arm's length approach in related party transactions, regular review of market situation and industry exposure etc.

Market risk

The Asset Liability Committee (ALCO) of the Company regularly meets to assess the changes in interest rate, market conditions, carry out asset liability maturity gap analysis, re-pricing of products and thereby takes effective measures to monitor and control interest rate risk. To encounter market risk we are negotiating for facilities that match the maturity structure with ideal interest rate, maintaining a balanced diversification in investments and maintaining prudent provisioning policies. The Company has also strong access to money market and credit lines at a competitive rate through good reputation, strong earnings, financial strength and credit rating.





Liquidity Risk

Liquidity risk arises when a company is unable to meet the short term obligation to its lenders and stakeholders. This arises from the adverse mismatch of maturities of assets and liabilities. Liquidity requirements are managed on a day to day basis by the Treasury Division which is responsible for ensuring that sufficient funds are available to meet short term obligations, even in a crisis scenario and for maintaining a diversity of funding sources. Treasury Division maintains liquidity based on historical requirements, anticipated funding requirements from operations, current liquidity positions, collections from financing, available sources of funds and risks and returns.

Operational Risk

Operational risk is the potential loss arising from a breakdown in company's systems and procedures, internal control, compliance requirements or corporate governance practices that results in human error, fraud, failure, damage of reputations, delay to perform or compromise of the company's interests by employees. Appropriate internal control measures are in place, at the Company, to address operational risks. The Company has also established an internal control & compliance department (ICCD) to address operational risk and to frame and implement policies to encounter such risks. This department assesses operational risk across the Company as a whole and ensures that an appropriate framework exists to identify, assess and manage operational risk.

Money Laundering and Terrorist Financing Risk

In DBH, money laundering and terrorist financing risk takes two broad dimensions:

- i) Business risk i.e. the risk that DBH may be used for money laundering or terrorism financing &
- ii) Regulatory risk i.e. the risk that DBH fails to meet regulatory obligations under the Money Laundering Prevention Act 2012 and Anti-Terrorism Act 2009 (amended in 2013).
- DBH adhering to various guidelines and circulars issued by the Bangladesh Financial Intelligence Unit (BFIU) and put in place a strict compliance program consisting of the following components to mitigate above risk:
- a) Development and implementation of internal policies, procedures and controls to identify and report instances of money laundering and terrorist financing;
- b) Creation of structure and sub-structure within the organisation, headed by a Central Compliance Unit (CCU), for AML and CFT compliance;
- c) Appointment of an AML/CFT Compliance Officer, known as the Chief Anti Money Laundering Officer (CAMLCO), to lead the CCU;
- d) Independent testing procedures carried out by internal audit function to ensure effectiveness of AML/CFT program.
- e) Ongoing employee training programs.

Additional risks required to be addressed under new regulatory requirements

The Integrated Risk Management Guidelines for Financial Institutions which was issued by DFIM through Circular No. 03 dated 24 January 2016 explains a number of following additional risks that financial institutions are now required to address to cover all the major aspects of risks which may arise at any point of time.

Strategic Risk

Strategic risk means the current or prospective risk to earnings and capital arising from imperfection in business strategy formulation, inefficiencies in implementing business strategy, less adaptability with the changes in the business environment and adverse business decisions. Strategic risk induces operational loss that consequentially hampers the capital base. Major roles of the board of the directors, senior management and business units in managing strategic risks, steps to be followed in the strategic risk management process and also measures for strategic risk control are explained in the guidelines.





Since its inception, DBH has been managing strategic risks which are evident from the dynamic business model of the company over the years. Major organizational units are assigned to address the major strategic risks aspects with a view to minimize the negative impact of those risks.

Compliance Risk

Compliance risk is the risk of legal sanctions, material financial loss or loss to reputation the FI may suffer as a result of its failure to comply with laws, its own regulations, code of conduct, and standards of best/good practice. Compliance risk is sometimes also referred to as integrity risk because a FI's reputation is closely connected with its adherence to principles of integrity and fair dealing.

The guidelines set out the respective roles of the board, senior management and compliance function units in managing compliance risks and the FI's board of directors is responsible for overseeing the management of the FI's compliance risk. The board should establish a compliance function and approve the FI's policies and processes. The Board discharges its responsibilities itself and through delegation of authorities to Executive Committee, Audit Committee and Risk Management Committee of the Board. The Compliance department of DBH is responsible for assessing compliance risk in relation to institutional matters such as governance, best practices and corporate social responsibility.

The objective is to identify any compliance risks at an early stage that may undermine the integrity and the success of DBH and to mitigate the risks in most appropriate way.

Reputation Risk

Reputational risk is defined as the risk of losses, falling business volume or income as well as reduced value of the company arising from business events that may reduce the confidence of the customers & clients, shareholders, investors, counterparties, business partners, credit rating agencies, regulators and general public on DBH.

The guidelines explain the roles of the Board and senior management in managing reputation risk. The management ensures that DBH is aware of any changes in market perceptions as soon as possible. Accordingly, all business policies and transactions are subjected to careful consideration. DBH takes necessary precautions to avoid business policies and transactions that may result in significant tax, legal or environmental risks. Reputational risk is also factored into major credit decisions that may lead to credit proposal being declined.

Environmental and Social Risk

Environmental risk is a facilitating element of credit risk arising from environmental issues. DBH uses Environmental Risk Rating (EnvRR) while financing to new projects. Company is making its credit appraisal process to be much more stringent from an Environment and Social (E&S) perspective – evaluating all the environmental and social factors such as project impacts on the environment and the community in the long run, prior to approving a loan.

2.31 Implementation of BASEL-II

To comply with international best practices to make the FI's capital more risk sensitive as well as to make the FI industry more shock absorbent and stable, Bangladesh Bank provided regulatory capital framework "Risk Based Capital Adequacy for FI's" with effect from 01 January 2012.

DBH management is aware about guideline of Bangladesh Bank and implemented Capital Adequacy requirement according to BASEL-II. BASEL-II implementation committee is headed by Managing Director & CEO.





		ENGLIS	INE CORRESPONDENT FIRM OF PRE INTERNATIONAL
		31 December 2019	31 December 2018
		Taka	Taka
3	Cash	Tana I	
3.1	Cash in hand		
	Local Currency	105,037	106,217
	Foreign Currency		
		105,037	106,217
3.2	Balance with Bangladesh Bank and its agent bank Bangladesh Bank:		
	Local Currency	872,113,744	798,154,638
	Foreign Currency	182,353	176,777
		872,296,097	798,331,41
	Balance with Sonali Bank being an agent of Bangladesh Bank	600,576	76,850
		872,896,673	798,408,271
3.3	Cash Reserve Requirement (CRR) and Statutory Liquidity Cash Reserve Requirement and Statutory Liquidity Reserve have Financial Institution Act - 1993 and Financial Institution Rules - circular no 02 dated November 10, 2004.	ve been calculated and mainta	
	current account maintained with Bangladesh Bank. 'Total Term Dagainst Lease/Loan and other Term Deposits, received from	peposits means term or rixed to	cept banks & Financi
	Institutions).		
		e of 5.0% on total liabilities, in rm of cash in hand (notes & co	cluding CRR of 2.5% o
3.3.1	Institutions). Statutory Liquidity Reserve (SLR) has been calculated at the rate Total Term Deposit. SLR is maintained in liquid assets in the for Bangladesh Bank and other banks and Financial Institutions, un	e of 5.0% on total liabilities, in rm of cash in hand (notes & co	cluding CRR of 2.5% o
3.3.1	Institutions). Statutory Liquidity Reserve (SLR) has been calculated at the rate Total Term Deposit. SLR is maintained in liquid assets in the for Bangladesh Bank and other banks and Financial Institutions, un approved in Government Gazette or by Bangladesh Bank. Cash Reserve Requirement (CRR)	e of 5.0% on total liabilities, in rm of cash in hand (notes & co nencumbered treasury bills & bo	cluding CRR of 2.5% of in in BDT), balance with onds & any other asse
3.3.1	Institutions). Statutory Liquidity Reserve (SLR) has been calculated at the rate Total Term Deposit. SLR is maintained in liquid assets in the for Bangladesh Bank and other banks and Financial Institutions, un approved in Government Gazette or by Bangladesh Bank. Cash Reserve Requirement (CRR) Required reserve	re of 5.0% on total liabilities, in rm of cash in hand (notes & conencumbered treasury bills & books, 223,900	cluding CRR of 2.5% of in in BDT), balance with onds & any other asset 765,075,429
3.3.1	Institutions). Statutory Liquidity Reserve (SLR) has been calculated at the rate Total Term Deposit. SLR is maintained in liquid assets in the for Bangladesh Bank and other banks and Financial Institutions, un approved in Government Gazette or by Bangladesh Bank. Cash Reserve Requirement (CRR) Required reserve Actual average reserve maintained	se of 5.0% on total liabilities, in rm of cash in hand (notes & contencumbered treasury bills & both treasury	cluding CRR of 2.5% of in in BDT), balance with onds & any other asset 765,075,42818,039,13
	Institutions). Statutory Liquidity Reserve (SLR) has been calculated at the rate Total Term Deposit. SLR is maintained in liquid assets in the for Bangladesh Bank and other banks and Financial Institutions, un approved in Government Gazette or by Bangladesh Bank. Cash Reserve Requirement (CRR) Required reserve Actual average reserve maintained Surplus/(deficit)	re of 5.0% on total liabilities, in rm of cash in hand (notes & conencumbered treasury bills & books, 223,900	cluding CRR of 2.5% of in in BDT), balance with onds & any other asset 765,075,426 818,039,13
	Institutions). Statutory Liquidity Reserve (SLR) has been calculated at the rate Total Term Deposit. SLR is maintained in liquid assets in the for Bangladesh Bank and other banks and Financial Institutions, un approved in Government Gazette or by Bangladesh Bank. Cash Reserve Requirement (CRR) Required reserve Actual average reserve maintained Surplus/(deficit) Statutory Liquidity Reserve (SLR)	e of 5.0% on total liabilities, in rm of cash in hand (notes & contencumbered treasury bills & both encumbered treasury bills & both	cluding CRR of 2.5% of in in BDT), balance with binds & any other asset 765,075,425,818,039,133,52,963,704
	Institutions). Statutory Liquidity Reserve (SLR) has been calculated at the rate Total Term Deposit. SLR is maintained in liquid assets in the for Bangladesh Bank and other banks and Financial Institutions, un approved in Government Gazette or by Bangladesh Bank. Cash Reserve Requirement (CRR) Required reserve Actual average reserve maintained Surplus/(deficit) Statutory Liquidity Reserve (SLR) Required reserve (including CRR)	888,223,900 917,102,687 28,878,787	765,075,42 818,039,13 52,963,704
	Institutions). Statutory Liquidity Reserve (SLR) has been calculated at the rate Total Term Deposit. SLR is maintained in liquid assets in the for Bangladesh Bank and other banks and Financial Institutions, un approved in Government Gazette or by Bangladesh Bank. Cash Reserve Requirement (CRR) Required reserve Actual average reserve maintained Surplus/(deficit) Statutory Liquidity Reserve (SLR) Required reserve (including CRR) Actual reserve maintained (including CRR note -3.3.1)	888,223,900 917,102,687 28,878,787 1,871,044,898 13,825,019,725	765,075,42 818,039,13 52,963,704
	Institutions). Statutory Liquidity Reserve (SLR) has been calculated at the rate Total Term Deposit. SLR is maintained in liquid assets in the for Bangladesh Bank and other banks and Financial Institutions, un approved in Government Gazette or by Bangladesh Bank. Cash Reserve Requirement (CRR) Required reserve Actual average reserve maintained Surplus/(deficit) Statutory Liquidity Reserve (SLR) Required reserve (including CRR)	888,223,900 917,102,687 28,878,787	765,075,42 818,039,13 52,963,704
3.3.2	Institutions). Statutory Liquidity Reserve (SLR) has been calculated at the rate Total Term Deposit. SLR is maintained in liquid assets in the for Bangladesh Bank and other banks and Financial Institutions, un approved in Government Gazette or by Bangladesh Bank. Cash Reserve Requirement (CRR) Required reserve Actual average reserve maintained Surplus/(deficit) Statutory Liquidity Reserve (SLR) Required reserve (including CRR) Actual reserve maintained (including CRR note -3.3.1)	888,223,900 917,102,687 28,878,787 1,871,044,898 13,825,019,725	765,075,42 818,039,13 52,963,704
3.3.2	Institutions). Statutory Liquidity Reserve (SLR) has been calculated at the rate Total Term Deposit. SLR is maintained in liquid assets in the for Bangladesh Bank and other banks and Financial Institutions, un approved in Government Gazette or by Bangladesh Bank. Cash Reserve Requirement (CRR) Required reserve Actual average reserve maintained Surplus/(deficit) Statutory Liquidity Reserve (SLR) Required reserve (including CRR) Actual reserve maintained (including CRR note -3.3.1) Surplus/(deficit)	888,223,900 917,102,687 28,878,787 1,871,044,898 13,825,019,725	765,075,42 818,039,13 52,963,704 1,617,826,07 12,168,643,90
3.3.2	Institutions). Statutory Liquidity Reserve (SLR) has been calculated at the rate Total Term Deposit. SLR is maintained in liquid assets in the for Bangladesh Bank and other banks and Financial Institutions, un approved in Government Gazette or by Bangladesh Bank. Cash Reserve Requirement (CRR) Required reserve Actual average reserve maintained Surplus/(deficit) Statutory Liquidity Reserve (SLR) Required reserve (including CRR) Actual reserve maintained (including CRR note -3.3.1) Surplus/(deficit) Balance with other banks and financial institutions	888,223,900 917,102,687 28,878,787 1,871,044,898 13,825,019,725 11,953,974,827	cluding CRR of 2.5% of in in BDT), balance with and any other asset onds & any other asset of the condition
3.3.2	Institutions). Statutory Liquidity Reserve (SLR) has been calculated at the rate Total Term Deposit. SLR is maintained in liquid assets in the for Bangladesh Bank and other banks and Financial Institutions, un approved in Government Gazette or by Bangladesh Bank. Cash Reserve Requirement (CRR) Required reserve Actual average reserve maintained Surplus/(deficit) Statutory Liquidity Reserve (SLR) Required reserve (including CRR) Actual reserve maintained (including CRR note -3.3.1) Surplus/(deficit) Balance with other banks and financial institutions In Bangladesh (Note 4.1)	888,223,900 917,102,687 28,878,787 1,871,044,898 13,825,019,725 11,953,974,827	cluding CRR of 2.5% of in in BDT), balance with sonds & any other asset and the second of the second
3.3.2 4	Institutions). Statutory Liquidity Reserve (SLR) has been calculated at the rate Total Term Deposit. SLR is maintained in liquid assets in the for Bangladesh Bank and other banks and Financial Institutions, un approved in Government Gazette or by Bangladesh Bank. Cash Reserve Requirement (CRR) Required reserve Actual average reserve maintained Surplus/(deficit) Statutory Liquidity Reserve (SLR) Required reserve (including CRR) Actual reserve maintained (including CRR note -3.3.1) Surplus/(deficit) Balance with other banks and financial institutions In Bangladesh (Note 4.1) Outside Bangladesh	888,223,900 917,102,687 28,878,787 1,871,044,898 13,825,019,725 11,953,974,827	cluding CRR of 2.5% of in in BDT), balance with sonds & any other asset and the second of the second
3.3.2 4	Institutions). Statutory Liquidity Reserve (SLR) has been calculated at the rate Total Term Deposit. SLR is maintained in liquid assets in the for Bangladesh Bank and other banks and Financial Institutions, un approved in Government Gazette or by Bangladesh Bank. Cash Reserve Requirement (CRR) Required reserve Actual average reserve maintained Surplus/(deficit) Statutory Liquidity Reserve (SLR) Required reserve (including CRR) Actual reserve maintained (including CRR note -3.3.1) Surplus/(deficit) Balance with other banks and financial institutions In Bangladesh (Note 4.1) Outside Bangladesh	888,223,900 917,102,687 28,878,787 1,871,044,898 13,825,019,725 11,953,974,827 13,028,725,061	765,075,42 818,039,13 52,963,70 1,617,826,07 12,168,643,90 10,550,817,826 11,779,169,86
3.3.2 4	Institutions). Statutory Liquidity Reserve (SLR) has been calculated at the rate Total Term Deposit. SLR is maintained in liquid assets in the for Bangladesh Bank and other banks and Financial Institutions, un approved in Government Gazette or by Bangladesh Bank. Cash Reserve Requirement (CRR) Required reserve Actual average reserve maintained Surplus/(deficit) Statutory Liquidity Reserve (SLR) Required reserve (including CRR) Actual reserve maintained (including CRR note -3.3.1) Surplus/(deficit) Balance with other banks and financial institutions In Bangladesh (Note 4.1) Outside Bangladesh Current deposits	888,223,900 917,102,687 28,878,787 1,871,044,898 13,825,019,725 11,953,974,827 13,028,725,061 25,832,101	765,075,429 818,039,133 52,963,704 1,617,826,079 12,168,643,903 10,550,817,828 11,779,169,860 78,853,998
3.3.1 3.3.2 4	Institutions). Statutory Liquidity Reserve (SLR) has been calculated at the rate Total Term Deposit. SLR is maintained in liquid assets in the for Bangladesh Bank and other banks and Financial Institutions, un approved in Government Gazette or by Bangladesh Bank. Cash Reserve Requirement (CRR) Required reserve Actual average reserve maintained Surplus/(deficit) Statutory Liquidity Reserve (SLR) Required reserve (including CRR) Actual reserve maintained (including CRR note -3.3.1) Surplus/(deficit) Balance with other banks and financial institutions In Bangladesh (Note 4.1) Outside Bangladesh Current deposits Short-term deposits	888,223,900 917,102,687 28,878,787 1,871,044,898 13,825,019,725 11,953,974,827 13,028,725,061 25,832,101 6,870,468,060	cluding CRR of 2.5% of in in BDT), balance with onds & any other assess 765,075,429 818,039,133 52,963,704 1,617,826,079 12,168,643,903 10,550,817,828 11,779,169,860 78,853,996 2,377,205,864
3.3.2	Institutions). Statutory Liquidity Reserve (SLR) has been calculated at the rate Total Term Deposit. SLR is maintained in liquid assets in the for Bangladesh Bank and other banks and Financial Institutions, un approved in Government Gazette or by Bangladesh Bank. Cash Reserve Requirement (CRR) Required reserve Actual average reserve maintained Surplus/(deficit) Statutory Liquidity Reserve (SLR) Required reserve (including CRR) Actual reserve maintained (including CRR note -3.3.1) Surplus/(deficit) Balance with other banks and financial institutions In Bangladesh (Note 4.1) Outside Bangladesh Current deposits	888,223,900 917,102,687 28,878,787 1,871,044,898 13,825,019,725 11,953,974,827 13,028,725,061 25,832,101	cluding CRR of 2.5% of in in BDT), balance with onds & any other asset 765,075,429 818,039,133 52,963,704 1,617,826,079 12,168,643,903 10,550,817,828 11,779,169,860 78,853,996



11,779,169,860

2,456,059,860

3,580,000,000

5,193,110,000

50,000,000

500,000,000

6,896,300,161 1,692,424,900

3,940,000,000

500,000,000

13,028,725,061

Payable on demand

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

Up to 1 month

Over 5 years



			31 December 2019 Taka	31 December 2018 Taka
5	Money at call on short notice		2	
6	Investments Government securities: Other investments:	d	1,078,570	1,114,848
	Non marketable securities (Note-6.1)		54,499,500	54,499,500
	Preference Share		45,000,000	90,000,000
	Commercial Paper		-	100,000,000
	Investment in share (Lock-in)			3,702,085
	Marketable securities (Note-6.2)		361,530,392	358,504,633
			461,029,892	606,706,218
			462,108,462	607,821,066
6.1	Investment in non marketable securit	ries		
		No. of shares		
	Bangladesh Rating Agencies Ltd.	24,995	2,499,500	2,499,500
	Peninsula SBC Unit Fund-1	4,000,000	40,000,000	40,000,000
	Peninsula AMCL BDBL Unit Fund-1	250,000	2,500,000	2,500,000
	Energyprima Ltd. (Pre-IPO shares)	100,000	9,500,000	9,500,000
			54,499,500	54,499,500
6.2	Investment in marketable securities			Wind the second
		Market price	Cost	Cost

investment in marketable securitie			20.00
	Market price	Cost	Cost
Sectors	Taka	price	price
Bank	16,311,826	25,877,306	36,744,370
Cement	2,562,315	3,053,169	2,975,593
Engineering	5,389,250	7,283,610	10,406,606
Financial Institutions	3,351,337	5,246,228	2,981,388
Food & Allied	3,510,936	4,978,873	4,978,873
Fuel & Power	12,993,641	16,546,993	9,138,051
IT Sector	595,461	572,449	1.0
Mutual Funds	180,307,900	219,107,081	219,207,081
Paper & Printing	-	The Late	864,560
Pharmaceuticals & Chemicals	36,927,652	54,631,222	46,940,161
Services & Real Estate		5 B	2,123,383
Tannery Industries	-	-	3,588,596
Telecommunication	13,363,436	19,970,777	18,017,444
Textile	3,773,958	4,225,382	488,107
Travel & Leisure	161,730	37,300	
Miscellaneous			50.420

All investment in marketable securities are valued on an aggregate portfolio basis except DBH First Mutual Fund, Green Delta Mutual Fund and Vanguard AML Rupali Bank Balanced Fund. Mutual Funds have been valued at 85% of latest published NAV available as on December 31, 2019. As on December 31, 2019 there was Tk. 79,838,557 provision on investment in marketable listed securities and Tk. 15,113,500 for non marketable securities (Bangladesh Rating Agencies Ltd., Peninsula SBC Unit Fund-1 and Peninsula AMCL BDBL Unit Fund-1). Market value has been determined on the basis of the value of securities at last trading date of December 2019 (last trading date was December 30, 2019).

279,249,443

361,530,392

	over a years	462,108,462	607,821,066
	Over 5 years	2,499,500	2,499,500
	Over 1 year but not more than 5 years	41,078,570	66,114,848
	Over 6 months but not more than 1 year	-	128,702,085
	Over 3 months but not more than 6 months	24,500,000	23,202,085
	Over 1 month but not more than 3 months	10,000,000	10,000,000
	Up to 1 month	42,500,000	42,500,000
	On demand	341,530,392	334,802,548
6.3	Maturity grouping of investments:		



358,504,633



		24 Dansamban 2010	21 December 2019
		31 December 2019	31 December 2018
		Taka	Taka
-	Lance and advances		
7	Loans and advances		
•	Inside Bangladesh	44,048,476,474	43,218,185,476
	Housing Loan - secured		95,721,765
	Installment Receivable - Housing Loan	115,190,191	
	Staff loan	148,095,962	130,783,885
	Loan against Deposits	167,917,661	379,948,490
	Others	42,213,102	23,061,446
		44,521,893,390	43,847,701,062
	Outside Bangladesh		
		44,521,893,390	43,847,701,062
7.1	Maturity grouping of loans and advances		
	Repayable on demand	115,190,191	95,721,765
	Not more than 3 months	2,371,790,825	3,395,214,474
	Over 3 months but not more than 1 years	6,084,253,715	8,551,872,962
	Over 1 year but not more than 5 years	21,550,176,739	23,489,516,772
	Over 5 years	14,400,481,920	8,315,375,089
	Over 5 years	44,521,893,390	43,847,701,062
		44,321,093,390	43,847,701,002
7.2	 a) Loans and advances to institutions in which directors have interest 		
	b) Loans and advances to chief executive	-	200
	c) Loans and advances to senior executives	21,692,989	23,089,618
	d) Loans and advances to customer group:		
	i) Housing loan - customer	44,163,666,665	43,290,817,623
	ii) Staff loan-housing & others	126,402,973	130,783,885
	iii) Loan to depositors	167,917,661	379,948,490
	iv) Others	42,213,102	23,061,446
	iv) Others	44,521,893,390	43,847,701,062
	a) Dataile of lean and advances industry wise	44,321,093,390	45,647,761,662
	e) Details of loan and advances industry-wise	44 20F 648 0FF	42 427 246 620
	i) Housing Finance/ Real Estate	44,295,648,055	43,427,346,620
	ii) Others	226,245,335	420,354,442
		44,521,893,390	43,847,701,062
7.3	Loans and advances - geographical location-wise		
	Inside Bangladesh:		
	Urban	-	
	Dhaka	40,722,719,677	40,938,330,451
	Chattogram	2,381,753,257	2,351,187,173
	Sylhet	256,468,785	240,354,794
	Cumilla	252,292,311	86,740,826
	Gazipur	908,659,360	231,087,818
	Collipan	44,521,893,390	43,847,701,062
	Outside Bangladesh:	-	
	Outside builgiddesii.	44,521,893,390	43,847,701,062
7.4	Details of large loans and advances	44,321,033,330	45/047/102/002
7.7			
	There were no clients with outstanding amount and classified loans/institution.	advances exceeding 15°	% of total capital of the
7.5	Particulars of Loans and advances		
	 i) Loans and advances considered good in respect of which the financial institution is fully secured. 	44,505,064,191	43,825,054,085
	 ii) Loans and advances considered good against which the financial institution holds no security other than the debtors personal security. 	16,780,385	22,302,988
	iii) Loan and advances considered good and secured by the personal		
	security of one or more parties in addition to personal guarantee of debtors.	48,814	343,989
	 iv) Loan and advances adversely classified: for which no provision is created. 		
		44,521,893,390	43,847,701,062
		,,	





	31 December 2019 Taka	31 December 2018 Taka
v) Loans and advances due by directors and officers of the financia		120 702 005
institution or any of them either separately or jointly with any other persons.	148,095,962	130,783,885
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.	f 148 095 962	130,783,885
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 institutionsx) Information in respect of classified loans and advances	2.8	:
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	(187,536,024)	(162,475,723)
iii) Amount of debt recovered against the debt which was previously written off	526,788	-
 b) Amount of provision kept against loan classified as bad/loss at balance sheet date 	144,418,845	83,054,826
c) Amount of interest creditable to interest suspense account xi) Cumulative amount of written off loans and advances	45,584,084	43,146,271
Opening Balance Amount written off during the year	9,347,446	9,347,446
Amount recovered against loans and advances previously written off	526,788	8.5
Balance of written off loans and advances yet to be recovered	8,820,658	9,347,446
The amount of written off loans, advances and leases for which law suits have been filed.	9,425,086	9,425,086
Classification of loans and advances Unclassified:		
Standard (including Staff Loan, Loan against Deposits and Others) Special mention account (SMA)	44,249,882,310 70,397,628 44,320,279,938	43,653,690,992 61,239,789 43,714,930,781
Classified:	Disposition states	
Sub-standard	20,313,926	23,983,807
Doubtful	36,880,681	25,731,648
Bad/loss	144,418,845 201,613,452	83,054,826 132,770,281
	44,521,893,390	43,847,701,062
	44,321,093,390	43,047,701,002

7.7 Calculation of provision for loans and advances as per Loan Classification Report as on December 31, 2019.

7.6

Nature	Base for provision	Rate (%)	Provision required
Standard	43,933,868,687	1	439,338,687
Special mentioned account	62,981,847	5	3,149,092
Sub-standard	497,430	20	99,486
Doubtful	2,082,801	50	1,041,401
Bad/loss	16,599,583	100	16,599,583
Staff loan - standard	148,095,962	1	1,480,960
Loan against deposit - standard	167,917,661	1	1,679,177





		31 December 2019	31 December 2018
		Taka	Taka
8	Fixed assets including land, building, furniture and equipment:		
0	Freehold assets (Cost):		
	Furniture & fixtures	62,783,958	63,255,436
	Office equipment	32,394,564	31,177,095
	Computer and computer equipments	46,469,271	44,362,523
	Vehicles	41,896,336	41,729,821
	1 T. W. T. C. T.	198,480,625	108,128,476
	Building		12,092,849
	Land	13,658,300	
	Intangible asset	7,295,936	7,295,936
		402,978,990	308,042,136
	Less: Accumulated depreciation	160,478,013	138,526,246
	AND	242,500,977	169,515,890
	Detailes are shown in annexure A.		
9	Other assets		
,	Accounts receivable (Note-9.1)	102,976,637	200,152,404
	Advances, deposits and prepayments (Note-9.2)	16,329,790	91,190,976
			3,866,315
	Stamps and pay order in hand	3,159,760	
	Deferred tax assets (Note-9.3)	185,807	1,049,632 296,259,328
		122,651,994	290,259,328
9.1	Account receivables		404 404 050
	Interest receivable	78,898,275	191,494,850
	Dividend receivable	5,217,363	7,588,219
	Sundry receivable	18,860,999	1,069,335
		102,976,637	200,152,404
9.2	Advances, deposits and prepayments		
	Advance to employees	171,000	670,600
	Advance to suppliers	2,370,750	-
	Advance against office premises	.=0	79,501,100
	Security deposits	3,670,000	3,685,000
	Prepaid expenses	1,962,655	1,365,410
		8,155,385	5,968,866
	Advance rent	16,329,790	91,190,976
9.3	Deferred tax assets	10,329,790	31,130,370
9.3		1,049,632	1,820,911
	Opening balance		771,279
	Less: Reduced during the year (Note-9.3 a)	863,825 185,807	1,049,632
		103,007	1,049,032
9.3 a	Calculation of deferred tax assets		
	Carrying amount of Fixed Assets (excluding land)	:#:	157,423,041
	Tax base value of Fixed Assets	3.50	160,222,062
	Deductible temporary difference		2,799,021
	Applicable tax rate	37.50%	37.50%
	i) Deferred tax assets on fixed assets		1,049,632
	1) Described tan assets on tinea assets		
	Carrying amount-Loss on sale of securities	1,858,069	-
	Tax base	1.5	
	Deductible temporary difference	1,858,069	-
	Applicable tax rate	10%	10%
	ii) Deferred tax assets on loss on sale of securities	185,807	<u> </u>
	Total deferred tax assets (i+ ii)	185,807	1,049,632
		1,049,632	1,820,911
	Deferred tax (liability)/assets at the beginning of the year	863,825	771,279
	Deferred tax (income)/Expense	803,825	





		31 December 2019	31 December 2018
		Taka	Taka
10	Borrowing from other banks and financial institutions		
	Inside Bangladesh (Note 10.1) Outside Bangladesh	7,051,344,655	6,085,478,083
	Outside Barigiadesii	7,051,344,655	6,085,478,083
0.1	Inside Bangladesh		
	Secured Short-term & long-term loans:	WW. 2017 P. 2017	7 200 20002
	Pubali Bank Limited	1,000,000,000	1,000,000,000
	Standard Chartered Bank	1,080,000,000) <u>+</u> (
	Citi Bank, NA	295,000,000	300,000,000
	Commercial Bank of Ceylon plc	1,120,000,000 3,495,000,000	1,120,000,000 2,420,000,000
		3,493,000,000	2,420,000,000
	Unsecured long-term loan:		
	Bangladesh Bank (Housing refinance)	1,954,250,188	2,219,152,228
		1,954,250,188	2,219,152,228
	Bank overdraft:		
	Commercial Bank of Ceylon plc	8,661,337	11,475,519
	Woori Bank	161,505,140	161,581,30
	Pubali Bank Limited	261,927,990	208,894,81
	Standard Chartered Bank	-	18,412,90
	BRAC Bank Ltd.	A 11	6,320,340
	Standard Bank Ltd.	3	69,640,969
	Exim Bank Ltd.	<u> </u>	300,000,000
		432,094,467	776,325,855
	Call loans:		
	Meghna Bank Ltd.		40,000,000
	Mutual Trust Bank Ltd.		150,000,000
	Bank Asia Ltd.	400,000,000	-
	United Commercial Bank Ltd.	190,000,000	32
	Bangladesh Shilpa Bank	200,000,000	
	Southeast Bank Ltd.	180,000,000	300,000,000
	Sonali Bank Ltd.	200,000,000	180,000,000
	National Bank Ltd.	-	
		1,170,000,000	670,000,000
	Total inside Bangladesh(a+b+c+d)	7,051,344,655	6,085,478,083
0.2	Security against borrowings from other banks and financia	l institutions	
		3,927,094,467	3,196,325,855
	Secured		2,889,152,228
	Unsecured	3,124,250,188	6,085,478,083
		7,051,344,655	0,085,478,083

The aforesaid secured short term & long term loans (10.1 a) are secured by first charge on company's all present and future movable and immovable assets including book debts ranking pari-passu security charges with other lenders of the company. Bank overdraft from CBC and Pubali Bank Ltd are secured by pari-passu security charges and overdraft from Woori bank is secured by FDR.





		31 December 2019	31 December 2018
		Taka	Taka
10.3	Maturity grouping of borrowings from other banks and	d financial institutions	
	Payable on demand	1,170,000,000	670,000,000
	Up to 1 month	13,173,052	14,356,663
	Over 1 month but within 3 months	1,464,107,701	1,172,043,395
	Over 3 months but within 1 year	2,695,181,268	2,269,417,560
	Over 1 year but within 5 years	900,183,634	944,498,961
	Over 5 years	808,699,000	1,015,161,505
	Over 5 years	7,051,344,655	6,085,478,083
11	Deposits and other accounts Fixed deposits (Note: 11.1)	43,411,284,633	43,318,721,105
	Other deposits	43,411,284,633	43,318,721,105
	et and demonstrate		
11.1	Fixed deposits	43,318,721,105	41,187,889,744
	Opening balance	91,819,945,221	99,758,335,701
	Addition during the year	135,138,666,326	140,946,225,445
	Denoument made during the year	91,727,381,693	97,627,504,340
	Repayment made during the year Closing balance	43,411,284,633	43,318,721,105
44.2	Group-wise break-up of deposits and others accounts		
11.2	Production • Not Missing Automobility to 1 American Street Education (American Street Education Street Educa	959,401,804	529,299,176
	Government	6,940,000,000	13,500,000,000
	Bank	18,419,947,668	15,158,915,801
	Other institutions		14,130,506,128
	Individuals	17,091,935,161 43,411,284,633	43,318,721,105
11.3	Maturity analysis of deposits Payable on demand		; -
	Up to 1 month	1,487,990,582	2,886,898,644
	Over 1 month but within 6 months	6,859,534,559	4,619,989,086
	Over 6 months but within 1 year	4,269,546,739	10,477,558,235
	Over 1 year but within 5 years	75,669,758	110,597,035
	Over 5 years but within 10 years	24,394,883,636	20,031,422,568
	Over 10 years	6,323,659,359	5,192,255,537
	over 10 years	43,411,284,633	43,318,721,105
12	Other liabilities		
	Provision for loans & investment (Note: 12.1)	822,857,899	959,540,524
	Provision for income tax (Note: 12.2)	276,235,131	365,338,742
	Interest suspense (Note: 12.3)	45,584,084	43,146,271
	Other payables (Note:12.4)	1,830,206,400	1,686,777,722
	Deferred tax liability (Note:12.5)	1,029,434	
	belefied tax habitely (restoration)	2,975,912,948	3,054,803,259
12.1	Provision for loans and investment		
	Opening balance	959,540,524	1,065,411,155
	Provision written off	-	
	Provision recovered for the year Provision charged/ (released) for the year Provision no longer required written back.	526,788 (137,209,413)	(105,870,631)
	Recoveries of amounts previously written off		
	Closing balance	822,857,899	959,540,524
12.1.1	General provision		
POST AL SUSSESSION	Opening balance	439,271,675	423,035,928
		6,376,241	16,235,747
	Charged during the year	445,647,916	439,271,675





		31 December 2019	31 December 2018
		Taka	Taka
12.1.2	Specific provision		
	Opening balance	469,267,162	631,742,885
	Provision written off		(*
	Provision recovered during the year	-	(4.62.475.722)
	Provision charged/ (released) for the year	(187,536,024)	(162,475,723)
	Provision no longer required written back Recoveries of amounts previously written off	526,788	-
	Closing balance	282,257,926	469,267,162
12.1.3	Provision on loans and advances		
		6,376,241	16,235,747
	General Provision charged during the year Specific Provision charged/(released) during the year	(187,536,024)	(162,475,723)
	Specific Provision charged/(released/ during the year	(181,159,783)	(146,239,976)
12.1.4	Provision for diminutions in the value of investments	41	
	Opening balance	51,001,687	10,632,342
	Provision charged/(released) during the year	43,950,370	40,369,345
	Closing balance	94,952,057	51,001,687
12.2	Provision for income tax		
	Provision	E 101 240 416	4 622 202 012
	Opening balance Less: Adjustment during the year for completed tax assessment	5,191,249,416 999,004,151	4,633,383,812
	Less: Excess/(Short) provision adjustment	51,261,747	-
	Less. Excess/(Short) provision adjustment	4,140,983,518	4,633,383,812
	Add: Provision made during the year	528,331,494	557,865,603
	Closing balance	4,669,315,012	5,191,249,416
	Advance tax	4 005 040 574	4 226 427 466
	Opening balance	4,825,910,674	4,326,427,466
	Add: Payment made during the year Under Section 64 and 74 of ITO, 1984	433,687,024	389,292,310
	Deduction at source	131,986,333	99,180,898
	Others	500,000	11,010,000
	Others	5,392,084,032	4,825,910,674
	Less: Adjustment during the year for completed tax assessment	999,004,151	35
	Closing balance	4,393,079,881	4,825,910,674
	Net balance	276,235,131	365,338,742
12.3	Interest suspense		
	Opening balance	43,146,271	39,273,393
	Interest suspended during the year	2,437,813	3,872,878
	Written off suspended interest during the year		
	Closing balance	45,584,084	43,146,271
12.4	Other payables		
	Interest payable on deposits & loans	1,520,958,586	1,337,940,448
	Sundry creditors	116,154,384	139,207,012
	Unclaimed instruments	16,267,248	16,154,948
	Payable to clients	60,523,113	85,963,385
	Loan under litigation	15,737,774	9,650,310
		15,/3/,//4 97,689,408 2,875,887	94,276,660 3,584,959





			(Bill)	SIVE CORRESPONDENT FIRM OF PAP INTERNATIONAL
			31 December 2019	31 December 2018
			Taka	Taka
12.5	Calculation of deferred tax liability			
	Carrying amount of Fixed Assets (excluding land)	228,842,677	
	Tax base value of Fixed Assets		226,097,519	-
	Deductible temporary difference		(2,745,158)	(47)
	Applicable tax rate		37.50%	37.50%
	Total deferred tax liability		(1,029,434)	3.5
	Deferred tax liability at the beginning of the year	r		
	Deferred tax (income)/Expense		1,029,434	
3	Share capital			
3.1	Authorized capital			
	199,950,000 Ordinary shares of Tk. 10 each		1,999,500,000	1,999,500,000
	5,000 Preference shares of Tk. 100 each		500,000	500,000
	5,600 ; 501.00 51.00 51.00 51.00 51.00		2,000,000,000	2,000,000,000
3.2	Issued, subscribed, called and paid-up cap	ital		
	Ordinary shares			
	121,851,843 Ordinary shares of Taka 10 each		1,218,518,430	1,218,518,430
	12,185,184 ordinary shares of Tk 10 each issued	d as bonus share	121,851,840	
			1,340,370,270	1,218,518,430
3.3	Capital of the Company is held by the follo	wing shareholders		
				nber 2019
	Ordinary shares Local shareholders:		No of shares	Taka
	BRAC		24,647,272	246,472,720
	Delta Life Insurance Company Ltd		23,627,257	236,272,570
	Green Delta Insurance Company Ltd		20,514,794	205,147,940
	General shareholders		8,850,120	88,501,200
			77,639,443	776,394,430
	Foreign shareholders:			
	General shareholders		56,397,584	563,975,840
			56,397,584	563,975,840
			134,037,027	1,340,370,270
3.4	Break-up of Paid-up capital:		24.5	-h 2010
	Date of Year	Number of Charac		iber 2019
	Date of Issue	Number of Shares	Face Value	<u>Amount</u>

Break-up of Paid-up capital:			
		31 Decem	nber 2019
Date of Issue	Number of Shares	Face Value	Amount
11 May, 1996 to 28 June, 1998	2000000	100	200,000,000
12-Dec-06	200000	100	20,000,000
9-Apr-08	500000	100	50,000,000
2-Dec-08	810000	100	81,000,000
23-Nov-09	526500	100	52,650,000
8-Dec-10	1009125	100	100,912,500
22-Nov-11	5045625	100	504,562,500
Total	10091250	100	1,009,125,000
Face Value Change (2011)	100912500	10	1,009,125,000
14-Nov-12	15136875	10	151,368,750
24-Nov-16	5802468	10	58,024,680
31-Mar-19	12185184	10	121,851,840
Total paid-up capital	134037027	10	1,340,370,270





		EXIS	UNEVE CORRESPONDENT FIRM OF PRE ENTERNATIONAL
		31 December 2019	31 December 2018
42.5	Control of course weeks. As you DACEL III	Taka	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	1,340,370,270	1,218,518,430
1.2	Statutory Reserve	1,340,370,271	1,307,430,064
1.3	Non-repayable Share premium account	55,000,000 2,325,040,000	55,000,000 1,775,040,000
1.4 1.5	General Reserve Retained Earnings	501,558,817	433,990,753
1.6	Minority interest in Subsidiaries	501,550,617	155,550,755
1.7	Non-Cumulative irredeemable Preferences shares		20 2
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)	5,812,339,358	5,039,979,247
	Deductions from Tier-1 (Core Capital)		
1.11	Book value of Goodwill and value of any contingent assets which are		
	shown as assets	2	
1.12	Shortfall in provisions required against classified assets		
1.13	Shortfall in provisions required against investment in shares		-
1.14	Remaining deficit on account of revaluation of investments in securities		
	after netting off from any other surplus on the securities.	-	-
1.15	Any investment exceeding the approved limit.		2
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 1.20	Sub Total (1.11-1.18) Total Eligible Tier-1 Capital (1.10-1.19)	5,812,339,358	5,039,979,247
5515765		AND SECOND	
	2 .Tier-2 (Supplementary Capital)		
2.1	General Provision (Unclassified loans up to specified limit + SMA + off	305,759,640	311,596,738
	Balance Sheet exposure)		
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)	305,759,640	311,596,738
2.7 2.8	Sub-Total (2.1 to 2.6) Applicable Deductions (if any)	303,739,040	311,390,730
2.9	Total Eligible Tier-2 Capital (2.7-2.8)	305,759,640	311,596,738
THE TEXT	Total capital	6,118,098,998	5,351,575,985
	Total Capital	0,110,030,330	3,331,373,303
	Total risk weighted assets	27,897,309,553	28,321,158,188
	Required capital based on risk weighted assets(10%)	2,789,730,955	2,832,115,819
	Surplus	3,328,368,043	2,519,460,166
	Capital Adequacy Ratio:		
	On core capital	20.83%	17.80%
	On actual capital (against standard of minimum 10%)	21.93%	18.90%
	Supplementary Capital to risk weighted assets	1.10%	1.10%
14	Share premium account		
14	Share premium account		
	Ordinary shares	55,000,000	55,000,000
		55,000,000	55,000,000





		31 December 2019	31 December 2018
		Taka	Taka
15	Statutory reserve		
	Opening balance	1,307,430,064	1,225,083,409
	Add: addition during the year	32,940,207	82,346,655
	Closing balance	1,340,370,271	1,307,430,064
	This reserve has been created as per the provision of Financial Institu	ution Act-1993 and Financial I	nstitution Rules-1994.
16	Other reserves		
	Contingency Reserve (Note 16.1)	1,275,000,000	1,075,000,000
	General Reserve (Note 16.2)	1,050,000,000	700,000,000
	Dividend equalization reserve (Note 16.3)	250,000,000	250,000,000
	Capital redemption reserve	40,000	40,000
	,	2,575,040,000	2,025,040,000
	An amount of Tk. 40,000/- was transferred in 2013-14 out of profit to of preference share @ Tk. 100 each as per section 154(1)(C) of Con	o "Capital redemption reserve' npanies Act 1994.	' in redeeming 400 no's
16.1	Contingency reserve		
	Opening balance	1,075,000,000	1,075,000,000
	Add: addition during the year	200,000,000	2
	Closing balance	1,275,000,000	1,075,000,000
16.2	General reserve		
	Opening balance	700,000,000	120,000,000
	Add: addition during the year	350,000,000	580,000,000
	Closing balance	1,050,000,000	700,000,000
16.3	Dividend equalization reserve		
	Opening balance	250,000,000	250,000,000
	Add: addition during the year	250,000,000	250,000,000
	Closing balance	230,000,000	250,000,000
17	Business commitments and contingencies		
1/			
	Contingent liabilities	61,612,242	35,969,622
17 17.1	Contingent liabilities The said amount claimed by the tax authority for the assessment ye by disallowing statutory reserve and some other heads and simple in order.	ear 2004-05, 2005-06, 2014-1	5, 2015-16 and 2016-17
	The said amount claimed by the tax authority for the assessment ye by disallowing statutory reserve and some other heads and simple in	ear 2004-05, 2005-06, 2014-1 nterest charged on net tax pay ants which have not been re	5, 2015-16 and 2016-17 yable as per assessmen
	The said amount claimed by the tax authority for the assessment yet by disallowing statutory reserve and some other heads and simple in order. Consequently, there is a contingent liability for the above amount of the continuous co	ear 2004-05, 2005-06, 2014-1 nterest charged on net tax pay ants which have not been re	5, 2015-16 and 2016-17 yable as per assessment
17.1	The said amount claimed by the tax authority for the assessment yet by disallowing statutory reserve and some other heads and simple in order. Consequently, there is a contingent liability for the above amount anticipation of consequential relief would be granted in favor of the Consequential relief.	ear 2004-05, 2005-06, 2014-11 interest charged on net tax pay ints which have not been recompany.	5, 2015-16 and 2016-17 yable as per assessment ecognized as liability in
17.1	The said amount claimed by the tax authority for the assessment yet by disallowing statutory reserve and some other heads and simple in order. Consequently, there is a contingent liability for the above amount anticipation of consequential relief would be granted in favor of the Continuous Conti	ear 2004-05, 2005-06, 2014-11 interest charged on net tax pay ints which have not been recompany.	5, 2015-16 and 2016-17 yable as per assessment ecognized as liability in
17.1	The said amount claimed by the tax authority for the assessment yet by disallowing statutory reserve and some other heads and simple in order. Consequently, there is a contingent liability for the above amount anticipation of consequential relief would be granted in favor of the Continuous of the Continuous Continuou	ear 2004-05, 2005-06, 2014-11 interest charged on net tax pay ints which have not been recompany.	5, 2015-16 and 2016-17 yable as per assessment ecognized as liability in bursements. No materia

17.4 Unacknowledged debts

b) Approved by the Board but not contracted for

The Company had no claim, legal or other against it, which has not been acknowledged as debt at the balance sheet date.

Nil



Nil



		Amount in	Taka
		2019	2018
18	Interest income		
	Interest on loans	5,189,880,471	4,842,290,202
	Interest on placement with other banks & BB FX deposits	1,156,788,110	998,891,638
	Interest on short term investment	6,101,389	14,007,188
	Therest of short term investment	6,352,769,970	5,855,189,028
_			
9	Interest paid on deposits and borrowings etc.		
	Interest on term loans	104,367,617	119,466,471
	Interest on deposits	4,191,758,760	3,658,391,685
	Interest on short-term borrowing	333,614,782	269,611,362
	Interest on overdraft	12,301,934	14,944,340
		4,642,043,093	4,062,413,858
20	Income from investments		
	Gain/(loss) on sale of marketable securities	(1,858,069)	7,566,646
	Dividend income	28,634,034	38,274,692
	Interest on Treasury Bond	59,222	65,088
	A AMERICA AND AND AND AND AND AND AND AND AND AN	26,835,187	45,906,426
21	Commission, exchange and brokerage		
	Loan fees	96,934,812	87,265,889
	Other charges and fees	102,837,586	58,850,753
		199,772,398	146,116,642
22	Other operating income		
	Property service income	5,024,287	4,908,600
	Gain on sale of fixed assets	465,671	-
	Miscellaneous income	54,176	6,331,222
		5,544,134	11,239,822
23	Salary and allowances	337,505,438	324,963,562
	Salary and allowances include annual contribution of Tk. 10,310,	140 to DBH Staff Provident Fund :	and Tk 10 192 622 to
	DBH Employees Gratuity Fund which are recognised by NBR.	Tro to borr stair rrovident rand t	and 1K. 10,162,022 tt
24	Rent, taxes, insurance, electricity etc.	Tio to Borr Stain Provident Fand (and 1K. 10,102,022 to
24	Rent, taxes, insurance, electricity etc.		
24	Rent, taxes, insurance, electricity etc. Rent, rates & taxes	46,677,335	44,503,327
24	Rent, taxes, insurance, electricity etc. Rent, rates & taxes Insurance	46,677,335 3,054,738	44,503,327 2,813,252
24	Rent, taxes, insurance, electricity etc. Rent, rates & taxes Insurance Electricity	46,677,335 3,054,738 6,311,735	44,503,327 2,813,252 6,038,857
24	Rent, taxes, insurance, electricity etc. Rent, rates & taxes Insurance	46,677,335 3,054,738	44,503,327 2,813,252 6,038,857
	Rent, taxes, insurance, electricity etc. Rent, rates & taxes Insurance Electricity	46,677,335 3,054,738 6,311,735 497,727	44,503,327 2,813,252 6,038,857 442,136
	Rent, taxes, insurance, electricity etc. Rent, rates & taxes Insurance Electricity Water Legal and professional expenses	46,677,335 3,054,738 6,311,735 497,727	44,503,327 2,813,252 6,038,857 442,136
	Rent, taxes, insurance, electricity etc. Rent, rates & taxes Insurance Electricity Water	46,677,335 3,054,738 6,311,735 497,727 56,541,535 5,091,157 3,256,460	44,503,327 2,813,252 6,038,857 442,136 53,797,572 3,477,369 1,232,500
	Rent, taxes, insurance, electricity etc. Rent, rates & taxes Insurance Electricity Water Legal and professional expenses Law charges	46,677,335 3,054,738 6,311,735 497,727 56,541,535	44,503,327 2,813,252 6,038,857 442,136 53,797,572
25	Rent, taxes, insurance, electricity etc. Rent, rates & taxes Insurance Electricity Water Legal and professional expenses Law charges	46,677,335 3,054,738 6,311,735 497,727 56,541,535 5,091,157 3,256,460	44,503,327 2,813,252 6,038,857 442,136 53,797,572 3,477,369 1,232,500
25	Rent, taxes, insurance, electricity etc. Rent, rates & taxes Insurance Electricity Water Legal and professional expenses Law charges Other professional charges	46,677,335 3,054,738 6,311,735 497,727 56,541,535 5,091,157 3,256,460	44,503,327 2,813,252 6,038,857 442,136 53,797,572 3,477,369 1,232,500
25	Rent, taxes, insurance, electricity etc. Rent, rates & taxes Insurance Electricity Water Legal and professional expenses Law charges Other professional charges Postage, stamp, telecommunication etc.	46,677,335 3,054,738 6,311,735 497,727 56,541,535 5,091,157 3,256,460 8,347,617	44,503,327 2,813,252 6,038,857 442,136 53,797,572 3,477,369 1,232,500 4,709,869
25	Rent, taxes, insurance, electricity etc. Rent, rates & taxes Insurance Electricity Water Legal and professional expenses Law charges Other professional charges Postage, stamp, telecommunication etc. Postage & courier service Stamp expenses	46,677,335 3,054,738 6,311,735 497,727 56,541,535 5,091,157 3,256,460 8,347,617	44,503,327 2,813,252 6,038,857 442,136 53,797,572 3,477,369 1,232,500 4,709,869 771,627 3,820,293
25	Rent, taxes, insurance, electricity etc. Rent, rates & taxes Insurance Electricity Water Legal and professional expenses Law charges Other professional charges Postage, stamp, telecommunication etc. Postage & courier service	46,677,335 3,054,738 6,311,735 497,727 56,541,535 5,091,157 3,256,460 8,347,617	44,503,327 2,813,252 6,038,857 442,136 53,797,572 3,477,369 1,232,500 4,709,869 771,627 3,820,293
225	Rent, taxes, insurance, electricity etc. Rent, rates & taxes Insurance Electricity Water Legal and professional expenses Law charges Other professional charges Postage, stamp, telecommunication etc. Postage & courier service Stamp expenses	46,677,335 3,054,738 6,311,735 497,727 56,541,535 5,091,157 3,256,460 8,347,617 615,429 3,761,464 3,256,062 7,632,955	44,503,327 2,813,252 6,038,857 442,136 53,797,572 3,477,369 1,232,500 4,709,869 771,627 3,820,293 3,525,490 8,117,410
25	Rent, taxes, insurance, electricity etc. Rent, rates & taxes Insurance Electricity Water Legal and professional expenses Law charges Other professional charges Postage, stamp, telecommunication etc. Postage & courier service Stamp expenses Telephone & internet	46,677,335 3,054,738 6,311,735 497,727 56,541,535 5,091,157 3,256,460 8,347,617 615,429 3,761,464 3,256,062 7,632,955	44,503,327 2,813,252 6,038,857 442,136 53,797,572 3,477,369 1,232,500 4,709,869 771,627 3,820,293 3,525,490 8,117,410 1,941,017
25	Rent, taxes, insurance, electricity etc. Rent, rates & taxes Insurance Electricity Water Legal and professional expenses Law charges Other professional charges Postage, stamp, telecommunication etc. Postage & courier service Stamp expenses Telephone & internet Stationery, printing, advertisements etc.	46,677,335 3,054,738 6,311,735 497,727 56,541,535 5,091,157 3,256,460 8,347,617 615,429 3,761,464 3,256,062 7,632,955 1,717,701 1,927,604	44,503,327 2,813,252 6,038,857 442,136 53,797,572 3,477,369 1,232,500 4,709,869 771,627 3,820,293 3,525,490 8,117,410 1,941,017 1,691,730
224 225 226	Rent, taxes, insurance, electricity etc. Rent, rates & taxes Insurance Electricity Water Legal and professional expenses Law charges Other professional charges Postage, stamp, telecommunication etc. Postage & courier service Stamp expenses Telephone & internet Stationery, printing, advertisements etc. Printing	46,677,335 3,054,738 6,311,735 497,727 56,541,535 5,091,157 3,256,460 8,347,617 615,429 3,761,464 3,256,062 7,632,955	44,503,327 2,813,252 6,038,857 442,136 53,797,572 3,477,369 1,232,500 4,709,869 771,627 3,820,293 3,525,490 8,117,410 1,941,017





		Amount in 1	aka
		2019	2018
28	Directors' fees and expenses		
	Fees for attending meeting	536,000	552,000
	Incidental meeting expenses	122,837	138,716
	=	658,837	690,716
29	Statutory annual audit fees (including VAT)	483,000	460,000
	=	483,000	460,000
30	Depreciation/Amortization, repairs & maintenance		
	Depreciation/Amortization:		
	Freehold assets	28,474,863	25,056,471
	Intangible assets	1,196,106	1,008,484
		29,670,969	26,064,955
	Repairs & maintenance:	4 440 250	1 760 227
	Vehicle	1,419,250	1,768,237
	Office equipment & premises	7,256,259	6,800,542
	Computer hardware & software	3,798,970 12,474,479	2,974,833 11,543,612
		42,145,448	37,608,567
31	Other expenses	12/2 10/110	
	Staff training & recruitment expense	747,988	671,307
	Office security	3,255,663	3,137,782
	Transportation, traveling & conveyance	20,720,662	19,507,420
	Canteen expense	1,718,508	1,816,559
	Business promotion & entertainment	930,113	976,710
	Car fuel	1,947,094	1,920,307
	Books and papers	58,653	72,875
	Bank charges	3,810,598	3,940,114
	Loss on sale of fixed assets	-,,-	71,858
	Donation, subscription and Fees	6,550,145	1,910,033
	Public relation & AGM expense	312,558	347,436
	Outsource agency charges	364,669	360,000
	Brokerage	171,096	186,864
	Staff welfare expense	3,318	547,866
	= =	40,591,065	35,467,131
32	Provision for tax		
	Current tax		
	Provision for income tax	528,331,494	557,865,603
	Less: Excess/(Short) provision adjustment	51,261,747	
			FF7 06F 602
	The state of the s	477,069,747	557,865,603
	Deferred tax	477,069,747	357,865,603
	Expense on deductible temporary differences (Note-9.3 a)	863,825	771,279
	Expense on deductible temporary differences (Note-9.3 a)	863,825 1,029,434	771,279 -
	Expense on deductible temporary differences (Note-9.3 a)	863,825 1,029,434	771,279 -
	Expense on deductible temporary differences (Note-9.3 a) Expense/(Income) on taxable temporary differences (Note-12.5) Reconciliation of effective tax rate Tax using the company's tax rate	863,825 1,029,434	771,279 - 771,279
	Expense on deductible temporary differences (Note-9.3 a) Expense/(Income) on taxable temporary differences (Note-12.5) Reconciliation of effective tax rate Tax using the company's tax rate Tax effect of :	863,825 1,029,434 1,893,259 37.50%	771,279 - 771,279 37.50%
	Expense on deductible temporary differences (Note-9.3 a) Expense/(Income) on taxable temporary differences (Note-12.5) Reconciliation of effective tax rate Tax using the company's tax rate Tax effect of: Provision for non-deductible expenses	863,825 1,029,434 1,893,259 37.50%	771,279 - 771,279 37.50%
	Expense on deductible temporary differences (Note-9.3 a) Expense/(Income) on taxable temporary differences (Note-12.5) Reconciliation of effective tax rate Tax using the company's tax rate Tax effect of: Provision for non-deductible expenses Adjustment/provision released during the year	863,825 1,029,434 1,893,259 37.50% -3.23% -3.29%	771,279 - 771,279 37.50% -2.38%
	Expense on deductible temporary differences (Note-9.3 a) Expense/(Income) on taxable temporary differences (Note-12.5) Reconciliation of effective tax rate Tax using the company's tax rate Tax effect of: Provision for non-deductible expenses	863,825 1,029,434 1,893,259 37.50%	771,279 - 771,279 37.50% -2.38%0.31%
	Expense on deductible temporary differences (Note-9.3 a) Expense/(Income) on taxable temporary differences (Note-12.5) Reconciliation of effective tax rate Tax using the company's tax rate Tax effect of: Provision for non-deductible expenses Adjustment/provision released during the year	863,825 1,029,434 1,893,259 37.50% -3.23% -3.29%	771,279 - 771,279 37.50% -2.38%





		31 December 2019	31 December 2018
		Taka	Taka
33	Retained earnings		
	Opening balance	433,990,753	413,994,374
	Add: Profit after tax for the year transferred from Profit & Loss Account	1,076,989,719	1,047,898,563
	Accumulated profit available for distribution	1,510,980,471	1,461,892,937
	Less: Appropriations		
	Transferred to statutory reserve	32,940,207	82,346,655
	Transferred to general reserve	350,000,000	580,000,000
	Transferred to contingency reserve	200,000,000	
	Issue of bonus shares for previous year	121,851,840	
	Cash dividend paid for last year	304,629,607	365,555,529
		1,009,421,654	1,027,902,184
	Closing balance	501,558,817	433,990,753
			t in Taka
		2019	2018
14	Earnings per share		0. 30/1-00-04-00-00-0
	Profit after Tax	1,076,989,719	1,047,898,563
	Profit available for ordinary shareholders	1,076,989,719	1,047,898,563
			124 027 027
	Number of shares outstanding for calculating basic EPS	134,037,027	134,037,027
	Number of shares outstanding for calculating basic EPS Basic earnings per share (restated)	8.04	
		8.04	7.82
35	Basic earnings per share (restated) No diluted earning per share is required to be calculated for the year	8.04	7.82 ible securities for dilution
35	Basic earnings per share (restated) No diluted earning per share is required to be calculated for the year during the year. Net asset value (NAV) per share	8.04	7.82
35	Basic earnings per share (restated) No diluted earning per share is required to be calculated for the year during the year. Net asset value (NAV) per share Shareholders' Equity	8.04 as there was no convert	7.82 ible securities for dilution 5,039,979,247
35	Basic earnings per share (restated) No diluted earning per share is required to be calculated for the year during the year. Net asset value (NAV) per share	8.04 as there was no convert 5,812,339,358	7.82 tible securities for dilution 5,039,979,247 121,851,843
	Basic earnings per share (restated) No diluted earning per share is required to be calculated for the year during the year. Net asset value (NAV) per share Shareholders' Equity Number of Share	8.04 as there was no convert 5,812,339,358 134,037,027	7.82 tible securities for dilution 5,039,979,247 121,851,843
	Basic earnings per share (restated) No diluted earning per share is required to be calculated for the year during the year. Net asset value (NAV) per share Shareholders' Equity Number of Share Net asset value (NAV) per share (As at 31 December)	8.04 as there was no convert 5,812,339,358 134,037,027	7.82 ible securities for dilutio 5,039,979,247 121,851,843 41.36
35	Basic earnings per share (restated) No diluted earning per share is required to be calculated for the year during the year. Net asset value (NAV) per share Shareholders' Equity Number of Share Net asset value (NAV) per share (As at 31 December) Net operating cash flows per share (NOCFPS)	8.04 as there was no convert 5,812,339,358 134,037,027 43.36	7.82

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

THE PROPERTY OF THE APPEAR AND APPEARING STREET STREET, AND APPEARING AND APPEARING	Amount in 1	Amount in Taka		
Particulars	2019	2018	Remarks	
Profit after tax	1,076,989,719	1,047,898,562		
Provision for income tax	478,963,006	558,636,882	Non cash item	
Depreciation	29,670,969	26,064,955	Non cash item	
Provision for Loans and advances	(180,632,995)	(146,239,976)	Non cash item	
Provision for Diminution in value of investment	43,950,369	40,369,345	Non cash item	
Interest Suspense	2,437,813	3,872,878	Non cash item	
Gain/loss on sale of fixed assets	(465,671)	71,858	Non-operating item	
Accrual for dividend, lad and interest receivable	121,514,756	(76,823,811)	Changes in accrual	
Accrual for expenses	159,209,418	558,773,693	Changes in accrual	
Purchase & sale of trading securities	676,326	(4,823,309)	(Inc)/Dec of assets	
Loans and advances	(680,739,652)	(1,600,393,913)	(Inc)/Dec of assets	
Other Assets	57,776,076	(39,381,210)	(Inc)/Dec of assets	
Loan and deposit from Banks and Customer	1,402,661,488	1,439,864,012	Inc/(Dec) of liabilities	
Other liabilities	(15,780,740)	19,737,641	Inc/(Dec) of liabilities	
Income tax paid	(566,173,357)	(499,483,207)		
Net cash flows from operating activities	1,930,057,525	1,328,144,401		



38 Dividend on ordinary shares

Proposed dividend:

The Board of Directors in its 110th meeting held on February 19, 2020 has recommended cash dividend @ 20% i.e. Taka 2.00 per ordinary share and stock dividend @ 15% (i.e. three bonus shares for every twenty ordinary shares held) for the year ended 31 December 2019 for placement before the shareholders for approval at 24th 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	Shareholder	Insurance premium	1,907,048
Green Delta Insurance Company Limited	Shareholder	Insurance premium	1,584,421

41 Number of employees

During the year under audit, there were 219 (2018: 220) employees employed for the full period and 70 (2018: 56) employees for less than full period at a remuneration of Taka 3,000 and above per month.





42. General Disclosure

42.1 Name of Directors and entities in which they have interest as Director as at 31 December 2019:

Involvement in other organization			er organization	
Name	Position at DBH	Name of the Organization in which they have interest	Position	
		Green Delta Insurance Company	Advisor	
		Nascom (Pvt.) Ltd.	Managing Director	
	Chairman	United Hospital (Pvt) Ltd.	Director (Representing GDIC)	
Mr. Nasir A. Choudhury	Chairman	Green Delta Securities Ltd.	Chairman	
		Green Delta Capital Ltd.	Chairman	
		GD Assist Ltd.	Chairman	
Dr. A M R Chowdhury	Vice Chairman	BRAC University	Member, Board of Trustees	
Ms. Mehreen Hassan, Bar-at-Law	Director	Nil	Nil	
Mr. Md. Sayeed Ahmed, FCA, ACMA, CGMA*	Director	Nil	Nil	
		Shanta Holdings Limited	Executive Director	
S	Director	Shanta Securities Limited	Director	
Mr. Md. Mujibur Rahman		Centre for Women and Child Health (CWCH)	Member of the Board of Trustees and General Secretary and Treasurer	
Mr. Mohammed Irfan Syed	Director	Nil	Nil	
		Green Delta Insurance Co. Ltd	AMD & Company Secretary	
Mr. Syed Moinuddin Ahmed	Director	GD Assist Ltd.	Managing Director	
Ms. Rasheda K. Choudhury	Independent Director	Campaign for Popular Education (CAMPE)	Executive Director	
Major General Syeed Ahmed BP, (Retd.)	Independent Director	Nil	Nil	

^{*} Mr. Md. Sayeed Ahmed, FCA, ACMA, CGMA ceased to be a Director with effect from January 15, 2020.





42.2 Audit committee

The Audit Committee consists of the following Directors of the Board as at 31 December 2019:

Name	Status with the Company	Status with the Committee	Educational Qualification	
Major General Syeed Ahmed (Retd.)	Independent Director	Chairman	BA (Honours), BP, awc, psc	
Mr. Md. Sayeed Ahmed	Director	Member	FCA, ACMA, CGMA	
Mr. Md. Mujibur Rahman	Director	Member	M.COM	
Ms. Rasheda K. Choudhury	Independent Director	Member	MA	
Mr. Syed Moinuddin Ahmed	Director	Member	MBA	

During the period from January to December 2019, the audit committee of the Board conducted 4 (four) meetings.

SI. No.	Meeting No	Meeting Date 7-Feb-19 6-May-19		
1	46			
2	47			
3	48	29-Jul-19		
4	49	27-Oct-19		

The Committee discussed among others, the following issues:

Review of Internal Compliance Report.

Review of the un-audited quarterly financial statements and the audited financial statements. Appointment / Re-appointment of Statutory Auditors.

42.3 Events after the Balance Sheet date

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

42.4 Comparative information

Comparative figures have been re-arranged wherever considered necessary to ensure better comparability with the current period without causing any impact on the profit and value of assets and liabilities as reported in the financial statements.





Schedule of Fixed assets and Intangible assets:

Annexure-A

Particulars	Cost			Depreciation/Amortization				Written down	
	Balance as on 1 January 2019	Additions during the year	Disposals during the year	Balance as at 31 December 2019	Balance as on 1 January 2019	Charged for the year	Adjustment on disposals	Balance as at 31 December 2019	value as at 31 December 2019
Free hold assets:	32.222.7723		C1001/2132001	91 400 902					
Furniture & fixtures	63,255,436	4,474,028	4,945,506	62,783,958	41,673,400	6,667,956	4,945,064	43,396,292	19,387,666
Office Equipment	31,177,095	3,708,865	2,491,396	32,394,564	23,285,725	2,947,785	2,491,360	23,742,150	8,652,414
Computer and computer equipments	44,362,523	2,423,612	316,864	46,469,271	33,720,266	5,204,301	282,778	38,641,789	7,827,482
Vehicles	41,729,821	166,515		41,896,336	22,737,706	8,178,032		30,915,738	10,980,598
Building	108,128,476	90,352,149	5 S=	198,480,625	13,710,555	5,476,789		19,187,344	179,293,281
Land	12,092,849	1,565,451	-	13,658,300		3#4	-		13,658,300
	300,746,200	102,690,620	7,753,766	395,683,054	135,127,652	28,474,863	7,719,202	155,883,313	239,799,741
Intangible asset:									
Software	7,295,936			7,295,936	3,398,594	1,196,106	-	4,594,700	2,701,236
Total 2019	308,042,136	102,690,620	7,753,766	402,978,990	138,526,246	29,670,969	7,719,202	160,478,013	242,500,977
Total 2018	291,738,049	17,304,149	1,000,062	308,042,136	113,267,909	26,064,955	806,618	138,526,246	169,515,890

