

# **DELTA BRAC HOUSING FINANCE CORPORATION LIMITED**

## **Auditors' Report and Financial Statements**

*as at and for the year ended 31 December 2017*



**S. F. AHMED & CO.**

**Chartered Accountants .....since 1958**

**Member Firm of HLB International**

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**AUDITORS' REPORT TO THE SHAREHOLDERS  
OF  
DELTA BRAC HOUSING FINANCE CORPORATION LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of Delta Brac Housing Finance Corporation Limited, which comprise the statement of financial position (Balance Sheet) as at 31 December 2017 and the statement of comprehensive income (Profit & Loss Account), statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements of the company in accordance with Bangladesh Financial Reporting Standards (BFRS), Financial Institutions Act 1993, the rules and regulations issued by the Bangladesh Bank, the Companies Act 1994, the Securities and Exchanges Rules 1987 and other applicable laws and regulations. This responsibility includes designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of these financial statements of the company that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the financial statements of the company based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements of the company are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements of the company. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the company, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements of the company in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements of the company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## Opinion

In our opinion, the financial statements of the company prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs), give a true and fair view of the state of the Financial Position of the company as at 31 December 2017 and of the results of its financial performance and statement of cash flows for the year then ended and comply with the Financial Institutions Act 1993, The Companies Act 1994, the rules and regulations issued by the Bangladesh Bank, the Securities and Exchanges Rules 1987 and other applicable laws and regulations.

## Report on Other Legal and Regulatory Requirements

In accordance with companies Act 1994, Securities and Exchange Rules 1987, the Financial Institutions Act 1993 as amended in 2013 and the rules and regulations issued by Bangladesh Bank, we also report the following:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- (iii) the statement of financial position (Balance Sheet) and statement of comprehensive income (Profit and Loss Account) together with the annexed notes 1 to 38 dealt with by the report are in agreement with the books of account and returns;
- (iv) the expenditure incurred was for the purpose of the DBH's business;
- (v) the financial position of the company as at 31 December 2017 and the profit for the year then ended have been properly reflected in the financial statements and the financial statements have been drawn up in conformity with the Financial Institutions Act, 1993 and in accordance with the accounting rules and regulations issued by the Bangladesh Bank;
- (vi) the financial statements conform to the prescribed standards set in the accounting regulations issued by the Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- (vii) adequate provisions have been made for advances and other assets which are, in our opinion doubtful of recovery;
- (viii) the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible fraud, forgery and internal policies are being followed appropriately;
- (ix) the information and explanations required by us have been received and found satisfactory;
- (x) the company has no overseas branches;
- (xi) 80% of the risk-weighted assets have been audited;
- (xii) we have spent approximately 790 man hours for the audit of books & accounts of company.



Dated, Dhaka;  
March 07, 2018

*S. F. Ahmed & Co.*  
S. F. Ahmed & Co.  
Chartered Accountants

**Delta Brac Housing Finance Corporation Limited**  
**Balance Sheet**  
**As at 31 December 2017**

|                                                                        |      | Amount in Taka        |                       |
|------------------------------------------------------------------------|------|-----------------------|-----------------------|
| Notes                                                                  |      | 31 December 2017      | 31 December 2016      |
| <b>PROPERTY AND ASSETS</b>                                             |      |                       |                       |
| <b>Cash</b>                                                            |      | <b>634,064,843</b>    | <b>558,798,869</b>    |
| In hand                                                                | 3.1  | 89,700                | 68,427                |
| Balance with Bangladesh Bank and its agent Bank                        | 3.2  | 633,975,143           | 558,730,442           |
| <b>Balance with other banks and financial institutions</b>             |      | <b>10,697,156,711</b> | <b>9,272,864,801</b>  |
| In Bangladesh                                                          | 4.1  | 10,697,156,711        | 9,272,864,801         |
| Outside Bangladesh                                                     |      | -                     | -                     |
| <b>Money at call on short notice</b>                                   | 5    | -                     | -                     |
| <b>Investments</b>                                                     | 6    | <b>643,028,086</b>    | <b>441,258,646</b>    |
| Government                                                             |      | 1,145,176             | 1,057,687             |
| Others                                                                 |      | 641,882,910           | 440,200,959           |
| <b>Loans and advances</b>                                              |      | <b>42,243,352,611</b> | <b>35,838,371,384</b> |
| Loans and advances                                                     | 7    | 42,243,352,611        | 35,838,371,384        |
| <b>Fixed assets including land, building, furniture and equipments</b> | 8    | <b>178,470,140</b>    | <b>157,513,532</b>    |
| <b>Other assets</b>                                                    | 9    | <b>184,780,123</b>    | <b>202,898,065</b>    |
| <b>Total Assets</b>                                                    |      | <b>54,580,852,514</b> | <b>46,471,705,297</b> |
| <b>LIABILITIES AND CAPITAL</b>                                         |      |                       |                       |
| <b>Liabilities</b>                                                     |      |                       |                       |
| <b>Borrowing from other banks and financial institutions</b>           | 10   | <b>6,515,419,275</b>  | <b>6,080,579,105</b>  |
| <b>Deposits and other accounts</b>                                     |      | <b>41,187,889,744</b> | <b>34,393,955,116</b> |
| Fixed deposits                                                         | 11   | 41,187,889,744        | 34,393,955,116        |
| Other deposits                                                         |      | -                     | -                     |
| <b>Other liabilities</b>                                               | 12   | <b>2,519,907,282</b>  | <b>2,405,758,399</b>  |
| <b>Total Liabilities</b>                                               |      | <b>50,223,216,301</b> | <b>42,880,292,620</b> |
| <b>Shareholders' equity</b>                                            |      |                       |                       |
| Paid-up capital                                                        | 13.2 | 1,218,518,430         | 1,218,518,430         |
| Share premium                                                          | 14   | 55,000,000            | 55,000,000            |
| Statutory reserve                                                      | 15   | 1,225,083,409         | 1,035,283,149         |
| Other reserves                                                         | 16   | 1,445,040,000         | 1,058,040,000         |
| Retained earnings                                                      | 32   | 413,994,374           | 224,571,098           |
| <b>Total equity</b>                                                    |      | <b>4,357,636,213</b>  | <b>3,591,412,677</b>  |
| <b>Total liabilities and Shareholders' equity</b>                      |      | <b>54,580,852,514</b> | <b>46,471,705,297</b> |
| <b>OFF-BALANCE SHEET ITEMS</b>                                         |      |                       |                       |
| <b>Contingent liabilities</b>                                          |      |                       |                       |
| Acceptances and endorsement                                            | 17.1 | -                     | -                     |
| Letter of guarantee                                                    |      | -                     | -                     |
| Irrevocable letter of credits                                          |      | -                     | -                     |
| Bills for collection                                                   |      | -                     | -                     |
| Other contingent liabilities                                           |      | 223,985,758           | 16,739,437            |
| <b>Total contingent liabilities</b>                                    |      | <b>223,985,758</b>    | <b>16,739,437</b>     |
| <b>Other commitments</b>                                               |      |                       |                       |
| 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  |      | 605,634,964           | 638,770,000           |
| <b>Total other commitments</b>                                         |      | <b>605,634,964</b>    | <b>638,770,000</b>    |
| <b>Total Off-Balance Sheet items including contingent liabilities</b>  |      | <b>829,620,722</b>    | <b>655,509,437</b>    |

**Notes:**

1. Auditors' Report-Page 1 & 2
2. The annexed notes 1 to 38 form an integral part of these financial statements.
3. These financial statements were approved by the Board of Directors on March 07, 2018 and were signed on its behalf by:

Nasir A. Chowdhury  
Chairman

Dr. A M R Chowdhury  
Director

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

Dated, Dhaka;  
March 07, 2018



S. F. Ahmed & Co.  
S. F. Ahmed & Co.  
Chartered Accountants


# Delta Brac Housing Finance Corporation Limited

## Profit and Loss Account For the year ended 31 December 2017

|                                              | Notes  | Amount in Taka                            |                                        |
|----------------------------------------------|--------|-------------------------------------------|----------------------------------------|
|                                              |        | 01 January 2017<br>to<br>31 December 2017 | 01 July 2016<br>to<br>31 December 2016 |
| Interest Income                              | 18     | 4,573,375,022                             | 2,103,403,716                          |
| Interest paid on deposits and borrowings etc | 19     | (2,967,576,413)                           | (1,324,118,910)                        |
| <b>Net Interest Income</b>                   |        | <b>1,605,798,609</b>                      | <b>779,284,806</b>                     |
| Income from investment                       | 20     | 43,484,977                                | 21,046,384                             |
| Commission, exchange and brokerage           | 21     | 149,917,196                               | 72,830,105                             |
| Other operating income                       | 22     | 18,682,623                                | 11,531,109                             |
| <b>Total operating income</b>                |        | <b>1,817,883,405</b>                      | <b>884,692,404</b>                     |
| Salary and allowances                        | 23     | 292,768,742                               | 131,253,554                            |
| Rent, taxes, insurance, electricity etc.     | 24     | 48,935,777                                | 23,297,417                             |
| Legal & professional expenses                | 25     | 3,042,989                                 | 1,352,369                              |
| Postage, stamp, telecommunication etc.       | 26     | 7,604,208                                 | 3,089,192                              |
| Stationery, printing, advertisements etc.    | 27     | 11,791,604                                | 7,147,986                              |
| Managing Director's salary and fees          |        | 13,580,000                                | 5,530,000                              |
| Directors' fees and expenses                 | 28     | 749,610                                   | 426,254                                |
| Auditors' fees                               | 29     | 402,500                                   | 201,250                                |
| Depreciation, repairs & maintenance          | 30     | 36,266,666                                | 14,452,199                             |
| Other expenses                               | 31     | 34,036,911                                | 15,877,960                             |
| <b>Total operating expenses</b>              |        | <b>449,179,007</b>                        | <b>202,628,181</b>                     |
| <b>Profit before provisions</b>              |        | <b>1,368,704,398</b>                      | <b>682,064,223</b>                     |
| Provisions                                   |        |                                           |                                        |
| Loans and advances                           | 12.1.3 | (103,379,921)                             | 78,622,963                             |
| Diminution in value of investments           | 12.1.4 | (20,394,053)                              | 531,089                                |
| <b>Total provisions</b>                      |        | <b>(123,773,974)</b>                      | <b>79,154,052</b>                      |
| <b>Profit before tax</b>                     |        | <b>1,492,478,372</b>                      | <b>602,910,171</b>                     |
| Provision for tax                            |        |                                           |                                        |
| Current                                      | 12.2   | 539,675,404                               | 271,410,390                            |
| Deferred                                     | 9.3 a  | 3,801,667                                 | 690,373                                |
|                                              |        | 543,477,071                               | 272,100,763                            |
| <b>Profit after tax</b>                      |        | <b>949,001,301</b>                        | <b>330,809,408</b>                     |
| <b>Appropriations</b>                        |        |                                           |                                        |
| Statutory reserve                            |        | 189,800,260                               | 66,161,882                             |
| General reserve                              |        | 112,000,000                               | -                                      |
|                                              |        | 301,800,260                               | 66,161,882                             |
| <b>Retained surplus</b>                      |        | <b>647,201,041</b>                        | <b>264,647,526</b>                     |
| <b>Earnings Per Share</b>                    | 33     | <b>7.79</b>                               | <b>2.71</b>                            |

### Notes:

1. Auditors' Report-Page 1 & 2
2. The annexed notes 1 to 38 form an integral part of these financial statements.
3. These financial statements were approved by the Board of Directors on March 07, 2018 and were signed on its behalf by:

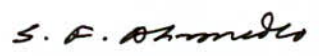
  
Nasir A. Chowdhury  
Chairman



  
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Director

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

Dated, Dhaka;  
March 07, 2018

  
S. F. Ahmed & Co.  
Chartered Accountants

# Delta Brac Housing Finance Corporation Limited

## Cash Flow Statement

For the year ended 31 December 2017

|                                                                                             | Amount in Taka                            |                                        |
|---------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------------|
|                                                                                             | 01 January 2017<br>to<br>31 December 2017 | 01 July 2016<br>to<br>31 December 2016 |
| <b>Cash flows from operating activities</b>                                                 |                                           |                                        |
| Interest received                                                                           | 4,563,278,659                             | 2,047,037,299                          |
| Interest payments                                                                           | (2,953,811,910)                           | (1,269,615,530)                        |
| Dividend received                                                                           | 29,509,045                                | 11,256,768                             |
| Fees and commission received                                                                | 149,917,196                               | 72,830,105                             |
| Paid to employees                                                                           | (345,047,657)                             | (116,707,341)                          |
| Paid to suppliers and for various operating expenses                                        | (117,346,460)                             | (37,261,364)                           |
| Income tax paid                                                                             | (299,865,959)                             | (290,887,549)                          |
| Received from other operating activities                                                    | 32,587,672                                | 13,516,845                             |
| Cash generated from operating activities before changes in operating assets and liabilities | 1,059,220,586                             | 430,169,233                            |
| <b>Increase/(decrease) in operating assets and liabilities</b>                              |                                           |                                        |
| Loans and advances to customers                                                             | (6,406,138,076)                           | (2,258,519,471)                        |
| Purchase/Sale of trading securities                                                         | (71,681,950)                              | (13,590,108)                           |
| Other assets                                                                                | 14,981,971                                | (7,992,028)                            |
| Loans and deposits from banks and other customers                                           | 7,394,798,699                             | 5,499,496,491                          |
| Other liabilities                                                                           | 27,206,879                                | (3,295,954)                            |
| Cash utilized in operating assets and liabilities                                           | 959,167,523                               | 3,216,098,930                          |
| <b>Net cash generated from operating activities</b>                                         | <b>2,018,388,109</b>                      | <b>3,646,268,163</b>                   |
| <b>Cash flows from investing activities</b>                                                 |                                           |                                        |
| Net proceeds (Payments) for sale/purchase of Treasury Bills                                 | (87,489)                                  | 27,692                                 |
| Other investments                                                                           | (130,000,000)                             | -                                      |
| Purchase of property, plant & equipment                                                     | (42,627,166)                              | (18,276,095)                           |
| Proceeds from sell of property, plant & equipment                                           | 2,686,096                                 | 1,600                                  |
| <b>Net cash used in investing activities</b>                                                | <b>(170,028,559)</b>                      | <b>(18,246,803)</b>                    |
| <b>Cash flows from financing activities</b>                                                 |                                           |                                        |
| Cash dividend paid                                                                          | (182,777,765)                             | (348,148,125)                          |
| <b>Net cash used in financing activities</b>                                                | <b>(182,777,765)</b>                      | <b>(348,148,125)</b>                   |
| <b>Net increase in cash and cash equivalents</b>                                            | <b>1,665,581,785</b>                      | <b>3,279,873,235</b>                   |
| <b>Cash and cash equivalents (net off overdraft) at the beginning of the period</b>         | <b>9,150,340,071</b>                      | <b>5,870,466,836</b>                   |
| <b>Cash and cash equivalents (net off overdraft) at the end of the period</b>               | <b>10,815,921,856</b>                     | <b>9,150,340,071</b>                   |

**Notes:**


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Nasir A. Chowdhury  
Chairman

  
Dr. A M R Chowdhury  
Director

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

Dated, Dhaka;  
March 07, 2018

  
S. F. Ahmed & Co.  
Chartered Accountants

# Delta Brac Housing Finance Corporation Limited

## Statement of Changes in Equity

For the year ended 31 December 2017

Amount in Taka

| Particulars                           | Paid-up Capital      | Share Premium     | Statutory Reserve    | General & Other Reserves | Retained earnings  | Total                |
|---------------------------------------|----------------------|-------------------|----------------------|--------------------------|--------------------|----------------------|
| Balance as on 1 January 2017          | 1,218,518,430        | 55,000,000        | 1,035,283,149        | 1,058,040,000            | 224,571,098        | 3,591,412,677        |
| Net profit (after tax) for the period | -                    | -                 | -                    | -                        | 949,001,301        | 949,001,301          |
| Transferred to reserve funds          | -                    | -                 | 189,800,260          | 387,000,000              | (576,800,260)      | -                    |
| Stock dividend issued                 | -                    | -                 | -                    | -                        | -                  | -                    |
| Cash dividend paid                    | -                    | -                 | -                    | -                        | (182,777,765)      | (182,777,765)        |
| <b>Balance at December 31, 2017</b>   | <b>1,218,518,430</b> | <b>55,000,000</b> | <b>1,225,083,409</b> | <b>1,445,040,000</b>     | <b>413,994,374</b> | <b>4,357,636,213</b> |
| <b>Balance at December 31, 2016</b>   | <b>1,218,518,430</b> | <b>55,000,000</b> | <b>1,035,283,149</b> | <b>1,058,040,000</b>     | <b>224,571,098</b> | <b>3,591,412,677</b> |



# Delta Brac Housing Finance Corporation Limited

## Liquidity Statement

As at 31 December 2017

Amount in Taka

| Particulars                                                         | Up to 1 Month         | 1 to 3 Months        | 3 to 12 Months         | 1 to 5 Years          | Above 5 Years           | Total                 |
|---------------------------------------------------------------------|-----------------------|----------------------|------------------------|-----------------------|-------------------------|-----------------------|
| <b>Assets</b>                                                       |                       |                      |                        |                       |                         |                       |
| Cash (In hand and balance with Bangladesh Bank and its' agent bank) | 634,064,843           | -                    | -                      | -                     | -                       | 634,064,843           |
| Balance with other banks and financial institutions                 | 7,897,156,711         | 2,350,000,000        | 450,000,000            | -                     | -                       | 10,697,156,711        |
| Money at call on short notice                                       | -                     | -                    | -                      | -                     | -                       | -                     |
| Investments                                                         | 375,042,883           | 10,063,523           | 124,277,003            | 131,145,176           | 2,499,500               | 643,028,086           |
| Loans and advances                                                  | 1,247,364,408         | 1,912,577,498        | 8,223,253,983          | 22,599,945,834        | 8,260,210,888           | 42,243,352,611        |
| Fixed assets including land, building, furniture and equipments     | 2,096,525             | 4,179,003            | 18,336,715             | 59,779,307            | 94,078,590              | 178,470,140           |
| Other assets                                                        | 94,176,714            | 33,472,895           | 52,542,485             | 4,588,030             | -                       | 184,780,123           |
| <b>Total Assets</b>                                                 | <b>10,249,902,084</b> | <b>4,310,292,919</b> | <b>8,868,410,186</b>   | <b>22,795,458,347</b> | <b>8,356,788,978</b>    | <b>54,580,852,514</b> |
| <b>Liabilities</b>                                                  |                       |                      |                        |                       |                         |                       |
| Borrowing from other banks and financial institutions               | 1,086,310,691         | 158,020,995          | 3,048,293,584          | 977,200,527           | 1,245,593,477           | 6,515,419,275         |
| Deposits and other accounts                                         | 3,652,687,306         | 2,807,969,169        | 14,586,021,611         | 146,682,797           | 19,994,528,862          | 41,187,889,744        |
| Other liabilities                                                   | 299,098,705           | 529,065,387          | 1,012,039,031          | 232,875,081           | 446,829,079             | 2,519,907,282         |
| <b>Total liabilities</b>                                            | <b>5,038,096,702</b>  | <b>3,495,055,551</b> | <b>18,646,354,226</b>  | <b>1,356,758,404</b>  | <b>21,686,951,418</b>   | <b>50,223,216,301</b> |
| <b>Net liquidity gap</b>                                            | <b>5,211,805,382</b>  | <b>815,237,368</b>   | <b>(9,777,944,040)</b> | <b>21,438,699,942</b> | <b>(13,330,162,440)</b> | <b>4,357,636,213</b>  |



# **Delta Brac Housing Finance Corporation Limited**

## **Notes to the Financial Statements**

**as at and for the year ended 31 December 2017**

### **1 Company and its activities**

#### **(a) Legal status**

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

### **2 Significant accounting policies and basis of preparation**

#### **2.01 Statement of compliance**

The financial statements have been prepared on a going concern basis and accrual method under historical cost convention and therefore 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 Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), 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 BAS and BFRS, 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 2017 to 31 December 2017.

#### **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 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 estimate 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.

## **2.06 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.

## **2.07 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.

## **2.08 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.



## 2.09 Property, plant and equipments

### a. Recognition

In pursuant to BAS 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 BAS-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            |
| Vehicles             | 20%                             | 5 years               |
| Building             | 3%                              | 33.33 years           |
| Land                 | Not depreciated                 |                       |

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

### c. De-recognition

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

## 2.10 Intangible assets

In accordance with BAS 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).

## 2.11 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.



## **2.12 Investment in securities**

Investments are initially recognized at cost including acquisition charges with the investments. After initial recognition, investments in marketable securities except DBH 1st Mutual Fund and Green Delta 1st Mutual Fund have been valued at cost or market price whichever is lower on an aggregate portfolio basis. Above mutual funds and Peninsula SBC Unit Fund-1 have been valued at 85 % of latest published NAV as on December 31, 2017 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.

## **2.13 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.

## **2.14 Cash Flow Statements**

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

## **2.15 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 on the date of receipt while the refund there against, if applicable, are set off with income during the year of refund.

### **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.

## **2.16 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.



## **2.17 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 Bangladesh 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.

## **2.18 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 40%.

### **Deferred tax**

Pursuant to BAS - 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.

## **2.19 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 and overdue interest amount in respect of non performing loans when installments are outstanding for more than three 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.

## **2.20 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 canceled and removed from ("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.



### **2.21 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 Bangladesh Accounting Standard (BAS) -1 "Presentation of Financial Statements" interest expenses are recognized on accrual basis.

### **2.22 Earnings per share**

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

### **2.23 Related party disclosures**

As per Bangladesh Accounting Standards (BAS) 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 36.

### **2.24 Events after the balance sheet date**

As per BAS 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 38.3.

### **2.25 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.

### **2.26 Branch accounting**

The Company has seven offices (head office & six branches), with no overseas branch as on December 31, 2017. Accounts of the branches are maintained at the head office which are included in the accompanying financial statements.

### **2.27 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.



## 2.28 Status of compliance of Bangladesh Accounting Standards and Bangladesh Financial Reporting Standards

| <b><u>Name of the BAS</u></b>                                                             | <b><u>BAS No.</u></b> | <b><u>Status</u></b> |
|-------------------------------------------------------------------------------------------|-----------------------|----------------------|
| Presentation of Financial Statements                                                      | 1                     | **                   |
| Inventories                                                                               | 2                     | N/A                  |
| Statement of Cash Flows                                                                   | 7                     | **                   |
| Accounting Policies, Change in Accounting Estimates and Events after the Reporting Period | 8                     | Applied              |
| Construction Contracts                                                                    | 10                    | Applied              |
| Income Taxes                                                                              | 11                    | N/A                  |
| Property, Plant and Equipment                                                             | 12                    | Applied              |
| Leases                                                                                    | 16                    | Applied              |
| Revenue                                                                                   | 17                    | N/A                  |
| Employee Benefits                                                                         | 18                    | Applied              |
| Accounting for Government Grants and Disclosure of Governments Assistance                 | 19                    | Applied              |
| The Effect of Changes in Foreign Exchange Rates                                           | 20                    | N/A                  |
| Borrowing Costs                                                                           | 21                    | Applied              |
| Related Party Disclosures                                                                 | 23                    | N/A                  |
| Accounting and Reporting by Retirement Benefits Plans                                     | 24                    | Applied              |
| Separate Financial Statements                                                             | 26                    | N/A                  |
| Investment in Associates and Joint Ventures                                               | 27                    | N/A                  |
| Financial Reporting in Hyperinflational Economies                                         | 28                    | N/A                  |
| Financial Instruments: Presentation                                                       | 29                    | N/A                  |
| Earnings Per Share                                                                        | 32                    | **                   |
| Interim Financial Reporting                                                               | 33                    | Applied              |
| Impairment of Assets                                                                      | 34                    | Applied              |
| Provisions, Contingent Liabilities and Contingent Assets                                  | 36                    | Applied              |
| Intangible Assets                                                                         | 37                    | Applied              |
| Financial Instruments: Recognition and Measurement                                        | 38                    | Applied              |
| Investment Property                                                                       | 39                    | **                   |
| Agriculture                                                                               | 40                    | N/A                  |
|                                                                                           | 41                    | N/A                  |

| <b><u>Name of the BFRS</u></b>                                | <b><u>BFRS No.</u></b> | <b><u>Status</u></b> |
|---------------------------------------------------------------|------------------------|----------------------|
| Share-Based Payment                                           | 2                      | N/A                  |
| Business Combination                                          | 3                      | N/A                  |
| Insurance Contracts                                           | 4                      | N/A                  |
| Non-Currents Assets held for sale and discontinued operations | 5                      | N/A                  |
| Exploration for and Evaluation of Mineral Resources           | 6                      | N/A                  |
| Financial Instruments : Disclosures                           | 7                      | **                   |
| Operating Segment                                             | 8                      | N/A                  |
| 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                  |

\*\* DBH management has followed the principles of BAS & BFRS 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



## **2.29 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.

### **2.30 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.



|                                                                                                                                                                                                                                                                                                                                                                                                                       | 31 December 2017<br>Taka | 31 December 2016<br>Taka |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| <b>3 Cash</b>                                                                                                                                                                                                                                                                                                                                                                                                         |                          |                          |
| <b>3.1 Cash in hand</b>                                                                                                                                                                                                                                                                                                                                                                                               |                          |                          |
| Local Currency                                                                                                                                                                                                                                                                                                                                                                                                        | 89,700                   | 68,427                   |
| Foreign Currency                                                                                                                                                                                                                                                                                                                                                                                                      | -                        | -                        |
|                                                                                                                                                                                                                                                                                                                                                                                                                       | <u>89,700</u>            | <u>68,427</u>            |
| <b>3.2 Balance with Bangladesh Bank and its agent bank</b>                                                                                                                                                                                                                                                                                                                                                            |                          |                          |
| Bangladesh Bank:                                                                                                                                                                                                                                                                                                                                                                                                      |                          |                          |
| Local Currency                                                                                                                                                                                                                                                                                                                                                                                                        | 632,397,734              | 558,509,075              |
| Foreign Currency                                                                                                                                                                                                                                                                                                                                                                                                      | 171,818                  | 162,233                  |
|                                                                                                                                                                                                                                                                                                                                                                                                                       | <u>632,569,552</u>       | <u>558,671,308</u>       |
| Balance with Sonali Bank being an agent of Bangladesh Bank                                                                                                                                                                                                                                                                                                                                                            | 1,405,591                | 59,134                   |
|                                                                                                                                                                                                                                                                                                                                                                                                                       | <u>633,975,143</u>       | <u>558,730,442</u>       |
| <b>3.3 Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR)</b>                                                                                                                                                                                                                                                                                                                                       |                          |                          |
| Cash Reserve Requirement and Statutory Liquidity Reserve have been calculated and maintained in accordance with Financial Institution Act - 1993 and Financial Institution Rules - 1994 and FID circular no. 6 November 2003 and FID circular no 02 dated November 10, 2004.                                                                                                                                          |                          |                          |
| Cash Reserve Requirement (CRR) has been calculated at the rate of 2.5% on 'Total Term Deposits' which is preserved in current account maintained with Bangladesh Bank. 'Total Term Deposit' means Term or Fixed Deposit, Security Deposit against Lease/Loan and other Term Deposits, received from individuals and institutions (except banks & Financial Institutions).                                             |                          |                          |
| Statutory Liquidity Reserve (SLR) has been calculated at the rate of 5.0% on total liabilities, including CRR of 2.5% on Total Term Deposit. SLR is maintained in liquid assets in the form of cash in hand (notes & coin in BDT), balance with Bangladesh Bank and other banks and Financial Institutions, unencumbered treasury bills & bonds & any other assets approved Government Gazette or by Bangladesh Bank. |                          |                          |
| <b>3.3.1 Cash Reserve Requirement (CRR)</b>                                                                                                                                                                                                                                                                                                                                                                           |                          |                          |
| Required reserve                                                                                                                                                                                                                                                                                                                                                                                                      | 588,694,942              | 554,725,903              |
| Actual average reserve maintained                                                                                                                                                                                                                                                                                                                                                                                     | 703,448,145              | 582,640,956              |
| Surplus/(deficit)                                                                                                                                                                                                                                                                                                                                                                                                     | <u>114,753,203</u>       | <u>27,915,053</u>        |
| <b>3.3.2 Statutory Liquidity Reserve (SLR)</b>                                                                                                                                                                                                                                                                                                                                                                        |                          |                          |
| Required reserve (including CRR)                                                                                                                                                                                                                                                                                                                                                                                      | 1,240,603,898            | 1,165,655,911            |
| Actual reserve maintained (including CRR note -3.3.1)                                                                                                                                                                                                                                                                                                                                                                 | 3,747,801,851            | 3,305,524,400            |
| Surplus/(deficit)                                                                                                                                                                                                                                                                                                                                                                                                     | <u>2,507,197,953</u>     | <u>2,139,868,489</u>     |
| <b>4 Balance with other banks and financial institutions</b>                                                                                                                                                                                                                                                                                                                                                          |                          |                          |
| In Bangladesh (Note 4.1)                                                                                                                                                                                                                                                                                                                                                                                              | 10,697,156,711           | 9,272,864,801            |
| Outside Bangladesh                                                                                                                                                                                                                                                                                                                                                                                                    | -                        | -                        |
|                                                                                                                                                                                                                                                                                                                                                                                                                       | <u>10,697,156,711</u>    | <u>9,272,864,801</u>     |
| <b>4.1 In Bangladesh</b>                                                                                                                                                                                                                                                                                                                                                                                              |                          |                          |
| Current deposits                                                                                                                                                                                                                                                                                                                                                                                                      | 708,404,500              | 29,770,517               |
| Short-term deposits                                                                                                                                                                                                                                                                                                                                                                                                   | 2,748,752,211            | 91,426,784               |
| Fixed deposits                                                                                                                                                                                                                                                                                                                                                                                                        | 7,240,000,000            | 9,151,667,500            |
|                                                                                                                                                                                                                                                                                                                                                                                                                       | <u>10,697,156,711</u>    | <u>9,272,864,801</u>     |
| <b>4.2 Maturity grouping of balance with other banks and financial institutions</b>                                                                                                                                                                                                                                                                                                                                   |                          |                          |
| Payable on demand                                                                                                                                                                                                                                                                                                                                                                                                     | 708,404,500              | 29,770,517               |
| Up to 1 month                                                                                                                                                                                                                                                                                                                                                                                                         | 7,188,752,211            | 2,093,094,284            |
| Over 1 month but not more than 3 months                                                                                                                                                                                                                                                                                                                                                                               | 2,350,000,000            | 6,300,000,000            |
| Over 3 month but not more than 6 months                                                                                                                                                                                                                                                                                                                                                                               | 450,000,000              | 850,000,000              |
| Over 6 month but not more than 1 year                                                                                                                                                                                                                                                                                                                                                                                 | -                        | -                        |
| Over 1 year but not more than 5 years                                                                                                                                                                                                                                                                                                                                                                                 | -                        | -                        |
| Over 5 years                                                                                                                                                                                                                                                                                                                                                                                                          | -                        | -                        |
|                                                                                                                                                                                                                                                                                                                                                                                                                       | <u>10,697,156,711</u>    | <u>9,272,864,801</u>     |



|                                        | 31 December 2017<br>Taka | 31 December 2016<br>Taka |
|----------------------------------------|--------------------------|--------------------------|
| <b>5 Money at call on short notice</b> | -                        | -                        |
| <b>6 Investments</b>                   |                          |                          |
| Government securities:                 | 1,145,176                | 1,057,687                |
| Other investments:                     |                          |                          |
| Non marketable securities (Note-6.1)   | 54,499,500               | 14,499,500               |
| Preference Share                       | 130,000,000              | 140,000,000              |
| Commercial Paper                       | 100,000,000              | -                        |
| Investment in share (Lock-in)          | 4,713,480                | -                        |
| Marketable securities (Note-6.2)       | 352,669,930              | 285,701,459              |
|                                        | 641,882,910              | 440,200,959              |
|                                        | <b>643,028,086</b>       | <b>441,258,646</b>       |

**6.1 Investment in non marketable securities**

|                                    | No. of shares |                   |                   |
|------------------------------------|---------------|-------------------|-------------------|
| Bangladesh Rating Agencies Ltd.    | 24,995        | 2,499,500         | 2,499,500         |
| Peninsula SBC Unit Fund-1          | 4,000,000     | 40,000,000        | -                 |
| 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         |
|                                    |               | <b>54,499,500</b> | <b>14,499,500</b> |

**6.2 Investment in marketable securities**

| Sectors                     | Market price<br>31 December 2017<br>Taka | Cost<br>price      | Cost<br>price      |
|-----------------------------|------------------------------------------|--------------------|--------------------|
| Bank                        | 23,262,950                               | 23,968,460         | 7,826,188          |
| Cement                      | 1,677,500                                | 1,678,144          | 1,991,714          |
| Engineering                 | 13,514,316                               | 12,986,027         | 17,100,615         |
| Financial Institutions      | 3,838,500                                | 4,017,572          | -                  |
| Food & Allied               | 463,100                                  | 465,883            | 74,065             |
| Fuel & Power                | 30,964,045                               | 31,800,521         | 19,152,170         |
| IT Sector                   | 1,062,097                                | 423,969            | -                  |
| Mutual Funds                | 206,854,300                              | 219,207,100        | 219,207,081        |
| Pharmaceuticals & Chemicals | 36,429,900                               | 38,044,370         | 14,725,302         |
| Services & Real Estate      | 2,786,934                                | 3,006,977          | 1,434,621          |
| Tannery Industries          | 2,378,754                                | 2,378,965          | 74,320             |
| Telecommunication           | 14,590,092                               | 14,597,324         | 2,807,823          |
| Textile                     | 131,700                                  | 94,618             | 1,128,011          |
| Miscellaneous               | -                                        | -                  | 179,550            |
|                             | <b>337,954,188</b>                       | <b>352,669,930</b> | <b>285,701,460</b> |

All investment in marketable securities are valued on an aggregate portfolio basis except DBH First Mutual Fund, Green Delta Mutual Fund. Mutual Funds have been valued at 85% of latest published NAV available as on December 31, 2017. As on December 31, 2017 there was TK. 2,173,642 provision on investment in marketable listed securities and Tk 8,458,700 for non marketable securities (Bangladesh Rating Agencies Ltd and Peninsula SBC Unit Fund-1). Market value has been determined on the basis of the value of securities at last trading date of December 2017 (last trading date was December 28, 2017).

**6.3 Maturity grouping of investments:**

|                                          |                    |                    |
|------------------------------------------|--------------------|--------------------|
| On demand                                | 332,118,914        | 263,201,459        |
| Up to 1 month                            | 42,923,969         | -                  |
| Over 1 month but not more than 3 months  | 10,063,523         | -                  |
| Over 3 months but not more than 6 months | 24,277,003         | 12,000,000         |
| Over 6 months but not more than 1 year   | 100,000,000        | 22,500,000         |
| Over 1 year but not more than 5 years    | 131,145,176        | 141,057,687        |
| Over 5 years                             | 2,499,500          | 2,499,500          |
|                                          | <b>643,028,086</b> | <b>441,258,646</b> |



|                                                                                                                                                  | 31 December 2017<br>Taka | 31 December 2016<br>Taka |
|--------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| <b>7 Loans and advances</b>                                                                                                                      |                          |                          |
| <i>Inside Bangladesh</i>                                                                                                                         |                          |                          |
| Housing Loan - secured                                                                                                                           | 41,863,893,563           | 35,354,663,321           |
| Installment Receivable - Housing Loan                                                                                                            | 74,917,996               | 92,991,586               |
| Staff loan                                                                                                                                       | 110,316,998              | 115,532,537              |
| Loan against Deposits                                                                                                                            | 183,355,895              | 275,183,940              |
| Others                                                                                                                                           | 10,868,159               | -                        |
|                                                                                                                                                  | <b>42,243,352,611</b>    | <b>35,838,371,384</b>    |
| <i>Outside Bangladesh</i>                                                                                                                        | -                        | -                        |
|                                                                                                                                                  | <b>42,243,352,611</b>    | <b>35,838,371,384</b>    |
| <b>7.1 Maturity grouping of loans and advances</b>                                                                                               |                          |                          |
| Repayable on demand                                                                                                                              | 74,917,996               | 92,991,586               |
| Not more than 3 months                                                                                                                           | 3,085,023,910            | 2,305,512,679            |
| Over 3 month but not more than 1 years                                                                                                           | 8,223,253,983            | 5,790,855,796            |
| Over 1 year but not more than 5 years                                                                                                            | 22,599,945,834           | 18,700,525,339           |
| Over 5 years                                                                                                                                     | 8,260,210,888            | 8,948,485,984            |
|                                                                                                                                                  | <b>42,243,352,611</b>    | <b>35,838,371,384</b>    |
| <b>7.2 a) Loans and advances to institutions in which directors have interest</b>                                                                | -                        | -                        |
| b) Loans and advances to chief executive                                                                                                         | -                        | -                        |
| c) Loans and advances to senior executives                                                                                                       | 15,467,521               | 10,772,697               |
| d) Loans and advances to customer group:                                                                                                         |                          |                          |
| i) Housing loan - customer                                                                                                                       | 41,923,344,038           | 35,447,654,907           |
| ii) Staff loan-housing & others                                                                                                                  | 110,316,998              | 104,759,840              |
| iii) Loan to depositors                                                                                                                          | 183,355,895              | 275,183,940              |
| iv) Others                                                                                                                                       | 10,868,159               | -                        |
|                                                                                                                                                  | <b>42,243,352,611</b>    | <b>35,838,371,384</b>    |
| e) Details of loan and advances industry-wise                                                                                                    |                          |                          |
| i) Housing Finance/ Real Estate                                                                                                                  | 42,050,368,069           | 35,552,402,853           |
| ii) Others                                                                                                                                       | 192,984,542              | 285,968,531              |
|                                                                                                                                                  | <b>42,243,352,611</b>    | <b>35,838,371,384</b>    |
| <b>7.3 Loans and advances - geographical location-wise</b>                                                                                       |                          |                          |
| <i>Inside Bangladesh:</i>                                                                                                                        |                          |                          |
| Urban                                                                                                                                            | -                        | -                        |
| Dhaka                                                                                                                                            | 39,506,108,220           | 33,167,807,830           |
| Chittagong                                                                                                                                       | 2,501,392,251            | 2,480,751,967            |
| Sylhet                                                                                                                                           | 220,321,439              | 189,811,587              |
| Comilla                                                                                                                                          | 15,530,701               | -                        |
|                                                                                                                                                  | <b>42,243,352,611</b>    | <b>35,838,371,384</b>    |
| <i>Outside Bangladesh:</i>                                                                                                                       | -                        | -                        |
|                                                                                                                                                  | <b>42,243,352,611</b>    | <b>35,838,371,384</b>    |
| <b>7.4 Details of large loans and advances</b>                                                                                                   |                          |                          |
| There were no clients with outstanding amount and classified loans/advances exceeding 15% of total capital of the institution.                   |                          |                          |
| <b>7.5 Particulars of Loans and advances</b>                                                                                                     |                          |                          |
| i) Loans and advances considered good in respect of which the financial institution is fully secured.                                            | 42,231,752,037           | 35,835,692,900           |
| ii) Loans and advances considered good against which the financial institution holds no security other than the debtors personal security.       | 8,766,305                | -                        |
| iii) Loan and advances considered good and secured by the personal security of one or more parties in addition to personal guarantee of debtors. | 2,834,269                | 2,678,484                |
| iv) Loan and advances adversely classified: for which no provision is created.                                                                   | -                        | -                        |
|                                                                                                                                                  | <b>42,243,352,611</b>    | <b>35,838,371,384</b>    |



|                                                                                                                                                                                                                                                                                   | 31 December 2017<br>Taka | 31 December 2016<br>Taka |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| v) Loans and advances due by directors and officers of the financial institution or any of them either separately or jointly with any other persons.                                                                                                                              | 110,316,998              | 116,830,647              |
| 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.                                           | 110,316,998              | 116,830,647              |
| viii) Maximum total amount of advances, including temporary advances, granted during the period to companies or firms in which the directors of the financial institution have interest as directors, partners or managing agents or in the case of private companies as members. | -                        | -                        |
| ix) Due from other bank and financial institutions                                                                                                                                                                                                                                | -                        | -                        |
| x) Information in respect of classified loans and advances                                                                                                                                                                                                                        |                          |                          |
| a) Classified loans for which interest/ profit not credited to income                                                                                                                                                                                                             |                          |                          |
| i) Increase/(decrease) of provision (specific)                                                                                                                                                                                                                                    | (168,589,409)            | 55,977,091               |
| ii) Amount of written off debt against fully provided debts                                                                                                                                                                                                                       | 4,483,440                | -                        |
| iii) Amount of debt recovered against the debt which was previously written off                                                                                                                                                                                                   | -                        | -                        |
| b) Amount of provision kept against loan classified as bad/loss at balance sheet date                                                                                                                                                                                             | 58,313,388               | 67,325,881               |
| c) Amount of interest creditable to interest suspense account                                                                                                                                                                                                                     | 39,273,393               | 46,305,240               |
| xi) Cumulative amount of written off loans and advances                                                                                                                                                                                                                           |                          |                          |
| Opening Balance                                                                                                                                                                                                                                                                   | 4,864,006                | 4,864,006                |
| Amount written off during the year                                                                                                                                                                                                                                                | 4,483,440                | -                        |
| Amount recovered against loans and advances previously written off                                                                                                                                                                                                                | -                        | -                        |
| Balance of written off loans and advances yet to be recovered                                                                                                                                                                                                                     | 9,347,446                | 4,864,006                |
| The amount of written off loans, advances and leases for which law suits have been filed                                                                                                                                                                                          | 9,425,086                | 4,941,646                |

#### 7.6 Classification of loans and advances

##### Unclassified:

|                                                                   |                       |                       |
|-------------------------------------------------------------------|-----------------------|-----------------------|
| Standard (including Staff Loan, Loan against Deposits and Others) | 42,077,514,932        | 35,687,270,486        |
| Special mention account (SMA)                                     | 50,831,874            | 21,116,970            |
|                                                                   | <b>42,128,346,806</b> | <b>35,708,387,456</b> |

##### Classified:

|              |                       |                       |
|--------------|-----------------------|-----------------------|
| Sub-standard | 38,842,972            | 44,748,033            |
| Doubtful     | 17,849,445            | 17,910,014            |
| Bad/loss     | 58,313,388            | 67,325,881            |
|              | <b>115,005,805</b>    | <b>129,983,928</b>    |
|              | <b>42,243,352,611</b> | <b>35,838,371,384</b> |

#### 7.7 Calculation of provision for loans and advances as per Loan Classification Report as on December 31, 2017.

| Nature                          | Base for provision | Rate (%) | Provision required |
|---------------------------------|--------------------|----------|--------------------|
| Standard                        | 41,783,842,039     | 1        | 417,838,420        |
| Special mentioned account       | 45,215,582         | 5        | 2,260,779          |
| Sub- standard                   | 2,459,929          | 20       | 491,986            |
| Doubtful                        | -                  | 50       | -                  |
| Bad                             | 6,146,121          | 100      | 6,146,121          |
| Staff - standard                | 110,316,998        | 1        | 1,103,170          |
| Loan against deposit - standard | 183,355,895        | 1        | 1,833,559          |



|                                                                          | 31 December 2017<br>Taka  | 31 December 2016<br>Taka  |
|--------------------------------------------------------------------------|---------------------------|---------------------------|
| <b>8 Fixed assets including land, building, furniture and equipment:</b> |                           |                           |
| <i>Freehold assets ( Cost):</i>                                          |                           |                           |
| Furniture & fixture                                                      | 53,711,665                | 46,111,467                |
| Office equipment                                                         | 70,593,109                | 60,482,745                |
| Vehicles                                                                 | 41,584,821                | 36,777,629                |
| Building                                                                 | 108,128,476               | 104,844,587               |
| Land                                                                     | 12,092,849                | 12,092,849                |
| Intangible asset                                                         | 5,627,129                 | 3,834,359                 |
|                                                                          | <u>291,738,049</u>        | <u>264,143,636</u>        |
| <b>Less: Accumulated depreciation</b>                                    | <u>113,267,909</u>        | <u>106,630,104</u>        |
|                                                                          | <u><b>178,470,140</b></u> | <u><b>157,513,532</b></u> |
| Detailed are shown in annexure A.                                        |                           |                           |
| <b>9 Other assets</b>                                                    |                           |                           |
| Accounts receivable (Note-9.1)                                           | 128,718,992               | 131,538,677               |
| Advances, deposits and prepayments (Note-9.2)                            | 51,317,382                | 62,571,244                |
| Deferred tax assets (Note-9.3)                                           | 1,820,911                 | 5,622,579                 |
| Stamps and pay order in hand                                             | 2,922,838                 | 3,165,566                 |
|                                                                          | <u><b>184,780,123</b></u> | <u><b>202,898,065</b></u> |
| <b>9.1 Account receivables</b>                                           |                           |                           |
| Interest receivable                                                      | 118,403,125               | 115,934,706               |
| Dividend receivable                                                      | 7,810,671                 | 10,336,154                |
| Sundry receivable                                                        | 2,505,196                 | 5,267,817                 |
|                                                                          | <u><b>128,718,992</b></u> | <u><b>131,538,677</b></u> |
| <b>9.2 Advances, deposits and prepayments</b>                            |                           |                           |
| Advance to employees                                                     | 1,270,400                 | 874,901                   |
| Advance to suppliers                                                     | 1,238,455                 | 13,252,700                |
| Advance against office premises                                          | 42,000,000                | 42,333,333                |
| Security deposits                                                        | 3,636,230                 | 3,660,000                 |
| Prepaid expenses                                                         | 818,365                   | 683,279                   |
| Advance rent                                                             | 2,353,932                 | 1,767,032                 |
|                                                                          | <u><b>51,317,382</b></u>  | <u><b>62,571,244</b></u>  |
| <b>9.3 Deferred tax assets</b>                                           |                           |                           |
| Opening balance                                                          | 5,622,579                 | 6,312,952                 |
| Less: Reduced during the period/ year (Note-9.3 a)                       | 3,801,667                 | 690,373                   |
|                                                                          | <u><b>1,820,911</b></u>   | <u><b>5,622,579</b></u>   |
| <b>9.3 a Calculation of deferred tax</b>                                 |                           |                           |
| Carrying amount of Fixed Assets(excluding land)                          | 151,977,404               | 136,000,051               |
| Tax base value of Fixed Assets                                           | 155,197,704               | 140,117,809               |
| Deductible temporary difference                                          | <u>3,220,300</u>          | <u>4,117,758</u>          |
| Applicable tax rate                                                      | 40%                       | 40%                       |
| i) Deferred tax assets on fixed assets                                   | <u>1,288,120</u>          | <u>1,647,103</u>          |
| Carrying amount-Loss on sale of securities                               | 5,327,916                 | 39,754,756                |
| Tax base                                                                 | -                         | -                         |
| Deductible temporary difference                                          | <u>5,327,916</u>          | <u>39,754,756</u>         |
| Applicable tax rate                                                      | 10%                       | 10%                       |
| ii) Deferred tax assets on loss on sale of securities                    | <u>532,792</u>            | <u>3,975,476</u>          |
| Total deferred tax assets ( i+ ii)                                       | <u>1,820,912</u>          | <u>5,622,579</u>          |
| Deferred tax (liability)/assets at the beginning of the year             | <u>5,622,579</u>          | <u>6,312,952</u>          |
| Deferred tax (income)/Expense                                            | <u><b>3,801,667</b></u>   | <u><b>690,373</b></u>     |



|                                                                 | 31 December 2017<br>Taka | 31 December 2016<br>Taka |
|-----------------------------------------------------------------|--------------------------|--------------------------|
| <b>10 Borrowing from other banks and financial institutions</b> |                          |                          |
| Inside Bangladesh (Note 10.1)                                   | 6,515,419,275            | 6,080,579,105            |
| Outside Bangladesh                                              | -                        | -                        |
|                                                                 | <b>6,515,419,275</b>     | <b>6,080,579,105</b>     |
| <b>10.1 Inside Bangladesh</b>                                   |                          |                          |
| <b>a Secured Short-term &amp; long-term loans:</b>              |                          |                          |
| Pubali Bank Limited                                             | 1,000,000,000            | 1,300,000,000            |
| Standard Chartered Bank                                         | 400,000,000              | 400,000,000              |
| Citi Bank, NA                                                   | 200,000,000              | 200,000,000              |
| Commercial Bank of Ceylon plc                                   | 1,233,160,000            | 386,340,000              |
|                                                                 | <b>2,833,160,000</b>     | <b>2,286,340,000</b>     |
| <b>b Unsecured long-term loan:</b>                              |                          |                          |
| Bangladesh Bank (Housing refinance)                             | 2,496,959,577            | 2,772,915,507            |
|                                                                 | <b>2,496,959,577</b>     | <b>2,772,915,507</b>     |
| <b>c Bank overdraft:</b>                                        |                          |                          |
| Commercial Bank of Ceylon plc                                   | 354,381                  | 19,915,728               |
| Woori Bank                                                      | 89,974,897               | -                        |
| The Farmers Bank Ltd.                                           | 161,348,967              | -                        |
| Standard Chartered Bank                                         | -                        | 101,754,583              |
| Standard Bank Ltd.                                              | 66,697,710               | 15,023,547               |
| Social Islami Bank Ltd.                                         | -                        | 450,441,381              |
| Pubali Bank Ltd                                                 | 180,816,500              | 68,829,668               |
| NRB Bank Ltd.                                                   | 16,107,243               | 25,358,692               |
|                                                                 | <b>515,299,698</b>       | <b>681,323,598</b>       |
| <b>d Call loans:</b>                                            |                          |                          |
| Bank Asia Ltd.                                                  | -                        | 150,000,000              |
| Rupali Bank Ltd.                                                | -                        | 50,000,000               |
| Southeast Bank Ltd.                                             | 80,000,000               | -                        |
| Sonali Bank Ltd.                                                | 90,000,000               | 40,000,000               |
| National Bank Ltd.                                              | 500,000,000              | -                        |
| Basic Bank Ltd.                                                 | -                        | 100,000,000              |
|                                                                 | <b>670,000,000</b>       | <b>340,000,000</b>       |
| <b>Total inside Bangladesh(a+b+c+d)</b>                         | <b>6,515,419,275</b>     | <b>6,080,579,105</b>     |



| 31 December 2017<br>Taka | 31 December 2016<br>Taka |
|--------------------------|--------------------------|
|--------------------------|--------------------------|

## 10.2 Security against borrowings from other banks and financial institutions

|           |                      |                      |
|-----------|----------------------|----------------------|
| Secured   | 3,348,459,698        | 2,967,663,598        |
| Unsecured | 3,166,959,577        | 3,112,915,507        |
|           | <u>6,515,419,275</u> | <u>6,080,579,105</u> |

The aforesaid secured short term & long term loans (10.1 a) except Citi Bank NA & Standard Chartered Bank 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 except overdraft from CBC and Pubali Bank Ltd are secured by FDR. Short-term loans (10.1 a) from Citi Bank NA and Standard Chartered Bank are secured by FDR.

## 10.3 Maturity grouping of borrowings from other banks and financial institutions

|                                  |                      |                      |
|----------------------------------|----------------------|----------------------|
| Payable on demand                | 670,000,000          | 340,000,000          |
| Up to 1 month                    | 416,310,691          | 368,029,446          |
| Over 1 month but within 3 months | 158,020,995          | 559,689,507          |
| Over 3 months but within 1 year  | 3,048,293,584        | 2,204,537,838        |
| Over 1 year but within 5 years   | 977,200,527          | 1,130,783,021        |
| Over 5 years                     | 1,245,593,477        | 1,477,539,292        |
|                                  | <u>6,515,419,275</u> | <u>6,080,579,105</u> |

## 11 Deposits and other accounts

|                              |                       |                       |
|------------------------------|-----------------------|-----------------------|
| Fixed deposits ( Note: 11.1) | <u>41,187,889,744</u> | <u>34,393,955,116</u> |
|------------------------------|-----------------------|-----------------------|

### 11.1 Fixed deposits

|                                       |                       |                       |
|---------------------------------------|-----------------------|-----------------------|
| Opening balance                       | 34,393,955,116        | 28,727,974,768        |
| Addition during the period/year       | 100,930,029,774       | 41,647,689,923        |
|                                       | 135,323,984,890       | 70,375,664,691        |
| Repayment made during the period/year | 94,136,095,146        | 35,981,709,575        |
| Closing balance                       | <u>41,187,889,744</u> | <u>34,393,955,116</u> |

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

|                    |                       |                       |
|--------------------|-----------------------|-----------------------|
| Government         | -                     | -                     |
| Bank               | 16,990,000,000        | 11,500,000,000        |
| Other institutions | 11,765,956,325        | 10,282,462,265        |
| Individuals        | 12,431,933,419        | 12,611,492,851        |
|                    | <u>41,187,889,744</u> | <u>34,393,955,116</u> |

### 11.3 Maturity analysis of deposits

|                                  |                       |                       |
|----------------------------------|-----------------------|-----------------------|
| Payable on demand                | -                     | -                     |
| Up to 1 month                    | 3,652,687,306         | 1,266,819,907         |
| Over 1 month but within 6 months | 4,149,392,215         | 6,442,664,807         |
| Over 6 months but within 1 year  | 13,244,598,565        | 7,605,721,696         |
| Over 1 year but within 5 years   | 146,682,797           | 142,433,910           |
| Over 5 years but within 10 years | 15,878,710,213        | 15,039,371,941        |
| Over 10 years                    | 4,115,818,648         | 3,896,942,855         |
|                                  | <u>41,187,889,744</u> | <u>34,393,955,116</u> |

## 12 Other liabilities

|                                               |                      |                      |
|-----------------------------------------------|----------------------|----------------------|
| Provision for loans & investment (Note: 12.1) | 1,065,411,155        | 1,190,938,075        |
| Provision for income tax (Note: 12.2)         | 306,956,346          | 67,146,901           |
| Interest suspense (Note: 12.3)                | 39,273,393           | 46,305,240           |
| Other payables (Note:12.4)                    | 1,108,266,388        | 1,101,368,183        |
|                                               | <u>2,519,907,282</u> | <u>2,405,758,399</u> |



|                                                                     | 31 December 2017<br>Taka | 31 December 2016<br>Taka |
|---------------------------------------------------------------------|--------------------------|--------------------------|
| <b>12.1 Provision for loans and investment</b>                      |                          |                          |
| Opening balance                                                     | 1,190,938,075            | 1,111,784,023            |
| Provision written off                                               | 1,752,946                | -                        |
| Provision recovered for the year                                    | -                        | -                        |
| Provision charged/ (released) for the year                          | (123,773,974)            | 79,154,052               |
| Provision no longer required written back.                          | -                        | -                        |
| Recoveries of amounts previously written off                        | -                        | -                        |
| Closing balance                                                     | <u>1,065,411,155</u>     | <u>1,190,938,075</u>     |
| <b>12.1.1 General provision</b>                                     |                          |                          |
| Opening balance                                                     | 357,826,440              | 335,180,568              |
| Charged during the period/year                                      | 65,209,488               | 22,645,872               |
| Closing balance                                                     | <u>423,035,928</u>       | <u>357,826,440</u>       |
| <b>12.1.2 Specific provision</b>                                    |                          |                          |
| Opening balance                                                     | 802,085,240              | 746,108,149              |
| Provision written off                                               | 1,752,946                | -                        |
| Provision recovered during the period/year                          | -                        | -                        |
| Provision charged/ (released) for the period/year                   | (168,589,409)            | 55,977,091               |
| Provision no longer required written back.                          | -                        | -                        |
| Recoveries of amounts previously written off                        | -                        | -                        |
| Closing balance                                                     | <u>631,742,885</u>       | <u>802,085,240</u>       |
| <b>12.1.3 Provision on loans and advances</b>                       |                          |                          |
| General Provision charged during the period/year                    | 65,209,488               | 22,645,872               |
| Specific Provision charged/(released) during the period/year        | (168,589,409)            | 55,977,091               |
|                                                                     | <u>(103,379,921)</u>     | <u>78,622,963</u>        |
| <b>12.1.4 Provision for diminutions in the value of investments</b> |                          |                          |
| Opening balance                                                     | 31,026,395               | 30,495,306               |
| Provision charged/(released) during the period/year                 | (20,394,053)             | 531,089                  |
| Closing balance                                                     | <u>10,632,342</u>        | <u>31,026,395</u>        |
| <b>12.2 Provision for income tax including deferred tax</b>         |                          |                          |
| Opening balance                                                     | 67,146,901               | 86,624,060               |
| Addition during the period/year (Current tax)                       | 539,675,404              | 271,410,390              |
| Tax paid                                                            | (299,865,959)            | (290,887,549)            |
|                                                                     | <u>306,956,346</u>       | <u>67,146,901</u>        |
| Deferred tax liability                                              | -                        | -                        |
| Closing balance                                                     | <u>306,956,346</u>       | <u>67,146,901</u>        |
| <b>12.3 Interest suspense</b>                                       |                          |                          |
| Opening balance                                                     | 46,305,240               | 42,314,134               |
| Interest suspended during the period/year                           | -                        | 3,991,106                |
| Written back suspended interest during the period/year              | (7,031,847)              | -                        |
| Closing balance                                                     | <u>39,273,393</u>        | <u>46,305,240</u>        |



**12.4 Other payables**

|                                     | 31 December 2017<br>Taka | 31 December 2016<br>Taka |
|-------------------------------------|--------------------------|--------------------------|
| Interest payable on deposit & loans | 826,127,703.00           | 812,363,200              |
| Sundry creditors                    | 92,663,355.00            | 126,646,512              |
| Unclaimed instruments               | 13,182,207.00            | 29,543,932               |
| Payable to clients                  | 83,953,102.00            | 71,997,758               |
| Loan under litigation               | 4,935,579.00             | 3,989,600                |
| Privileged creditors                | 84,237,142.00            | 53,569,494               |
| Liability for expenses              | 3,167,300.00             | 3,257,688                |
|                                     | <b>1,108,266,388.00</b>  | <b>1,101,368,183</b>     |

**13 Share capital****13.1 Authorized capital**

|                                            |                      |                      |
|--------------------------------------------|----------------------|----------------------|
| 199,950,000 Ordinary shares of Tk. 10 each | 1,999,500,000        | 1,999,500,000        |
| 5,000 Preference shares of Tk. 100 each    | 500,000              | 500,000              |
|                                            | <b>2,000,000,000</b> | <b>2,000,000,000</b> |

**13.2 Issued, subscribed, called and paid -up capital****Ordinary shares**

|                                                                                                  |                      |                      |
|--------------------------------------------------------------------------------------------------|----------------------|----------------------|
| 121,851,843 Ordinary shares of Taka 10 each<br>(2017 : 121,851,843 Ordinary shares Taka 10 each) | 1,218,518,430        | 1,160,493,750        |
| 5,802,468 ordinary shares of Tk 10 each issued as bonus share                                    | -                    | 58,024,680           |
|                                                                                                  | <b>1,218,518,430</b> | <b>1,218,518,430</b> |

**13.3 Capital of the Company is held by the following shareholders****Ordinary shares****Local shareholders:**

|                                   |                   |                    |
|-----------------------------------|-------------------|--------------------|
| BRAC                              | 22,406,611        | 224,066,110        |
| Delta Life Insurance Company Ltd  | 21,479,325        | 214,793,250        |
| Green Delta Insurance Company Ltd | 18,649,813        | 186,498,130        |
| General shareholders              | 9,010,376         | 90,103,760         |
|                                   | <b>71,546,125</b> | <b>715,461,250</b> |

**Foreign shareholders:**

|                      |                    |                      |
|----------------------|--------------------|----------------------|
| General shareholders | 50,305,718         | 503,057,180          |
|                      | <b>50,305,718</b>  | <b>503,057,180</b>   |
|                      | <b>121,851,843</b> | <b>1,218,518,430</b> |

**13.4 Capital adequacy ratio - As per BASEL-II****1. Tier-1 (Core Capital )**

|                                                      |                      |                      |
|------------------------------------------------------|----------------------|----------------------|
| 1.1 Fully Paid-up Capital/Capital Deposited with BB  | 1,218,518,430        | 1,218,518,430        |
| 1.2 Statutory Reserve                                | 1,225,083,409        | 1,035,283,149        |
| 1.3 Non-repayable Share premium account              | 55,000,000           | 55,000,000           |
| 1.4 General Reserve                                  | 1,195,040,000        | 858,040,000          |
| 1.5 Retained Earnings                                | 413,994,374          | 224,571,098          |
| 1.6 Minority interest in Subsidiaries                | -                    | -                    |
| 1.7 Non-Cumulative irredeemable Preferences shares   | -                    | -                    |
| 1.8 Dividend Equalization Account                    | 250,000,000          | 200,000,000          |
| 1.9 Others (if any item approved by Bangladesh Bank) | -                    | -                    |
| 1.10 Sub-Total (1.1 to 1.9)                          | <b>4,357,636,213</b> | <b>3,591,412,677</b> |



|                                                                                                                                           | 31 December 2017<br>Taka | 31 December 2016<br>Taka |
|-------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| <b>Deductions from Tier-1 (Core Capital )</b>                                                                                             |                          |                          |
| 1.11 Book value of Goodwill and value of any contingent assets which are shown as assets                                                  | -                        | -                        |
| 1.12 Shortfall in provisions required against classified assets                                                                           | -                        | -                        |
| 1.13 Shortfall in provisions required against investment in shares                                                                        | -                        | -                        |
| 1.14 Remaining deficit on account of revaluation of investments in securities after netting off from any other surplus on the securities. | -                        | -                        |
| 1.15 Any investment exceeding the approved limit.                                                                                         | -                        | -                        |
| 1.16 Investments in subsidiaries which are not consolidated                                                                               | -                        | -                        |
| 1.17 Increase in equity capital resulting from a securitization exposure                                                                  | -                        | -                        |
| 1.18 Other (if any)                                                                                                                       | -                        | -                        |
| 1.19 Sub Total (1.11-1.18)                                                                                                                | -                        | -                        |
| 1.20 <b>Total Eligible Tier-1 Capital (1.10-1.19)</b>                                                                                     | <b>4,357,636,213</b>     | <b>3,591,412,677</b>     |

|                                                                                                     |                    |                    |
|-----------------------------------------------------------------------------------------------------|--------------------|--------------------|
| <b>2 .Tier-2 (Supplementary Capital)</b>                                                            |                    |                    |
| 2.1 General Provision (Unclassified loans up to specified limit + SMA + off Balance Sheet exposure) | 296,827,503        | 265,707,411        |
| 2.2 Assets Revaluation Reserves up to 50%                                                           | -                  | -                  |
| 2.3 Revaluation Reserve for Securities up to 45%                                                    | -                  | -                  |
| 2.4 Revaluation reserve for equity instrument up to 10%                                             | -                  | -                  |
| 2.5 All other preference shares                                                                     | -                  | -                  |
| 2.6 Other (if any item approved by Bangladesh Bank)                                                 | -                  | -                  |
| 2.7 Sub-Total (2.1 to 2. 6)                                                                         | 296,827,503        | 265,707,411        |
| 2.8 Applicable Deductions (if any)                                                                  | -                  | -                  |
| 2.9 <b>Total Eligible Tier-2 Capital (2.7-2.8)</b>                                                  | <b>296,827,503</b> | <b>265,707,411</b> |

|                      |                      |                      |
|----------------------|----------------------|----------------------|
| <b>Total capital</b> | <b>4,654,463,716</b> | <b>3,857,120,088</b> |
|----------------------|----------------------|----------------------|

|                                                     |                |                |
|-----------------------------------------------------|----------------|----------------|
| Total risk weighted assets                          | 27,130,186,905 | 24,415,985,610 |
| Required capital based on risk weighted assets(10%) | 2,713,018,691  | 2,441,598,561  |
| Surplus                                             | 1,941,445,025  | 1,415,521,527  |
| Capital Adequacy Ratio:                             |                |                |
| On core capital                                     | 16.06%         | 14.71%         |
| On actual capital (against standard of minimum 10%) | 17.16%         | 15.80%         |
| Supplementary Capital to risk weighted assets       | 1.09%          | 1.09%          |

#### 14 Share premium account

|                 |                   |                   |
|-----------------|-------------------|-------------------|
| Ordinary shares | 55,000,000        | 55,000,000        |
|                 | <b>55,000,000</b> | <b>55,000,000</b> |

#### 15 Statutory reserve

|                                                                |                      |                      |
|----------------------------------------------------------------|----------------------|----------------------|
| Opening balance                                                | 1,035,283,149        | 969,121,267          |
| Add: addition during the period/year (20% of profit after tax) | 189,800,260          | 66,161,882           |
| Closing balance                                                | <b>1,225,083,409</b> | <b>1,035,283,149</b> |

This reserve has been created as per the provision of Financial institution Act-1993 and Financial institution Rules-1994.



|                                           | 31 December 2017<br>Taka | 31 December 2016<br>Taka |
|-------------------------------------------|--------------------------|--------------------------|
| <b>16 Other reserves</b>                  |                          |                          |
| Contingency Reserve (Note 16.1)           | 1,075,000,000            | 850,000,000              |
| General Reserve (Note 16.2)               | 120,000,000              | 8,000,000                |
| Dividend equalization reserve (Note 16.3) | 250,000,000              | 200,000,000              |
| Capital redemption reserve                | 40,000                   | 40,000                   |
|                                           | <b>1,445,040,000</b>     | <b>1,058,040,000</b>     |

An amount of Tk 40,000/- was transferred in 2013-14 out of profit to "Capital redemption reserve" in redeeming 400 no's of preference share @ Tk 100 each as per section 154(1)(C) of Companies Act 1994.

#### 16.1 Contingency reserve

|                                      |                      |                    |
|--------------------------------------|----------------------|--------------------|
| Opening balance                      | 850,000,000          | 800,000,000        |
| Add: addition during the period/year | 225,000,000          | 50,000,000         |
| Closing balance                      | <b>1,075,000,000</b> | <b>850,000,000</b> |

#### 16.2 General reserve

|                                      |                    |                  |
|--------------------------------------|--------------------|------------------|
| Opening balance                      | 8,000,000          | 8,000,000        |
| Add: addition during the period/year | 112,000,000        | -                |
| Closing balance                      | <b>120,000,000</b> | <b>8,000,000</b> |

#### 16.3 Dividend equalization reserve

|                                      |                    |                    |
|--------------------------------------|--------------------|--------------------|
| Opening balance                      | 200,000,000        | 200,000,000        |
| Add: addition during the period/year | 50,000,000         | -                  |
| Closing balance                      | <b>250,000,000</b> | <b>200,000,000</b> |

### 17 Business commitments and contingencies

|                                    |                    |                   |
|------------------------------------|--------------------|-------------------|
| <b>17.1 Contingent liabilities</b> | <b>223,985,758</b> | <b>16,739,437</b> |
|------------------------------------|--------------------|-------------------|

The said amount claimed by the tax authority for the assessment year 2004-05, 2005-06, 2013-14 and 2014-15 assessed by disallowing statutory reserve and some other heads and simple interest charged on net tax payable as per assessment order.

Consequently, there is a contingent liability for the above amounts which have not been recognized as liability in anticipation of consequential relief would be granted in favor of the Company.

#### 17.2 Other commitments

In the normal course of business, the company makes various commitments, contracts and disbursements. No material losses are anticipated as a result of these transactions. Details are given below:

|                                         |             |             |
|-----------------------------------------|-------------|-------------|
| Housing finance commitments outstanding | 605,634,964 | 638,770,000 |
| Bank borrowing commitments outstanding  | -           | -           |

#### 17.3 Capital expenditure commitments

|                                                                 |     |     |
|-----------------------------------------------------------------|-----|-----|
| a) Contracted and incurred but not provided for in the accounts | Nil | Nil |
| b) Approved by the Board but not contracted for                 | Nil | Nil |

#### 17.4 Unacknowledged debts

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



| Amount in Taka                                                                                                                                                               |                                           |                                        |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------------|
|                                                                                                                                                                              | 01 January 2017<br>to<br>31 December 2017 | 01 July 2016<br>to<br>31 December 2016 |
| <b>18 Interest income</b>                                                                                                                                                    |                                           |                                        |
| Interest on loans                                                                                                                                                            | 3,789,549,216                             | 1,785,442,202                          |
| Interest on placement with other banks & BB FX deposits                                                                                                                      | 775,996,849                               | 315,626,098                            |
| Interest on short term investment                                                                                                                                            | 7,828,957                                 | 2,335,416                              |
|                                                                                                                                                                              | <b>4,573,375,022</b>                      | <b>2,103,403,716</b>                   |
| <b>19 Interest paid on deposits and borrowings etc.</b>                                                                                                                      |                                           |                                        |
| Interest on term loans                                                                                                                                                       | 149,736,307                               | 89,720,758                             |
| Interest on deposits                                                                                                                                                         | 2,630,900,193                             | 1,155,410,855                          |
| Interest on short-term borrowing                                                                                                                                             | 173,371,090                               | 73,097,410                             |
| Interest on overdraft                                                                                                                                                        | 13,568,823                                | 5,889,887                              |
|                                                                                                                                                                              | <b>2,967,576,413</b>                      | <b>1,324,118,910</b>                   |
| <b>20 Income from investments</b>                                                                                                                                            |                                           |                                        |
| Gain/(loss) on sale of marketable securities                                                                                                                                 | 16,452,129                                | 1,985,736                              |
| Dividend income                                                                                                                                                              | 26,983,562                                | 19,030,555                             |
| Interest on Treasury Bond                                                                                                                                                    | 49,286                                    | 30,093                                 |
|                                                                                                                                                                              | <b>43,484,977</b>                         | <b>21,046,384</b>                      |
| <b>21 Commission, exchange and brokerage</b>                                                                                                                                 |                                           |                                        |
| Loan fees                                                                                                                                                                    | 104,985,914                               | 48,074,260                             |
| Other charges and fees                                                                                                                                                       | 44,931,282                                | 24,755,845                             |
|                                                                                                                                                                              | <b>149,917,196</b>                        | <b>72,830,105</b>                      |
| <b>22 Other operating income</b>                                                                                                                                             |                                           |                                        |
| Property service income                                                                                                                                                      | 5,635,798                                 | 7,042,873                              |
| Gain on sale of fixed assets                                                                                                                                                 | 2,596,365                                 | -                                      |
| Miscellaneous income                                                                                                                                                         | 10,450,460                                | 4,488,236                              |
|                                                                                                                                                                              | <b>18,682,623</b>                         | <b>11,531,109</b>                      |
| <b>23 Salary and allowances</b>                                                                                                                                              | <b>292,768,742</b>                        | <b>131,253,554</b>                     |
| Salary and allowances include annual contribution of Tk. 8,240,154 to DBH Staff Provident Fund and Tk. 8,272,847 to DBH Employees Gratuity Fund which are recognised by NBR. |                                           |                                        |
| <b>24 Rent, taxes, insurance, electricity etc.</b>                                                                                                                           |                                           |                                        |
| Rent, rates & taxes                                                                                                                                                          | 40,067,746                                | 18,969,396                             |
| Insurance                                                                                                                                                                    | 2,753,767                                 | 1,089,777                              |
| Electricity                                                                                                                                                                  | 5,671,382                                 | 3,054,232                              |
| Water                                                                                                                                                                        | 442,882                                   | 184,013                                |
|                                                                                                                                                                              | <b>48,935,777</b>                         | <b>23,297,417</b>                      |
| <b>25 Legal and professional expenses</b>                                                                                                                                    |                                           |                                        |
| Law charges                                                                                                                                                                  | 2,309,989                                 | 869,369                                |
| Other professional charges                                                                                                                                                   | 733,000                                   | 483,000                                |
|                                                                                                                                                                              | <b>3,042,989</b>                          | <b>1,352,369</b>                       |



| Amount in Taka                                                 |                                           |                                        |
|----------------------------------------------------------------|-------------------------------------------|----------------------------------------|
|                                                                | 01 January 2017<br>to<br>31 December 2017 | 01 July 2016<br>to<br>31 December 2016 |
| <b>26 Postage, stamp, telecommunication etc.</b>               |                                           |                                        |
| Postage & courier service                                      | 579,887                                   | 379,431                                |
| Stamp expenses                                                 | 3,285,416                                 | 1,182,694                              |
| Telephone & internet                                           | 3,738,905                                 | 1,527,067                              |
|                                                                | <b>7,604,208</b>                          | <b>3,089,192</b>                       |
| <b>27 Stationery, printing, advertisements etc.</b>            |                                           |                                        |
| Printing                                                       | 1,859,980                                 | 1,443,300                              |
| Stationery                                                     | 1,763,155                                 | 764,970                                |
| Publicity and advertisement                                    | 8,168,469                                 | 4,939,716                              |
|                                                                | <b>11,791,604</b>                         | <b>7,147,986</b>                       |
| <b>28 Directors' fees and expenses</b>                         |                                           |                                        |
| Fees for attending meeting                                     | 592,000                                   | 344,000                                |
| Incidental meeting expenses                                    | 157,610                                   | 82,254                                 |
|                                                                | <b>749,610</b>                            | <b>426,254</b>                         |
| <b>29 Statutory annual audit fees (including VAT)</b>          | <b>402,500</b>                            | <b>201,250</b>                         |
| <b>30 Depreciation/Amortisation, repairs &amp; maintenance</b> |                                           |                                        |
| <b>Depreciation/Amortisation:</b>                              |                                           |                                        |
| Freehold assets                                                | 20,768,818                                | 8,977,292                              |
| Intangible assets                                              | 812,006                                   | 301,425                                |
|                                                                | <b>21,580,824</b>                         | <b>9,278,717</b>                       |
| <b>Repairs &amp; maintenance:</b>                              |                                           |                                        |
| Vehicle                                                        | 1,490,063                                 | 549,772                                |
| Office equipment & premises                                    | 8,843,260                                 | 2,449,349                              |
| Computer hardware & software                                   | 4,352,518                                 | 2,174,361                              |
|                                                                | <b>14,685,841</b>                         | <b>5,173,482</b>                       |
|                                                                | <b>36,266,666</b>                         | <b>14,452,199</b>                      |
| <b>31 Other expenses</b>                                       |                                           |                                        |
| Staff training & recruitment expense                           | 1,281,286                                 | 1,288,903                              |
| Office security                                                | 3,047,230                                 | 1,190,664                              |
| Transportation, traveling & conveyance                         | 14,950,412                                | 7,266,772                              |
| Canteen expense                                                | 2,552,548                                 | 1,050,831                              |
| Business promotion & entertainment                             | 873,591                                   | 349,194                                |
| Car fuel                                                       | 1,809,595                                 | 942,132                                |
| Books and papers                                               | 72,124                                    | 40,717                                 |
| Bank charges                                                   | 5,110,505                                 | 1,362,417                              |
| Loss on sale of fixed assets                                   | -                                         | 4,656                                  |
| Donation, subscription and Fees                                | 2,524,200                                 | 868,705                                |
| Public relation & AGM expense                                  | 464,658                                   | 343,518                                |
| Outsource agency charges                                       | 345,000                                   | 171,250                                |
| Brokerage                                                      | 208,474                                   | 172,787                                |
| Staff welfare expense                                          | 797,289                                   | 825,414                                |
|                                                                | <b>34,036,911</b>                         | <b>15,877,960</b>                      |



| Amount in Taka                            |                                        |
|-------------------------------------------|----------------------------------------|
| 01 January 2017<br>to<br>31 December 2017 | 01 July 2016<br>to<br>31 December 2016 |

### 32 Retained earnings

|                                                                           |                      |                    |
|---------------------------------------------------------------------------|----------------------|--------------------|
| Opening balance                                                           | 224,571,098          | 416,096,377        |
| Add: Profit after tax for the year transferred from Profit & Loss Account | 949,001,301          | 330,809,408        |
| Accumulated profit available for distribution                             | <b>1,173,572,399</b> | <b>746,905,785</b> |
| Less: Appropriations                                                      |                      |                    |
| Transferred to statutory reserve                                          | 189,800,260          | 66,161,882         |
| Transferred to general reserve                                            | 112,000,000          |                    |
| Transferred to contingency reserve                                        | 225,000,000          | 50,000,000         |
| Transferred to dividend equalization reserve                              | 50,000,000           | -                  |
| Issue of bonus shares for previous year                                   | -                    | 58,024,680         |
| Cash dividend paid for last year                                          | 182,777,765          | 348,148,125        |
|                                                                           | <b>759,578,025</b>   | <b>522,334,687</b> |
| Closing balance                                                           | <b>413,994,374</b>   | <b>224,571,098</b> |

### 33 Earnings per share

|                                                        |                    |                    |
|--------------------------------------------------------|--------------------|--------------------|
| Profit after Tax                                       | 949,001,301        | 330,809,408        |
| Profit available for ordinary shareholders             | <b>949,001,301</b> | <b>330,809,408</b> |
| Number of shares outstanding for calculating basic EPS | <b>121,851,843</b> | <b>121,851,843</b> |
| Basic earnings per share                               | 7.79               | 2.71               |
| Annualised Basic earnings per share                    | 7.79               | 5.43               |

No diluted earning per share is required to be calculated for the year as there was no convertible securities for dilution during the year.

### 34 Dividend on ordinary shares

#### Proposed dividend:

The Board of Directors in its 98th meeting held on 07 March 2018 has recommended cash dividend @ 30% i.e Taka 3.00 per ordinary share for the year ended 31 December 2017 for placement before the shareholders for approval at 22nd AGM of the company.

### 35 Foreign currency inward/outward remittance

| Name of the Organization          | Currency | Particulars                | Amount in FC | Amount in Tk. |
|-----------------------------------|----------|----------------------------|--------------|---------------|
| Singapore Institute of Management | SGD      | Membership & training fee: | 134          | 10,421        |
| HDFC                              | USD      | Training                   | 4,720        | 391,288       |



### 36 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 Bangladesh 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 | 1,459,768                                |
| Green Delta Insurance Company Limited | Do           | Insurance premium | 1,485,547                                |

### 37 Number of employees

During the year under audit, there were 180 (July to Dec'16: 189) employees employed for the full period and 97 (July to Dec'16: 37) employees for less than full period at a remuneration of Taka 3,000 and above per month.



### 38. General Disclosure

#### 38.1 Name of Directors and entities in which they have interest as Director as at 31 December 2017:

| Name                                  | Position at DBH      | Involvement in other organization                    |                                                                     |
|---------------------------------------|----------------------|------------------------------------------------------|---------------------------------------------------------------------|
|                                       |                      | Name of the Organization in which they have interest | Position                                                            |
| Mr. Nasir A. Choudhury                | Chairman             | Green Delta Insurance Company Ltd.                   | Advisor                                                             |
|                                       |                      | Nascom (Pvt.) Ltd.                                   | Managing Director                                                   |
|                                       |                      | United Hospital (Pvt) Ltd.                           | Director (Representing GDIC)                                        |
|                                       |                      | Green Delta Securities Ltd.                          | Chairman                                                            |
|                                       |                      | Green Delta Capital Ltd.                             | Chairman                                                            |
|                                       |                      | GD Assist Ltd.                                       | Chairman                                                            |
| Dr. A M R Chowdhury                   | Vice Chairman        | BRAC                                                 | Vice Chairperson                                                    |
| Mr. A Z Mohammad Hossain              | Director             | Chandra Spinning Mills Ltd.                          | Managing Director                                                   |
| Ms. Mehreen Hassan, Bar-at-Law        | Director             | Nil                                                  | Nil                                                                 |
| Mr. Saif Md. Imran Siddique           | Director             | BRAC                                                 | Director Finance                                                    |
| Mr. Md. Sayeed Ahmed, FCA, ACMA, CGMA | Director             | Delta Life Insurance Company Ltd.                    | Additional Managing Director & CFO                                  |
|                                       |                      | DLIC Securities Ltd.                                 | Director                                                            |
| Mr. Md. Mujibur Rahman                | Director             | Shanta Holdings Limited                              | Executive Director                                                  |
|                                       |                      | Shanta Securities Limited                            | Director                                                            |
|                                       |                      | Centre for Women and Child Health (CWCH)             | Member of the Board of Trustees and General Secretary and Treasurer |
| Mr. M I Chowdhury                     | Independent Director | Social Development Foundation(SDF)                   | Chairman                                                            |
|                                       |                      | Rajdhani Mohila College                              | Chairman, Managing Committee                                        |
| Ms. Rasheda K. Choudhury              | Independent Director | Campaign for Popular Education (CAMPE)               | Executive Director                                                  |



### 38.2 Audit committee

The Audit Committee consists of the following Directors of the Board:

| Name                     | Status with the Company | Status with the Committee | Educational Qualification |
|--------------------------|-------------------------|---------------------------|---------------------------|
| Mr. M I Chowdhury        | Independent Director    | Chairman                  | MA                        |
| Mr. Nasir A. Choudhury   | Chairman                | Member                    | MA                        |
| Dr. A M R Chowdhury      | Vice Chairman           | Member                    | PhD                       |
| Mr. A Z Mohammad Hossain | Director                | Member                    | L.L.B                     |
| Mr. Md. Sayeed Ahmed     | Director                | Member                    | FCA, ACMA, CGMA           |

During the period from January 2017 to December 2017, the audit committee of the Board conducted 4 (four) meetings.

| Sl. No. | Meeting No | Meeting Date |
|---------|------------|--------------|
| 1       | 38         | 20-Mar-17    |
| 2       | 39         | 8-May-17     |
| 3       | 40         | 13-Jul-17    |
| 4       | 41         | 12-Oct-17    |

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.

### 38.3 Events after the Balance Sheet date

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

### 38.4 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.

These financial statements have been prepared for the period from 1 January 2017 to 31 December 2017. DBH changes its reporting period and presented financial statements for a period shorter than one year (06 months) for the period ended 31 December 2016 to comply with the section 9 of the Finance Act 2015 and modification of section 2(35) of Income Tax Ordinance 1984 and accordingly the amounts presented in the financial statements are not entirely comparable.



## Schedule of Fixed assets and Intangible assets:

| Particulars              | Cost                         |                                  |                                  |                                | Depreciation/Amortization    |                             |                         |                                | Amount in Taka                            |
|--------------------------|------------------------------|----------------------------------|----------------------------------|--------------------------------|------------------------------|-----------------------------|-------------------------|--------------------------------|-------------------------------------------|
|                          | Balance as on 1 January 2017 | Additions during the period/year | Disposals during the period/year | Balance as at 31 December 2017 | Balance as on 1 January 2017 | Charged for the period/year | Adjustment on disposals | Balance as at 31 December 2017 | Written down value as at 31 December 2017 |
| <b>Free hold assets:</b> |                              |                                  |                                  |                                |                              |                             |                         |                                |                                           |
| Furniture & fixtures     | 46,111,467                   | 11,042,614                       | 3,442,416                        | 53,711,665                     | 35,976,311                   | 4,231,245                   | 3,361,563               | 36,845,993                     | 16,865,672                                |
| Equipment                | 60,482,745                   | 13,341,201                       | 3,230,837                        | 70,593,109                     | 45,540,179                   | 6,723,330                   | 3,221,961               | 49,041,548                     | 21,551,561                                |
| Vehicles                 | 36,777,629                   | 13,166,692                       | 8,359,500                        | 41,584,821                     | 16,219,877                   | 6,637,309                   | 8,359,498               | 14,497,688                     | 27,087,133                                |
| Building                 | 104,844,587                  | 3,283,889                        | -                                | 108,128,476                    | 7,315,633                    | 3,176,937                   |                         | 10,492,570                     | 97,635,906                                |
| Land                     | 12,092,849                   | -                                | -                                | 12,092,849                     | -                            | -                           | -                       | -                              | 12,092,849                                |
|                          | <b>260,309,277</b>           | <b>40,834,396</b>                | <b>15,032,753</b>                | <b>286,110,920</b>             | <b>105,052,000</b>           | <b>20,768,821</b>           | <b>14,943,022</b>       | <b>110,877,799</b>             | <b>175,233,121</b>                        |
| <b>Intangible asset:</b> |                              |                                  |                                  |                                |                              |                             |                         |                                |                                           |
| Software                 | 3,834,359                    | 1,792,770                        | -                                | 5,627,129                      | 1,578,104                    | 812,006                     | -                       | 2,390,110                      | 3,237,019                                 |
| <b>Total 2017</b>        | <b>264,143,636</b>           | <b>42,627,166</b>                | <b>15,032,753</b>                | <b>291,738,049</b>             | <b>106,630,104</b>           | <b>21,580,827</b>           | <b>14,943,022</b>       | <b>113,267,909</b>             | <b>178,470,140</b>                        |
| <b>Total 2016</b>        | <b>246,327,778</b>           | <b>18,276,095</b>                | <b>460,237</b>                   | <b>264,143,636</b>             | <b>97,805,368</b>            | <b>9,278,717</b>            | <b>453,981</b>          | <b>106,630,104</b>             | <b>157,513,532</b>                        |

